



Prepaid Mobile Telephony Services Surcharge for Direct Sellers

Attention: Wireless Service Companies New Surcharge on Prepaid Wireless Cards and Services Beginning January 1, 2016

If you are a service supplier selling prepaid wireless phone cards and services directly to consumers, you are considered a direct seller and will be required to collect the new Prepaid Mobile Telephony Services (MTS) surcharge.

What is the prepaid MTS surcharge?

Beginning January 1, 2016, the prepaid MTS surcharge replaces the multiple surcharges and fees imposed on prepaid wireless products and services prior to January 1, 2016. The prepaid MTS surcharge is imposed as a percentage of the sales price of prepaid wireless products and services sold in a retail transaction occurring in this state, either alone or combined with mobile data or other services. The prepaid MTS surcharge will fund multiple state services, including 911 emergency and telecommunication services.

What is a direct seller?

A direct seller is a service supplier, prepaid MTS provider, telephone company or Voice over Internet Protocol (VoIP) company that sells prepaid mobile telephone service or products directly to the end-user. A direct seller also includes a retailer that is a member of the same commonly controlled group or combined reporting group of the telephone company or a VoIP company.

A business that does not provide telecommunication services but sells prepaid MTS to consumers is not considered a direct seller, but rather is a retailer (seller) and must register, collect and report appropriately. For more information on the requirements for sellers, visit the sellers tab at www.boe.ca.gov/industry/prepaid_mts_surcharge.html#sellers.

What composes the prepaid MTS surcharge rate?

The prepaid MTS surcharge rate is composed of two components:

- The prepaid 911 surcharge rate for prepaid MTS services as determined by the Office of Emergency Services (OES), and;
- The California Public Utilities Commission's (CPUC) reimbursement fee and the telecommunications universal service surcharges.

In addition to the prepaid MTS surcharge rate, local charge(s) (utility user taxes and/or local 911 charges) may apply for the jurisdiction in which the retail transaction occurs.

Prepaid MTS and local rate information will be posted by December 1, 2015 to the BOE website.

What is subject to the prepaid MTS surcharge?

All purchases of prepaid MTS, which are sold in predetermined units or dollars that customers must pay for "upfront" before using the services, are subject to the prepaid MTS surcharge. Prepaid MTS includes prepaid wireless cards/services, plans, minutes, refill or top-off cards.

I am a service supplier, what can I expect?

If you are a service supplier currently registered and reporting under the Emergency Telephone Users Surcharge (ETUS) Program, your return form will be updated to include an additional column for the prepaid 911 surcharge portion of the prepaid MTS surcharge. In addition, the BOE developed new forms to allow service suppliers to submit additional information required under the ETUS law for service users who refuse to pay the surcharge(s) and for billing aggregators who file returns on behalf of multiple service suppliers under their own account. The revised return and new forms will be available January 2016.

How do I report and pay the surcharge?

Direct sellers will report and pay the prepaid 911 surcharge portion of the prepaid MTS surcharge to the BOE using the form, [BOE-501-TE, Emergency Telephone Users Surcharge Return](#). This form will be updated to include a separate column for reporting prepaid MTS sales. Direct sellers will report and pay the CPUC portion of the prepaid MTS surcharge directly to the CPUC and any local charges to the local jurisdictions. Contact the CPUC or local jurisdictions for more information on how to report and pay the portion of the prepaid MTS surcharge directly to the CPUC, or local jurisdiction imposing the local charge.

Direct sellers are required to file their [BOE-501-TE, Emergency Telephone Users Surcharge Return](#) electronically using the BOE's online filing system. However, the online filing system will not be available until Fall of 2016. More information regarding our online filing will be distributed as it becomes available. Direct sellers must file a paper return with the BOE to meet their reporting requirements until our online filing system becomes available. A paper return will be mailed to all registered direct sellers.

What do I need to do if I sell prepaid wireless services directly to purchasers in this state?

- Register online with the BOE under the ETUS program (if not currently registered).
- Know the proper prepaid MTS surcharge rate and any applicable local rates. *(Rate information will be posted on our website by December 1, 2015).*
- Charge and collect the prepaid MTS surcharge and applicable local charges on prepaid MTS from your customers beginning January 1, 2016.
- State the prepaid MTS surcharge and local charge amount separately on the invoice or other document you issue to your customers.
- File your [BOE-501-TE, Emergency Telephone User Surcharge Return](#) online and pay the prepaid 911 surcharge component of the prepaid MTS surcharge rate to the BOE.

What rate do I charge my customer?

If any of the below scenarios apply, then the retail transaction occurred in this state and the prepaid MTS surcharge applies. You can determine the correct rate to charge by using the following criteria in this order:

- Your business location if the item is sold in person at your location.
- The shipping address or pickup location if the item is shipped to, or picked up by, a customer in California.
- The customer's address, if known by the seller, including if the seller's regular business records indicate a California address for the customer.
- The customer's billing address or address of record provided to the seller during the retail transaction.
- The mobile telephone number, if it is associated with a location in this state.

Where can I go for more information?

Read our [Prepaid Mobile Telephony Services Surcharge](#) guide at www.boe.ca.gov/industry/prepaid_mts_surcharge.html. We will continually update the guide with registration, filing, and rate information. For more information on the prepaid 911 surcharge component of the prepaid MTS rate, visit the ETUS Program page at www.boe.ca.gov/sptaxprog/emergency_tele_users_surcharge.htm.

If you have additional questions, you may call our Customer Service Center at 1-800-400-7115 (TTY:711) Monday through Friday, 8:00 a.m. to 5:00 p.m. (Pacific time), excluding state holidays.