

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

PHONE (405) 521-3133
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March 28, 2011

Re: Our File No. LR-11-027

Dear [REDACTED]

This is in response to your correspondence of February 15, 2011 requesting confirmation if you should charge the \$0.50 tax on prepaid long distance cards. Set forth verbatim are the facts presented and the response thereto.

FACTS

I am writing you on behalf of my store and the many other stores in Oklahoma who recently read your phone card tax. In my store, as well as all the others convenience stores, we sell Pre Paid Long Distance cards. These cards allow people who have existing phone services to call internationally at a cheaper rate. Most people use these Prepaid Long Distance cards to call family and friends, even those in the military serving over seas. These cards WILL NOT or DO NOT work unless they already have current phone service. I am charging the standard sales tax on these cards and the consumer is already paying the 911 fee on their current phone service bill. I, as well as the many other stores and consumers feel that this is double dibbing, double charging for the 911 fee because they currently pay it through their current phone service provider. Please confirm to me it I SHOULD or SHOULD NOT be charging a second 911 \$.50 tax on the Pre Paid Long Distance cards.

RESPONSE

A \$0.50 prepaid wireless 911 fee is imposed on every retail sale of prepaid wireless telecommunications service occurring in Oklahoma. 63 O.S. § 2843.2. Prepaid wireless telecommunications service¹ means a telecommunications wireless service that provides the right to utilize mobile wireless service as well as other non-telecommunications services, including the download of digital products delivered electronically, content and ancillary services, which must

¹ As defined in paragraph 12 of subsection A of Section 1354.30 of Title 68 of the Oklahoma Statutes

be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount. 63 O.S. § 2843.

If the prepaid long distance phone cards described in your correspondence of February 15, 2011 are in predetermined units or dollar amounts and can be used with a wireless phone then the described cards meet the definition of prepaid wireless telecommunications service.

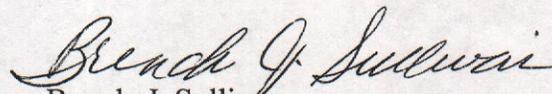
Section 2843.1 of Title 63 authorizes a \$0.50 per month nine-one-one emergency wireless telephone fee on each wireless connection. This fee applies to wireless telecommunications services and does not apply to prepaid wireless telecommunications services which were specifically excluded from the levy outlined in Section 2843.1 pursuant to Laws 2010, c 191 § 2.

Copies of the referenced statutory and administrative code provisions are enclosed.

This response applies only to the circumstances discussed in your request of February 24, 2011. Pursuant to Oklahoma Administrative Code 710:1-3-73(e), this Letter Ruling may be generally relied upon only by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and there has been no change in applicable law.

Sincerely,

OKLAHOMA TAX COMMISSION


Brenda J. Sullivan
Tax Policy Analyst