

■ Illinois Imposes Telecommunications Infrastructure Maintenance Fees and Repeals Invested Capital Tax on Telecommunications Retailers

TO: All Telecommunications Retailers

Effective January 1, 1998, telecommunications infrastructure maintenance fees are imposed on all telecommunications retailers. One fee is mandatory and is known as the State Telecommunications Infrastructure Maintenance Fee (State TIMF). It replaces the invested capital tax that had been imposed on some telecommunications retailers. The other fee is optional and is known as the Optional Telecommunications Infrastructure Maintenance Fee (Optional TIMF).

Who is a telecommunications retailer?

For purposes of the State TIMF and the Optional TIMF, a telecommunications retailer is a person who is in the business of transmitting, supplying, or furnishing telecommunications and all associated services in Illinois for compensation.

What licenses are required to operate as a telecommunications retailer in Illinois?

As a telecommunications retailer in Illinois, you are required to obtain two licenses from us. One license allows you to operate under the Telecommunications Excise Tax Act. The other license allows you to operate under the Telecommunications Municipal Infrastructure Maintenance Fee Act.

In order to obtain your licenses, you must complete a new Form RT-3, Telecommunications Excise Tax and Infrastructure Maintenance Fees Application for Registration. Once we receive and process your application, we will issue certificates of registration to you that will allow you to operate as a retailer of telecommunications at the location shown on the certificates.

If you owe money to the Illinois state government, you will not be issued a license until your account is fully paid.

Am I required to pay the Invested Capital Tax?

As a telecommunications retailer, you are no longer required to pay the Invested Capital Tax for the taxable period beginning January 1, 1998. However, you must still send us Form ICT-1, Estimated Payment for Invested Capital Tax, for the fourth quarter of 1997. This payment is due by December 15, 1997. In addition, you must file Form ICT-4, Invested Capital Tax Return, by March 15 for the taxable period ending December 31, 1997.

What is a service address?

A service address is the location of telecommunications equipment

- from which telecommunications services are originated or
- at which telecommunications services are received.

If this location is not defined, it is the location in Illinois that is billed for your telecommunications services.

What are “gross charges”?

“Gross charges” is the amount paid for

- telecommunications beginning or ending in Illinois and
- all services and equipment you provide in connection therewith, whether paid for with cash, credit, services, or property.

When you figure your gross charges, do not include charges for telecommunications and all services and equipment provided to a municipal government that imposes an infrastructure maintenance fee.

However, you must include

- the cost of providing such telecommunications,
- the cost of materials used in providing telecommunications,
- the cost of labor or service, or
- any other expense you incurred in providing telecommunications.

What deductions am I allowed?

You may deduct

- charges for wireless telecommunications,
- charges billed to the federal and state governments,
- tax-free sales billed to resellers, or
- sales of telecommunications to an Illinois Department of Commerce and Community Affairs-certified enterprise zone manufacturer.

What is the State TIMF imposed upon?

The State TIMF is imposed upon all gross charges you billed to service addresses in Illinois.

What is the State TIMF rate?

The State TIMF rate is 0.5 percent of your gross charges.

What is the Optional TIMF imposed upon?

The Optional TIMF is imposed upon all gross charges you billed to service addresses in an Illinois municipality

- to whom you are not required to pay any compensation under an existing franchise agreement and
- that has not imposed a municipal telecommunications infrastructure maintenance fee.

What is the Optional TIMF rate?

The Optional TIMF rate is 25 percent of the maximum amount of the municipal infrastructure maintenance fee that a particular municipality could impose.

What is the maximum municipal infrastructure maintenance fee?

The maximum amount of municipal infrastructure maintenance fee that a municipality may impose depends upon the municipality’s population.

A municipality with a population of more than 500,000 may impose a maximum municipal fee of 2.0 percent on all gross charges you billed to service addresses in the municipality.

A municipality with a population of 500,000 or less may impose a maximum municipal fee of 1.0 percent on all gross charges you billed to service addresses in the municipality.

Note: If you collect a municipal TIMF, pay that amount directly to the particular municipality, not to the Illinois Department of Revenue.

How do I elect to pay the Optional TIMF?

Collection and payment of the Optional TIMF may allow you to access public right-of-ways for telecommunications activity.

If you elect to pay the Optional TIMF, you must check the appropriate box on Form RT-3, Telecommunications Excise Tax and Infrastructure Maintenance Fees Application for Registration, and file the application with us at the address listed on the form.

How do I pay the State TIMF and any Optional TIMF?

You pay the State TIMF and any Optional TIMF by filing Form RT-10, Telecommunications Infrastructure Maintenance Fees Return, with us.

When is Form RT-10 due?

Unless we notify you otherwise, you are required to file Form RT-10, Telecommunications Infrastructure Maintenance Fees Return, each month. Your monthly return is due on or before the 30th day of the month following the month for which you are filing. (The return for January's liability will be due on or before the last day of February.)

Can I file for an extension of time to file my return?

You may apply for an extension not to exceed 31 calendar days if you cannot reasonably compile the information necessary to file a completed Form RT-10 by the due date. Such an extension will require a deposit.

Am I allowed a discount if I file my return and pay any amount I owe by the due date?

Yes. You are allowed a 2 percent cost of collection discount if you file Form RT-10

and pay any amount you owe by the due date.

Questions?

If you have questions or need more information, please call or write us. Our telephone numbers and address are printed at the bottom of this bulletin.

**For information
or forms...**

Call us at 217 524-6693.

Call our TDD (telecommunications device for the deaf) at 1 800 544-5304.

Write us at Illinois Department of Revenue, P.O. Box 19019, Springfield, IL 62794-9019.

Visit our Web site at <www.revenue.state.il.us>.

Call Illinois Tax Fax, our fax-on-demand service, at 217 785-3400.

Call our 24-hour Forms Order Line at 1 800 356-6302.

