

| State       | Level        | Prepaid Tax Consumer Collected | Skype Consumer Postpaid Treatment | Notes   | Citation   |
|-------------|--------------|--------------------------------|-----------------------------------|---|--|
| Alabama     | State        | Sales Tax                      | Utility Users Tax                 | Prepaid telephone calling cards are subject to sales tax. Alabama does not define "prepaid telephone calling card"<br><br>The Alabama Administrative Law Division determined that the tax on "prepaid telephone calling cards" does not apply to services and products not in existence when the legislature enacted the provision.   | Ala. Code § 40-23-1<br><br><i>Beauty &amp; More v. Ala. Dept. of Rev.</i> , No. S. 12-336 (June 10, 2013)                                      |
| Alabama     | County/Local | Sales Tax                      | NONE                              | Local tax must parallel state tax.  | Ala. Code § 40-12-4  |
| Alaska      | Local        | Sales Tax                      | Sales Tax                         | Varies  | Alaska Stat. § 29.45.650   |
| Arizona     | State        | Transaction Privilege Tax      | NONE                              | Retail sales of prepaid calling cards or prepaid authorization numbers for telecommunications services, including sales of reauthorization of a prepaid card or authorization number, are subject to tax under the retail classification (rather than the telecommunications classification).<br><br>Effective 12/31/2013, an excise tax of .008% is imposed on the gross proceeds of sales or gross income derived from the retail sale of prepaid wireless telecommunications service ("prepaid wireless E911 excise tax").<br><br>A "prepaid wireless telecommunications service is defined as a commercial mobile radio service, as defined by 47 CFR 20.3, which allows a caller to dial 911 to access the 911 system. Because Skype will not allow access to dial the 911 system, it will not be subject to this additional tax.  | Ariz. Rev. Stat. Ann. §§ 42-5061(Q); 42-5402(A)  |
| Arizona     | County/Local | Sales Tax                      | NONE                              | Localities are authorized to impose local sales or transaction privilege tax. The model city tax allows imposition of the local tax on retail sales of prepaid calling cards or prepaid authorization numbers for telecommunications services, including sales of reauthorization of a prepaid card or authorization number.  | Ariz. Rev. Stat. § 42-6001, Model City Tax Code s. ___-460(g).   |
| Arkansas    | State        | Sales Tax                      | Sales Tax                         | Arkansas imposes a gross receipts tax on the sale of prepaid calling and prepaid wireless calling services.<br><br>Arkansas imposes a gross receipts tax from the sale of intrastate, interstate, and international telecommunication services sourced to Arkansas. Arkansas defines "telecommunication service" as the electronic transmission, conveyance, or routing of voice, data, audio, video, or another information or signals to a point or between or among points. It includes the transmission, conveyance, or routing in which computer processing applications are used to act on the form, code, or protocol of the content for purposes of transmission without regard to whether such service is referred to a VoIP.  | Ark. Code Ann. §§ 26-52-301; 26-52-302; 26-52-314; 26-52-315(a),(e)(19)(A)-(B).<br><br>Code Ark. R. §§ 006.05.212-GR-71(B); 006.05.212-GR7(8). |
| Arkansas    | County/Local | Sales Tax                      | Sales Tax                         | Arkansas imposes a local sales tax in the same manner as the state sales tax.   | Ark. Code Ann. §§ 26-73-113(a)(1)(A); 26-74-614.   |
| California  | County/Local | UUT                            | UUT                               | California's imposition statute permits any county to levy a utility user tax on telephone and telegraph services in the unincorporated area of the county. The imposition statute does not specifically define or address VoIP services. California law varies.  | Cal. Rev. & Tax Code § 7284.2(a).  |
| Colorado    | State        | Sales Tax                      | Sales Tax                         | "The purchase or sale of a prepaid phone card is generally a taxable sale in Colorado because the telephone service being provided is subject to sales tax."<br><br>The only exceptions where a prepaid phone card is not subject to sales tax are:<br>-The telephone service will be provided by a telephone company registered to collect Colorado sales tax and the card is denominated in dollar amounts rather than call time. In this case using the card is like putting coins in a pay phone; the sales tax will be taken from the amount of the card received by the phone company at the time a taxable telephone call is placed.<br>-The prepaid phone card cannot be used to make calls originating and terminating within Colorado.<br>-Prepaid wireless service denominated in dollars is not subject to sales tax because the sales tax will be taken from the amount when the wireless service is used. Id. | Colo. FYI Tax Publication No. Sales 80, 05/01/2011.  |
| Colorado    | County/Local | Sales Tax/District Sales Tax   | Sales Tax/District Sales Tax      | Follow states level tax.  |  |
