



Prepaid Mobile Telephony Services (MTS) Surcharge



Beginning January 1, 2016, a new Prepaid Mobile Telephony Services (MTS) Surcharge will replace the multiple surcharges and fees imposed prior to January 1, 2016.

Seller Requirements

Sellers, or third-party retailers, sell prepaid MTS to a consumer in a retail transaction. As a seller of prepaid wireless services, you are required to:

- Register with the Board of Equalization (BOE) as a prepaid MTS seller. (This is a separate account from your seller's permit.)
- Know the correct prepaid MTS surcharge rate.
- Separately state the correct prepaid MTS surcharge amount on a receipt, sales invoice, or other document provided to customers.
- File the prepaid MTS return online and pay the amounts collected to the BOE.

Wireless service providers who sell prepaid MTS to consumers are considered "direct sellers" for purposes of the prepaid MTS surcharge and have different registration and reporting requirements. For more information about direct sellers, see our [Prepaid Mobile Telephony Services \(MTS\) Surcharge](#) guide online.



Sales Subject to the Surcharge

The prepaid MTS surcharge generally applies to amounts charged for prepaid wireless services, including:

- Prepaid wireless airtime cards
- Prepaid wireless minutes
- Prepaid wireless plans
- Prepaid wireless cards compatible with pay-as-you-go cell phones
- Prepaid wireless refill or top-off cards
- Prepaid wireless "eCards"
- Prepaid mobile data or any other services when sold with any of the above
- Any product or service, including a cell phone, when sold with prepaid MTS for a single non-itemized price, unless only a minimal amount of prepaid MTS is transferred. A minimal amount of prepaid MTS is \$5 or less, or 10 minutes or less

Surcharge Rate

The prepaid MTS surcharge is imposed as a percentage of the selling price of prepaid wireless services sold in this state.

The BOE will post the new rates and notify registered sellers of the change. A link to the surcharge rate for each local jurisdiction is on our [Prepaid Mobile Telephony Services \(MTS\) Surcharge](#) guide online, in the [MTS Rates](#) section.

Local Charges

In general, you should charge the prepaid MTS surcharge rate for the city and/or county where your business is located.

If you do not make the sale at your California business location, the sale of prepaid wireless services is still considered to occur in California when:

- The item is shipped to, or picked up by, a customer at a California location, or
- Your records show that the customer's address is in California, or
- Your customer provided you with an address in California during the sales transaction, or
- The mobile phone number is associated with a California location.

If the sale does not occur at your California business location but one of the above situations applies, you should charge the prepaid MTS rate that applies to your customer's location or address, in the order listed above.

Seller Reimbursement

As a seller of prepaid MTS, you may keep two percent (2%) of the prepaid MTS surcharge collected as reimbursement for part of your cost. You should claim this amount on your prepaid MTS return.

Direct sellers do not qualify for the 2% reimbursement.



For More Information:

Visit our *Prepaid Mobile Telephony Services (MTS) Surcharge* industry guide on our website for more information:

www.boe.ca.gov/industry/

Do you need help filing your return or have a general tax question?

Call our Customer Service Center
1-800-400-7115 (TTY: 711)
Monday through Friday (except state holidays)
8:00 a.m. to 5:00 p.m. (Pacific time)

Get It In Writing

Tax law can be complex, and you are encouraged to put your questions in writing. Provide us with the specific facts and circumstances surrounding the transaction or activity in question, and ask if your sale is subject to the prepaid MTS surcharge.

Make your request at
www.boe.ca.gov/info/email.html.

Visit www.boe.ca.gov

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