

TELECOMMUNICATIONS

YOU OWE TELECOMMUNICATIONS TAX IF:

You are engaged in the business activity of providing telecommunication services to consumers within the City of Mesa. The tax is due to the City whether or not you added privilege tax to the charge for the services. (Mesa Tax Code 5-10-470)

Transactions between related companies or persons are taxable by the City of Mesa. See Mesa City Code Section 5-10-100 for the definition of a "Person", Section 5-10-210 "Determination of gross income: transactions between affiliated companies or persons", and Section 5-10-220 "Determination of gross income: artificially contrived transactions".

TAX RATE ON TELECOMMUNICATIONS SERVICES

The city tax rate is 2.0% of the telecommunication income.

Mesa Code 005 ME
State Code 005 MAR

COLLECTION OF TAX

You may choose to charge the tax separately on each sale or include sales tax in your price. If you over charge any tax to your customers, you must remit the excess tax to the city.

If your price includes sales tax, you can compute how much of the total price is sales tax. You may deduct the total city, state, and county sales taxes from your gross receipts.

WHAT ARE TELECOMMUNICATION SERVICES?

Telecommunications services shall include:

1. Two-way voice, sound, and/or video communication over a communications channel.
2. One-way voice, sound, and/or video transmission or relay over a communications channel.
3. Facsimile transmissions.
4. Providing relay or repeater service.
5. Providing computer interface services over a communications channel.
6. Time-sharing activities with a computer accomplished through the use of a communications channel.

WHAT IS TELECOMMUNICATION INCOME?

Gross income from the business activity of providing telecommunication services to consumers within this City shall include:

1. All fees for connection to a telecommunication system.
2. Toll charges, charges for transmissions, and charges for other telecommunication services; provided that such charges relate to transmissions originating in this City and terminating in this State.
3. Fees charged for access to or subscription to or membership in a telecommunication system or network.

WHAT TELECOMMUNICATION ACTIVITY IS EXEMPT FROM PRIVILEGE TAX?

1. Resale telecommunication services

Gross income from sales of telecommunication services to another provider of telecommunication services for the purpose of providing the purchaser's customers with such service shall be exempt from the tax; provided, however, that such purchaser is properly licensed by the City to engage in such business.

2. Interstate transmissions

Charges by a provider of telecommunication services for transmissions originating in the City and terminating outside the State are exempt from the tax.

3. Prepaid calling cards

Telecommunications services purchased with a prepaid calling card that are taxable under Section 5-10-460 (Retail Sales) are exempt from the tax.

4. Internet Access Services

Gross income from the sale of internet access services to the person's subscribers and customers are not taxable.

5. Security & Burglar Alarm

Charges for monitoring services relating to a security or burglar alarm system located within the city where such system transmits or receives signals or data over a communications channel are not taxable. Effective January 1, 2015

MOBILE EQUIPMENT

In cases where the customer is being provided

TELECOMMUNICATIONS

telecommunication services to receiving/transmission equipment designed to be mobile in nature (for example, mobile telephones, portable hand-held two-way radios, paging devices, etc.), the provider shall determine whether such customers are "within this city" as follows:

(a) by the billing address of the customer, provided that such address is a permanent residence or business location of the consumer within the State.

(b) in all other cases, the business location of the telecommunications provider.

This is an informal and nonbinding communication. This publication is for general information only about Transaction Privilege (Sales) Tax on telecommunication services. For complete details, refer to the City of Mesa Privilege & Excise Tax Code and related regulations. In case of inconsistency or omission in this publication, the language of the Tax Code will prevail. The transaction privilege tax is commonly referred to as a sales tax; however, the tax is on the privilege of doing business in Mesa and is not a true sales tax.

**FOR TPT LICENSING
INFORMATION CONTACT:**
Arizona Department of Revenue
<https://www.aztaxes.gov>
602.255.3381

**FOR MESA TAX
INFORMATION CONTACT:**
480.644.3816
salestax.info@mesaaz.gov



MESA TAX AUDIT
P.O. Box 1466, MS1170
Mesa, Arizona 85211-1466
www.mesaaz.gov/salestax