| Connecticut | State        | Sales Tax                      | Sales Tax                         | "Prepaid telephone calling service" is defined as "the right to exclusively purchase telecommunications service, that must be paid for in advance and that enables the origination of calls using an access number or authorization code, or both, whether manually or electronically dialed, provided the remaining amount of units of service that have been prepaid shall be known on a continuous basis."   | Conn. Gen. Stat. § 12-407(a)(34).  |

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|----------------------|--------------|---------------------------------------|--------------------------------------|--|---|
| Delaware             |              | No tax on prepaid Nomadic VoIP        | NONE                                 |  |   |
| District of Columbia | State        | Gross Sales Tax (Special 10% rate)    | Gross Sales Tax (Special 10% rate)   | <p>The term "retail sale" includes the sale of a prepaid telephone calling card, even if no card has been issued. Any sale of a prepaid telephone calling card on or after October 1, 1997, is deemed the sale of tangible personal property (taxed like the sale of food prepared for immediate consumption) even where no card has been issued (which is taxed at a special 10% total rate).</p> <p>The District does not define prepaid telephone calling card. We believe the better view is that the subscription products do not qualify as a prepaid telephoen calling card.</p>  | D.C. Code Ann. § 47-2001(n)(1)(T); D.C. Code Ann. § 47-2002.02. |
| Florida              | State        | Sales Tax                             | Communications Services Tax          | Prepaid calling arrangements are treated as tangible personal property subject to the sales tax. Prepaid calling arrangements is defined to mean the separately stated retail sale by advance payment of communications services that consist exclusively of telephone calls originated by using an access number, authorization code, or other means that may be manually, electronically, or otherwise entered, and that are sold in predetermined units or dollars of which the number declines with use in a known amount.   | Fla. Stat. § 212.05   |
| Florida              | County/Local | Sales Tax                             | Communications Services Tax          | Follow state-level tax.  | Fla. Stat. § 212.055  |
| Georgia              |              | No tax on prepaid Nomadic VoIP        | NONE                                 |  |   |
| Hawaii               | State        | Sales/Excise Tax                      | NONE                                 | "Prepaid telephone calling service" is defined as "the right to exclusively purchase telecommunication services, paid for in advance, that enables the origination of calls using an access number or authorization code, whether manually or electronically dialed."  | Haw. Rev. Stat. § 237-13.8(a).                                  |
| Hawaii               | County       | Sales/Excise Tax                      | NONE                                 | Follow state-level tax.  |   |
| Idaho                | County/Local | No tax on prepaid Nomadic VoIP        | NONE                                 |  |   |
| Illinois             | State        | Sales Tax                             | Communications Services Tax (Excise) | <p>Prepaid calling arrangements are treated as tangible property subject to the sales tax, regardless of the form in which those arrangements may be embodied, transmitted or fixed by any method now known or hereafter developed.</p> <p>Prepaid telephone calling arrangements mean the right to exclusively purchase telephone or telecommunications services that must be paid for in advance and enable the origination of one or more intrastate, interstate, or international telephone calls or other telecommunications using an access number, or an authorization code, for which payment to a retailer must be made in advance. Prepaid telephone calling arrangements include the recharge of a prepaid calling arrangement but do not include an arrangement whereby the service provider reflects the amount of a purchase as a credit on an account for a customer under an existing subscription plan.</p> <p>Based upon the narrow definition of prepaid calling arrangement and the lack of guidance, we recommend not treating the subscriptions as prepaid calling arrangements.</p> | ILCS 35 § 120/2; 105/3-27                                       |
| Illinois             | County/Local | Sales Tax (Retailer's Occupation Tax) | NONE                                 | Generally follow state sales tax.  |   |
| Indiana              | State        | Sales Tax                             | Sales Tax                            | <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling service" is defined as a telecommunications service that:</p> <ol style="list-style-type: none"> <li>(1) provides the right to use mobile wireless service as well as other nontelecommunications services, including: (A)the download of digital products delivered electronically; and (B) content and ancillary services;</li> <li>(2) must be paid for in advance; and</li> <li>(3) is sold in predetermined units or dollars of which the number declines with use in a known amount.</li> </ol>   | Ind. Code § 6-2.5-12-11; Ind. Code § 6-2.5-1-22.4.              |

