

State of Rhode Island – Division of Taxation

Sales and Use Tax

Regulation SU 07-129

Telecommunications Service

I. Definitions:

"Telecommunications service" means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term "telecommunications service" includes such transmission, conveyance or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added. The term "telecommunications service" also includes the transmission of any interactive electromagnetic communications including but not limited to voice, image, data and other information, by means of but not limited to wire, cable, including fiber optical cable, microwave, radio wave or any combinations of these media.

"Telecommunications service" includes local exchange service, intrastate toll service, interstate and international toll service, including cellular mobile telephone or telecommunications service, specialized mobile radio and pagers and paging service including any form of mobile two-way communication. "Telecommunications service" does not include service rendered using a prepaid telephone calling arrangement.

"Ancillary Services" means services that are associated with or incidental to the provision of "telecommunications service". They include but are not limited to conference bridging service, detailed telecommunications billing service, directory assistance, vertical service, and voice mail service as those terms are defined in RIGL 44-18-7.1(y).

"Prepaid telephone calling arrangement" means prepaid calling service and prepaid wireless calling service as those terms are defined under RIGL 44-18-7.1(y)(i)(M)(N).

II. Telecommunications Services Generally:

The furnishing for a consideration of telecommunications services, ancillary services and the furnishing, rental or leasing of all equipment pertaining or incidental thereto are subject to the Rhode Island sales or use tax provided the service:

1. is rendered in its entirety within this state, or
2. originates in this state and terminates in another state or a foreign country and with respect to which such service address as defined in RIGL 44-18.1-16 (K) located in this state or to the account of any transmission instrument in this state, or

3. originates in another state or a foreign country and terminates in this state and is charged to a service address as defined in RIGL 44-18.1-16 (K), or
4. is sourced to this state in accordance with RIGL 44-18.1-15 and RIGL 44-18.1-16.

Rhode Island law allows a credit or refund of sales taxes upon presentation of proof of payment of the sales tax to another state to which the tax was properly due for the identical telecommunication service.

III. Mobile Telecommunications:

Effective August 2, 2002, for purposes of Rhode Island sales and use tax, the provisions of the federal Mobile Telecommunications Sourcing Act (P.L. 106-252) are adopted. Mobile telecommunications services that are deemed to be provided by the customer's home service provider are subject to tax if the customer's place of primary use is in Rhode Island regardless of where the mobile telecommunications services originate, terminate, or pass through. The customer's "place of primary use" means the street address representative of where the customer's use of the mobile telecommunications service primarily occurs, which must be the residential street address or the primary business street address of the customer and which must be located in the service provider's licensed service area. "Customer" means either a person or entity that contracts with a home service provider for mobile telecommunications services or, if the end user of mobile telecommunications services is not the contracting party, the end user of the mobile telecommunications service (but only for the purpose of determining the place of primary use). "Home service provider" means a facilities-based carrier or reseller with which the customer contracts for the provision of mobile facilities-based carrier or reseller with which the customer contracts for the provision of mobile telecommunications services.

DAVID SULLIVAN
TAX ADMINISTRATOR

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THIS REGULATION AMENDS AND SUPERCEDES SU 03-129 PROMULGATED
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