

Illinois Department of Revenue
101 West Jefferson Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY86-3

TO: All persons subject to the Telecommunications Excise Tax Act
SUBJECT: Messages Tax and Telecommunications Excise Tax

WHAT IS ABOUT TO HAPPEN

A new law, Telecommunications Excise Tax Act, becomes effective August 1, 1985. This tax replaces the gross receipts portion of the messages tax. If you were required to file returns under the Messages Tax Act, you will be required to file under this new tax law.

The Telecommunications Excise Tax Act imposes a tax upon the act or privilege of originating or receiving intrastate or interstate telecommunications by a person in this State at the rate of 5 per cent of the gross charge for such telecommunications purchased at retail and billed to a service address in this state.

Because this is a different tax, a different tax return will be used. The filing requirements will be similar, but the current return (RM-2) will be replaced by a new form. You should expect to get your first copy of the new return near the end of August.

SOME DEFINITIONS

"Telecommunications", in addition to the meaning ordinarily understood, includes messages or information transmitted through use of local, toll, and wide area telephone service; private line services; channel services; telegraph services; teletypewriter; computer exchange services; cellular mobile telecommunications service; specialized mobile radio; stationary two-way radio; paging service; or any other form of mobile and portable one-way or two-way communications; or any other transmission of messages or information by electronic or similar means, between or among points by wire, cable, fiber-optics, laser, microwave, satellite, or similar facilities.

"Interstate telecommunications" means all telecommunications that either originate OR terminate OUTSIDE this State.

"Intrastate telecommunications" means all telecommunications that originate AND terminate WITHIN this State.

"Gross charge" means the amount paid for originating or receiving telecommunications in this state for all services and equipment provided by a retailer, valued in money whether paid in money or otherwise, including cash, credits, services and property of every kind or nature, and shall be determined without any deduction on account of

the cost of such telecommunications, the cost of materials used, labor or service costs, or any other expense whatsoever. In case credit is extended, it should be included only as and when paid.

REGISTRATION

If you are currently registered under the Messages Tax Act, you will not be required to obtain a new registration under the Telecommunications Excise Tax Act. The Department will assign your present number under the messages tax as your number under the new tax. If you were not formerly subject to messages tax but you are now subject to the telecommunications excise tax, you should contact the Department of Revenue for an application and tax return.

A person who originates or receives telecommunications in Illinois and who claims to be a reseller of telecommunications can apply to the Department for a resale number. No retailer may make tax-free sales to a person who claims to be a reseller unless that person has an active resale number from the Department and furnishes that number to the retailer.

RETURNS

The return due date for monthly filers will remain the 15th of the month following the calendar month in which transmissions occurred. The return due date for quarterly filers will also be the 15th of the month after the close of the calendar quarter.

The new Act contains quarter-monthly requirements similar to those to those which existed in the former Messages Tax Act. The quarter-monthly requirements will apply only after taxpayers have established an average monthly tax liability in excess of \$10,000 per month for a calendar year under the new Act.

Failure to file returns and pay the tax by the due date will cause an assessment for penalty and interest. The penalty is 7% per cent of the tax due and interest is 2 per cent per month or partial month.

If you need more information, call or write. Phone numbers and an address are at the top of this bulletin.

J. Thomas Johnson
Director of Revenue

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