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| Iowa      | State        | Sales Tax                    | Sales Tax                    | <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the amount declines with use in a known amount."</p> <p>"Prepaid wireless calling service" means a telecommunications service that provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content and ancillary services, which must be paid for in advance and that is sold in predetermined units or dollars of which the amount declines with use in a known amount.</p>   | Iowa Code § 423.20(1)(k). Iowa Code § 423.20(1)(l).  |
| Iowa      | County/Local | Sales Tax                    | Sales Tax                    | Follow state-level tax.   |  |
| Kansas    | State        | Sales Tax                    | Sales Tax                    | <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling service" is defined as "a telecommunications 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 be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p>  | Kan. Stat. Ann. § 79-3673(f)(11). Kan. Stat. Ann. § 79-3673(f)(12).  |
| Kansas    | County/Local | Sales Tax                    | Sales Tax                    | Follow state-level tax.   |  |
| Kentucky  | State        | Statutory Gross Receipts Tax | Statutory Gross Receipts Tax | <p>"Prepaid calling services" and "prepaid wireless calling service" is not considered a "communications service" if separately charged.</p> <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which are paid for in advance and which enable the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling service" is defined as "a telecommunications service that: (a) Provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content, and ancillary services; (b) Must be paid for in advance; and (c) Is sold in predetermined units of dollars of which the number declines with use in a known amount."</p> | Ky. Rev. Stat. Ann. § 160.6131(2)(b)(9). Ky. Rev. Stat. Ann. § 139.195(23). Ky. Rev. Stat. Ann. § 139.195(24). |
| Kentucky  | State        | Sales Tax                    | Sales Tax                    | Follow state-level tax.   |  |
| Louisiana | State        | Telecommunications Sales Tax | Telecommunications Sales Tax | <p>Prepaid calling arrangements are treated as tangible property subject to the sales tax.</p> <p>"Prepaid calling service" means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount.</p> <p>"Prepaid wireless calling service" means a telecommunications service that provides the right to utilize mobile wireless service as well as non-telecommunications services, including the download of digital products delivered electronically, content, and ancillary services, which must be paid for in advance and which is sold in predetermined units or dollars of which the number declines with use in a known amount.</p>   | La. Rev. Stat. Ann. §§ 47:301 (16)(d)(i), (29)(t), & (29)(u)   |
| Louisiana | County/Local | Sales Tax                    | Yes                          |   |  |
| Maine     | State        | Sales Tax                    | NONE                         | The sale of prepaid calling service is subject to the sales tax rather than the service provider tax.   | Me. Rev. Stat. Ann. §§ 1752(17-B); 2557  |

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| Maryland      | State        | Sales Tax                      | NONE                  | In Maryland, the sales tax applies to cellular service and certain other communications services, but not VoIP service. The sales tax also applies to the sale of a "prepaid telephone calling arrangement," which is defined as the right to use telecommunications services, paid for in advance, that enables the origination of calls using an access number or authorization code, whether manually or electronically dialed.   | Md. Code Ann. Tax-Gen. § 11-101   |
| Massachusetts | State        | Sales Tax                      | Sales Tax             | Prepaid calling cards are subject to sales tax at the point of sale. Prepaid calling arrangements are taxed on the retail sales price.<br><br>"Prepaid calling arrangement" means the right to exclusively purchase telecommunications services that must be paid for in advance and enables the origination of the calls using an access number or authorization code, whether manually or electronically dialed.   | Mass. Gen. L. 64 § 1; Mass. Gen. L. 64H § 1   |
| Michigan      | State        | Sales Tax                      | Sales Tax             | "Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and that enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."<br><br>"Prepaid wireless calling service" is defined as "a telecommunications service that provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content, and ancillary services, which shall be paid for in advance and that is sold in predetermined units or dollars that decline with use in a known amount."  | Mich. Comp. Laws Ann. § 205.93c(4)(i). Mich. Comp. Laws Ann. § 205.93c(4)(j).             |
