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Bulletin

Constance Beard, Director

Rate Change for Assessment for Illinois Telecommunications Access Corporation Fund

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

To: All retailers and servicepersons filing Form ST-1, Sales and Use Tax and E911 Surcharge Return

The Illinois Commerce Commission has established, effective July 1, 2017, that the Assessment for the Illinois Telecommunications Access Corporation (ITAC) shall be fifteen one-hundredths of a percent (0.15%) of the retail transaction on sales of prepaid wireless telecommunications service.

What is the ITAC Assessment?

The ITAC Assessment is a competitively neutral amount (as established by the Illinois Commerce Commission) charged or assessed to subscribers of wireless telecommunications service and Interconnected VoIP service, as well as consumers of prepaid wireless telecommunications service.

What is prepaid wireless telecommunications service?

Prepaid wireless telecommunications service is service that must be paid for in advance and is sold in predetermined units or dollars. As the predetermined units are used, the amount remaining available for use declines in a known amount. Examples of this service include prepaid calling cards and minutes added to "pay-as-you-go" phones.

Are all retailers required to collect the ITAC Assessment on retail transactions?

Yes. If you make sales of prepaid wireless telecommunications service, you are required to collect and remit the ITAC Assessment only on the portion of the receipts from the retail transaction of prepaid wireless telecommunications service.

You must adjust your cash register and any computer program so that beginning on July 1, 2017, you will collect and pay the correct ITAC Assessment. You need to contact your software vendor if you use software to create your forms. Users of MyTax Illinois will see the new rate for the applicable periods.

Receipts from sales of other tangible personal property are not subject to the ITAC Assessment.

How is the ITAC Assessment rate determined?

The Illinois Commerce Commission establishes the amount to be assessed to consumers of prepaid wireless telecommunications service. The Commission shall determine annually whether to adjust the ITAC Assessment rate and shall announce the annual rate on or prior to May 1, to take effect July 1 each year.

For information or forms
Visit our website at:
tax.illinois.gov

Call us at:
**1 800 732-8866 or
217 782-3336**

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

How is the ITAC Assessment collected and reported?

As noted above, retailers must collect the ITAC Assessment when making sales at retail of prepaid wireless telecommunications service. Retailers of prepaid wireless telecommunications service shall collect and remit the ITAC Assessment to the Illinois Department of Revenue in the same manner in which they collect and remit the Prepaid Wireless E911 Surcharge. The ITAC Assessment also is reported with the Prepaid Wireless E911 Surcharge on Schedule B of Form ST-1. As with the Prepaid Wireless E911 Surcharge, Schedule B allows the retailer to deduct and retain three percent (3.0%) of the ITAC Assessment collected, provided the retailer timely files and pays the ITAC Assessment to the Department.

How do I report an earlier sale that was subject to a different ITAC Assessment rate?

If a sale was subject to an ITAC Assessment rate different from the current rate, report this sale on Schedule B of Form ST-1 on either Line 3 (for Chicago locations) or Line 6 (for locations outside Chicago).

Special return instructions for annual filers —

Due to the Prepaid Wireless E911 Surcharge and the ITAC Assessment rates being combined during the reporting period, you must report the pre-July portion of the total receipts for sales of prepaid wireless telecommunications service for Chicago locations on Line 3 of Schedule B, rather than Line 2, and the pre-July portion of the total receipts for sales of prepaid wireless telecommunications service for non-Chicago locations on Line 6 of Schedule B, rather than Line 5.

Note: Lines 3 and 6 are used only to report sales subject to different rates. No other use of Lines 3 and 6 is permitted.

Where can I find the Prepaid Wireless E911 Surcharge and ITAC Assessment rates?

For a list of the Prepaid Wireless E911 Surcharge and ITAC Assessment rates, go to “Other Miscellaneous Taxes, Fees, and Surcharges” in the **Tax Rate Database** on our website at tax.illinois.gov.

Are retailers required to disclose the ITAC Assessment to customers?

Yes. Retailers must disclose the ITAC Assessment by stating the amount on the receipt or invoice or through other documentation, but the rates of the Prepaid Wireless E911 Surcharge and the ITAC Assessment can be combined as they are on Schedule B of Form ST-1. Retailers’ receipts should clearly indicate that the amount is a combination of the Prepaid Wireless E911 Surcharge and the ITAC Assessment. Retailers’ books and records must clearly identify the ITAC Assessment for retail transactions.

Are purchasers who are exempt from sales and use tax also exempt from paying the ITAC Assessment?

Yes. Purchasers who are exempt from paying sales and use tax (e.g., government agencies, schools, and charitable and religious organizations) are exempt from paying the ITAC Assessment. Do *not* include receipts from these sales on Schedule B of Form ST-1.

How do I handle special sales of prepaid wireless telecommunications service?

Minimal sales of prepaid wireless telecommunications service

A retailer who sells a minimal amount of prepaid wireless telecommunications service with a prepaid wireless device for a single, non-itemized price may elect not to apply the ITAC Assessment to this receipt, provided the retailer previously had made the same election with regard to application of the Prepaid Wireless E911 Surcharge to the receipt. Minimal amounts of prepaid wireless telecommunications service can be defined as service denominated not to exceed 10 minutes or a \$5 value.

Telephone and online sales

Sales of minutes or other prepaid wireless telecommunications service made over the phone or online are subject to the ITAC Assessment if the consumer uses a credit card to purchase the service and the billing address of that credit card is in this state. This applies even if no product is shipped.