

TELEPHONE COMMUNICATION SERVICES

Issue:

Pursuant to [Neb. Rev. Stat. §§77-2701.16](#) and [77-2703\(1\)](#), sales tax is imposed on the gross receipts of every person engaged as a public utility furnishing telephone communication services. This ruling defines the term “telephone communication services.”

Conclusion:

Telephone communication services means using a network capable of providing voice communications to furnish communication services to subscribers by electronic means. Telephone communication services includes any services that are considered intrastate telecommunications services (except for value-added, non-voice data service) and ancillary services (except for conference bridging services) as those terms are used in [Neb. Rev. Stat. §77-2703.04\(7\)](#).

Analysis:

Pursuant to Laws 2009, LB 165, more current communication industry terminology replaced the terms “local exchange telephone service” and “intrastate message toll telephone service” in [Neb. Rev. Stat. §77-2701.16\(2\)\(a\)\(i\)](#), effective October 1, 2009. Taxability was not changed, and sales and use taxes continue to be imposed on the gross receipts of every person engaged as a public utility in the furnishing of telephone communication services, including charges for “ancillary services” (except for conference bridging services), and “intrastate telecommunications services” (except for value-added, non-voice data service) as those terms are used in [Neb. Rev. Stat. §77-2703.04\(7\)](#). Charges for interstate telecommunications services are exempt from sales tax if the retailer separately states the interstate charges, or can identify them by reasonable and verifiable means from its books and records.

[Neb. Rev. Stat. §77-2703.04](#) does not define “telephone communication services.” For purposes of [Neb. Rev. Stat. §77-2701.16\(2\)\(a\)\(i\)](#), the term “telephone communication services” means using a network capable of providing voice communications to furnish communication services to subscribers by electronic means.

Any charges for ancillary services (except for conference bridging services), such as directory assistance and call waiting, are subject to tax when provided as part of telephone communication services. Any charges for intrastate telecommunications services (except for value-added, non-voice data service) are also subject to tax when provided as part of telephone communication services.

This ruling also specifically declares that all the definitions regarding telecommunications that are in [Neb. Rev. Stat. §77-2703.04\(7\)](#) are applicable to the imposition and enforcement of the sales tax. These definitions are specifically incorporated and apply throughout [Neb. Rev. Stat. §§77-2701 through 77-2713](#).

APPROVED:



Douglas A. Ewald
Tax Commissioner
December 11, 2009