| Minnesota     | State        | Sales Tax                      | Sales Tax             | "Prepaid calling service" is defined as "a telecommunications service that: (1) provides the right to access exclusively telecommunications services; (2) must be paid for in advance; (3) enables the origination of calls using an access number or authorization code, whether manually or electronically dialed; and (4) is sold in predetermined units or dollars of which the number declines with use in a known amount."<br><br>"Prepaid wireless calling service" is defined as "a telecommunications service that: (1) provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content, and ancillary services; (2) must be paid for in advance; and (3) is sold in predetermined units or dollars of which the number declines with use in a known amount." | Minn. Stat. § 297A.669, Subd. 14. Minn. Stat. § 297A.669, Subd. 14a.                      |
| Minnesota     | County/Local | Sales Tax/Transit Tax          | Sales Tax/Transit Tax | Follow state-level tax.  |   |
| Mississippi   | State        | Sales tax                      | Sales tax             | "Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."<br><br>"Prepaid wireless calling service" is defined as "a telecommunications service that provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content and ancillary service, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount."  | Miss. Code Ann. § 27-65-19(1)(e)(vi)(11). Miss. Code Ann. § 27-65-19(1)(e)(vi)(12).       |
| Missouri      | State        | Sales Tax                      | Sales Tax             | The sale of a prepaid telephone card to a Missouri customer is subject to sales tax whether the card is sold in-person, through a website, or by telephone.<br><br>Missouri appears to use the 4 U.S.C. Section 124(9) definition of "prepaid telephone calling service" which defines it, to include, "the right to purchase exclusively telecommunications services that must be paid for in advance."   | Mo. Priv. Ltr. Rul. No. LR 5106, 09/18/2008. Mo. Priv. Ltr. Rul. No. LR 1353, 02/03/2003. |
| Missouri      | County/Local | Sales Tax                      | Sales Tax             | Follow state-level tax.  |   |
| Montana       |              | No tax on prepaid Nomadic VoIP | State Excise Tax      | N/A  |   |

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| Nebraska       | State        | Sales Tax                      | Yes   | Gross receipts for purposes of Nebraska's sales tax includes the sale of and recharge of prepaid calling service and prepaid wireless calling service.<br><br>"Prepaid calling service" is defined as "the right to access exclusively telecommunications service, which is paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."<br><br>"Prepaid wireless calling service" is defined as "a telecommunications service that provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content, and ancillary services, which must be paid for in advance, that is sold in predetermined units of dollars or which the number declines with use in a known amount."  | Neb. Rev. Stat. § 77-2701.16(8). Neb. Rev. Stat. § 77-2703.04(7)(v).<br>Neb. Rev. Stat. § 77-2703.04(7)(vi). |
| Nebraska       | Local        | Sales Tax                      | Yes   | Localities are authorized to impose a local sales tax.  | Neb. Rev. Stat § 13-326  |
| New Hampshire  | State        | No tax on prepaid Nomadic VoIP | Utility Users Tax (Communications Services Tax) | N/A   | N/A  |
| New Jersey     | State        | Sales Tax                      | Sales Tax                                       | "Pre-paid calling service" is defined as "the right to access exclusively telecommunications services, which shall be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."<br><br>"Prepaid wireless calling service" is defined as "a telecommunications 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 be paid for in advance and that is sold in predetermined units or dollars of which the number declines with use in a known amount."  | N.J. Rev. Stat. § 54:32B-2(II). N.J. Rev. Stat. § 54:32B-3.4(d).N.J. Rev. Stat. § 54:32B-3.4(d).             |
| New Mexico     | State        | Sales Tax (GRT)                | NONE  | New Mexico treats the receipts from the sale of an unexpired prepaid telephone card as receipts from the sale of a license to use the telecommunications system and, therefore, gross receipts and are not interstate telecommunications gross receipts. N.M. Admin Code § 3.2.1.16(F).   |  |
| New Mexico     | County/Local | Sales Tax (GRT)                | NONE  | Follow state-level tax.   |  |
| New York       | State        | Sales Tax                      | Sales Tax                                       | "Prepaid telephone calling service" is defined as "the right to exclusively purchase telecommunication services, that must be paid for in advance and enable the origination of one or more intrastate, interstate or international telephone calls using an access number (such as a toll free network access number) and/or authorization code, whether manually or electronically dialed, for which payment to a vendor must be made in advance, whether or not that right is represented by the transfer by the vendor to the purchaser of an item of tangible personal property."  | N.Y. Tax Law § 1101(22).   |
| New York       | County/Local | Sales/Transit/District Tax     | Sales/Transit/District Tax                      | Follow state-level tax.   |  |
