



**Sales and Use Tax Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001
www.dornc.com**

**IMPORTANT NOTICE: 911 SERVICE CHARGE FOR PREPAID WIRELESS
TELECOMMUNICATIONS SERVICE**

This important notice is revised on April 10, 2015 in order to update the "Registering for the Service Charge" section with current registration procedures and to include the disclaimer at the end of the notice.

Effective July 1, 2013, a service charge of sixty cents (60¢) is imposed on each retail transaction of prepaid wireless telecommunications service occurring in this State. N.C. Gen. Stat. § 62A-40(15) defines "prepaid wireless telecommunications service" as "[a] wireless telecommunications service that allows a caller to dial 911 to access the 911 system, which service must be paid for in advance and is sold in predetermined units or dollars of which the number declines with use in a known amount." N.C. Gen. Stat. § 62A-40(18a) defines "retail transaction" as "[t]he sale of prepaid wireless telecommunications service for any purpose other than resale." The service charge rate is set by the 911 Board and must be set at the same rate as the monthly service charge for nonprepaid service. The Department of Revenue must provide notice of a change in the rate for prepaid wireless telecommunications service at least 45 days before the change becomes effective only on the Department's website. A change in the rate can only occur on July 1.

Retail Collection

A seller of prepaid wireless telecommunications service shall collect the 911 service charge from the consumer. The 911 service charge for prepaid wireless telecommunications service is in addition to the sales tax imposed on the sale or recharge of prepaid telephone calling service under N.C. Gen. Stat. § 105-164.4(a)(4d). The amount of the 911 service charge for prepaid wireless telecommunications service must be separately stated on an invoice, receipt, or other reasonable notification provided to the consumer by the seller at the time of the retail transaction. Examples of prepaid wireless telecommunications service transactions subject to the surcharge include: a sale of a prepaid wireless phone card, a sale of a prepaid wireless phone, or the recharge of either a prepaid wireless phone card or prepaid wireless phone.

Sourcing

A retail transaction for prepaid wireless telecommunications service occurs in this State if the sale is sourced to the State under N.C. Gen. Stat. § 105-164.4B(a). A retail transaction occurs in this State (1) when a purchaser receives a prepaid wireless telecommunications service at a business location of the seller in this State; (2) when a purchaser or purchaser's donee receives a prepaid wireless telecommunications service at a location in this State specified by the purchaser and the location is not a business location of the seller; (3) when (1) and (2) do not apply and a location in this State is indicated by an address for the purchaser that is available from the business records of the seller that are maintained in the ordinary course of the seller's business, when use of this address does not constitute bad faith; (4) when (1), (2), and (3) do not apply and a location in this State is indicated by an address for the purchaser obtained during the consummation of the sale, including the address in this State of a purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith; and (5) when (1), (2), (3), and (4) do not apply, including the circumstance in which the seller is without sufficient information to apply the rules, when the prepaid wireless telecommunications service is provided from an address in this State.

Registering for the Service Charge

A retailer engaged in business in the State of selling prepaid wireless telecommunications service sourced to the State and that is not registered to file Form E-500L, 911 Service Charge Prepaid Wireless Telecommunications Return, must complete [Form NC-BR, Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery and Equipment Tax](#). Only the web-fill version of Form NC-BR can be used to submit an application to register a retailer required to remit the 911 service charge to the department at this time. Form E-

500L is available online at the Department's website, www.dorn.com. There is no fee required to register to file Form E-500L and to obtain a certificate of registration.

Filing Frequency for Remitting Service Charge

A seller shall remit the 911 service charge for prepaid wireless telecommunications service collected by it in either of the following ways:

1. **Semiannually.** The service charges collected in the first six months of the calendar year are due by July 20. The service charges collected in the second six months of the calendar year are due by January 20.
2. **Monthly.** The service charges collected in a month are due by the 20th day of the month following the calendar month covered by the return.

Administrative Allowance

A seller may deduct and retain from the 911 service charges it collects from consumers and remits to the Department of Revenue an administrative allowance of five percent (5.00%). **Special note:** Sellers that collect the 911 service charge for prepaid wireless telecommunications service may retain all of the service charges collected in the first three calendar months.

Sales for Resale

A purchaser of prepaid wireless telecommunications service for resale is required to issue Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption, the Streamlined Sales Tax Certificate of Exemption (SST Form F0003), or provide information required on either of these forms to a seller in order for a purchase to be exempt from sales or use tax and the 911 service charge. A purchaser's Sales and Use Account ID must be entered on the certificate of exemption issued to a seller, as applicable.

For a sale for resale, a seller is relieved of liability for any additional sales and use taxes or 911 service charges that are subsequently determined to be due if the seller secures a Sales and Use Account ID from a purchaser at the time of the purchase of prepaid wireless telecommunications service, within 90 days of a sale, or within 120 days subsequent to a request for substantiation by the Department. If a paper certificate is provided, it must be signed by the purchaser. The Department shall relieve a seller of the sales and use taxes and 911 service charges otherwise applicable if the seller obtains a blanket exemption certificate for a purchaser with which the seller has a recurring business relationship. A recurring business relationship exists when a period of no more than twelve months elapses between sales transactions. This relief from liability does not apply to a seller who fraudulently fails to collect sales and use taxes or 911 service charges or to a seller who solicits purchasers to participate in the unlawful claim of a sale for resale.

Administration

Administration, auditing, requests for review, making returns, promulgation of rules and regulations by the Secretary, additional taxes and liens, assessments, refunds, and penalty provisions of Article 9 of Chapter 105 of the General Statutes apply to the collection of the 911 service charge for prepaid wireless telecommunications service. An audit of the collection of the 911 service charge for prepaid wireless telecommunications service shall only be conducted in connection with an audit of the taxes imposed by Article 5 of Chapter 105 of the General Statutes. Underpayments shall be subject to the same interest rate as imposed for taxes under G.S. 105-241.21. Overpayments shall be subject to the same interest rate as imposed for taxes under G.S. 105-241.21(c)(2). Excessive and erroneous collections of the service charge will be subject to G.S. 105-164.11.

Assistance

Questions regarding this notice can be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).

To the extent that there is any change in statute or regulation, or a new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding 911 service charge for prepaid wireless telecommunications service issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.