



Law Changes for Sellers of Prepaid Mobile Telephony Services Effective January 1, 2017

Beginning January 1, 2017, certain small sellers of prepaid mobile telephony services (MTS) will no longer be required to collect the surcharge from their customers. Additionally, all sellers who make online sales and know their customer's address should no longer use their customer's mobile phone number to determine if they have to collect the surcharge.

Small sellers are exempt from collecting the prepaid MTS surcharge

A small seller of prepaid MTS is a seller (*other than a telecommunication service supplier*) that sold less than \$15,000 in prepaid MTS sales during the previous calendar year. Beginning January 1, 2017, small sellers are no longer required to collect the prepaid MTS surcharge from their customers and report and pay those amounts to the California State Board of Equalization (BOE). However, because consumers are still responsible for the surcharge, as a courtesy to their customers, small sellers may voluntarily continue to charge and collect the prepaid MTS surcharge and report the amounts to the BOE.

If you qualify as a small seller based on your 2016 prepaid MTS sales (and are *not* a telecommunication service supplier) and you choose not to voluntarily collect the surcharge from your customers, you may close-out your prepaid MTS account beginning January 1, 2017. To close your account, please submit a [BOE-65, Notice of Closeout](#), available at www.boe.ca.gov/pdf/boe65.pdf. If you have additional questions about closing your prepaid MTS account, you may also contact either your local [BOE office](#) (see www.boe.ca.gov/info/phone.htm) or the Customer Service Center at 1-800-400-7115 (TTY:711).

Please note: For sellers who have more than one location, the sales of prepaid MTS from all locations must be used to determine if the seller qualifies for the exemption. Small sellers are responsible for maintaining records to show that their annual prepaid MTS sales are below the qualifying sales threshold (currently \$15,000). The sales threshold to qualify for the exemption is subject to annual adjustment.

California mobile phone number does not necessarily mean the surcharge applies

Generally, prepaid MTS sales that are made to customers at the seller's California business location or to a customer with a California address are subject to the prepaid MTS surcharge. Prior to January 1, 2017, if a customer's mobile phone number was associated with a California location, the surcharge applied to the prepaid MTS sale, regardless of whether the customer's shipping or billing address is known. Beginning January 1, 2017, sellers (*including telecommunication service suppliers*) should only use the customer's mobile phone number to determine if the surcharge applies when the seller does not know the customer's address and the sale does not occur at the seller's business location.

Where can I obtain more information?

For more information about prepaid MTS, see the online *Prepaid Mobile Telephony Services (MTS) Surcharge* guide at www.boe.ca.gov/industry/prepaid_mts_surcharge.html, or call the Customer Service Center at 1-800-400-7115 (TTY:711) weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

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