| North Carolina | State        | Sales Tax                      | Sales Tax                                       | The sale or recharge of prepaid telephone calling service is taxable at the general rate of tax. The tax applies regardless of whether tangible personal property, such as a card or a telephone, is transferred. The tax applies to a service that is sold in conjunction with prepaid wireless calling service. Prepaid telephone calling service is taxable at the point of sale instead of at the point of use and is sourced in accordance with G.S. 105-164.4B. Prepaid telephone calling service taxed under this subdivision is not subject to tax as a telecommunications service.<br><br>A prepaid calling service is defined as a service that meets the following criteria: (i) it authorizes the exclusive purchase of telecommunications service; (ii) it must be paid for in advance; (iii) it enables the origination of calls by means of an access number, authorization code, or another similar means, regardless of whether the access number or authorization code is manually or electronically dialed; and (iv) it is sold in predetermined units or dollar whose number or dollar value declined with use and was known on a continuous basis. | N.C. Gen. Stat. § § 105-164.4(a)(4d); 105-164.3(26)(b)   |

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| North Dakota | State        | Sales Tax                      | Sales Tax | <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling service" is defined as "a telecommunication service that provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content and ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p>  | N.D. Cent. Code § 57-39.4-16(12). N.D. Cent. Code § 57-39.4-16(13).                             |
| North Dakota | County/Local | Sales Tax                      | Sales Tax | Follow state-level tax.   |   |
| Ohio         | State        | Sales Tax                      | Sales Tax | <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling service" is defined as "a telecommunications service that provides the right to utilize mobile telecommunications service as well as other non-telecommunications services, including the download of digital products delivered electronically, and content and ancillary services, that must be paid for in advance and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p>   | Ohio Rev. Code Ann. § 5739.01(AA)(4). Ohio Rev. Code Ann. § 5739.01(AA)(5).                     |
| Ohio         | County/Local | Sales Tax                      | Sales Tax | Follow state-level tax.   |   |
| Oklahoma     | State        | Sales Tax                      | Sales Tax | <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling service" is defined as "a telecommunications wireless service that provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content and ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>Oklahoma regulations provide that a "prepaid telephone calling card" is "an article of tangible personal property, which entitles the holder of the card to a predetermined amount of telecommunications services."</p> | Okla. Stat. § 1354.30(A)(11). Okla. Stat. § 1354.30(A)(12). Okla. Admin. Code 710:65-19-331(a). |
| Oklahoma     | County/Local | Sales Tax                      | Sales Tax | Follow state-level tax.   |   |
| Oregon       |              | No tax on prepaid Nomadic VoIP | None      | N/A   | N/A   |
| Pennsylvania | State        | Sales Tax                      | Sales Tax | <p>"Prepaid telecommunications" is defined as "[a] tangible item containing a prepaid authorization number that can be used solely to obtain telecommunications service, including any renewal or increases in the prepaid amount."</p> <p>"Prepaid mobile telecommunications service" is defined as "Mobile telecommunications service which is paid for in advance and which enables the origination of calls using an access number, authorization code, or both, whether manually or electronically dialed, if the remaining amount of units of the prepaid mobile telecommunications service is known by the service provider of the prepaid mobile telecommunications service on a continuous basis. The term does not include the advance purchase of mobile telecommunications service if the purchase is pursuant to a service contract between the service provider and customer and if the service contract requires the customer to make periodic payments to maintain the mobile telecommunications service."</p>  | Pa. Stat. Ann. § 7201(uu). Pa. Stat. Ann. § 7201(ccc).  |
| Pennsylvania | County/Local | Sales Tax                      | Sales Tax | Follow state-level tax.   |   |

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|----------------|--------------|--------------------------------|----------------------------|---|---|
| Rhode Island   | State        | Sales Tax                      | Sales Tax                  | <p>"Prepaid calling service" is defined as "the right to access exclusively "telecommunications services", which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling service" is defined as a "telecommunications 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 be paid for in advance that is sold in predetermined units of dollars of which the number declines with use in a known amount."</p>   | R.I. Gen. Laws § 44-18-7.1(y)(i)(M).R.I. Gen. Laws § 44-18-7.1(y)(i)(N).                                      |
| South Carolina | State        | No tax on prepaid Nomadic VoIP | NONE                       | <p>South Carolina does not tax prepaid calling cards that are not for wireless calling. Instead treating the taxable transaction as taking place when the prepaid services are used.</p> <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars, of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling arrangements" is defined as "communication services that: (i) are used exclusively to purchase wireless telecommunications; (ii) are purchased in advance; (iii) allow the purchaser to originate telephone calls by using an access number, authorization code, or other means entered manually or electronically; and (iv) are sold in units or dollars which decline with use in a known amount."</p> | S.C. Rev. Rul. No. 04-4, 03/30/2004. S.C. Code Ann. § 12-36-1910(11).<br>S.C. Code Ann. § 12-36-910(B)(5)(a). |
| South Dakota   | State        | Sales Tax                      | NONE                       | <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling service" is defined as "a telecommunications service that provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content and ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p>   | S.D. Codified Laws § 10-45-1.17.  |
| South Dakota   | Local        | Sales Tax                      | NONE                       | Follow state-level tax.   |   |
| Tennessee      | State        | Sales tax (retail)             | Sales tax (retail)         | <p>Prepaid calling and prepaid wireless calling services are subject to sales tax. Included within the definitions of "prepaid calling service" and "prepaid wireless calling service" is the requirement that such access rights are "sold in predetermined units or dollars of which the <i>number declines with use in a known amount</i>."</p> <p>In the context of prepaid wireless emergency telephone service charges, the Attorney General concluded that only those prepaid wireless services that decline with use in a known amount can be <u>subject to the service charge</u>.</p>   | Tenn. Code Ann. §§ 67-6-102(66) & (67)<br>Attorney Gen'l Op. No. 13-43 (June 5, 2013)                         |
| Tennessee      | County/Local | Sales tax (retail)             | Sales tax (retail)         | Follow state-level tax.   |   |
| Texas          | State        | Sales Tax                      | Sales Tax                  | <p>"Telephone prepaid calling card" is defined as "a card or other item, including an access code, that represents the right to make one or more telephone calls for which payment is made in incremental amounts and before the call is initiated."</p> <p>"Telephone prepaid calling card" is included in the definition of "tangible personal property."</p>   | Tex. Tax Code Ann. § 151.01032. Tex. Tax Code Ann. § 151.009.   |
| Texas          | Local        | Sales/Transit/District Tax     | Sales/Transit/District Tax | Follow state-level tax.   |   |
| Utah           | State        | Sales Tax                      | Sales Tax                  | Prepaid calling service is defined as "a telecommunications service: (a) that allows a purchaser access to telecommunications service that is exclusively telecommunications service; (b) that: (i) is paid for in advance; and (ii) enables the origination of a call using an: (A) access number; or (B) authorization code; (c) that is dialed: (i) manually; or (ii) electronically; and (d) sold in predetermined units or dollars that decline: (i) by a known amount; and (ii) with use."  | Utah Code Ann. § 59-12-102(88).   |
| Utah           | County/Local | Sales Tax                      | Sales Tax                  | Follow state-level tax.   |   |

|               |              |                                |                            |   |   |
|---------------|--------------|--------------------------------|----------------------------|---|---|
| Vermont       | State        | Sales Tax                      | Sales Tax                  | <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling service" is defined as "a telecommunications service that provides the right to utilize a mobile wireless service as well as other non-telecommunications services including the download of digital products delivered electronically, content, and ancillary services, which must be paid for in advance that is sold in predetermined units of dollars of which the number declines with use in a known amount."</p>   | Code of Vt. Rules §1.9771(5)-1(A)(5). Code of Vt. Rules § 1.9771(5)-1(A)(6).                                  |
| Vermont       | Local        | Sales Tax                      | Sales Tax                  | Follow state-level tax.   |   |
| Virginia      | State        | Sales Tax                      | Communications Service Tax | <p>Telecommunications are generally subject to the state communications services tax, but "prepaid calling service" is excluded from the tax base. "Prepaid calling service" means the right to access exclusively communications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars that decrease in number with use.</p> <p>In a letter ruling, the Department ruled that "a monthly plan that allows unlimited voice calling and text messaging would not meet the definition of a "prepaid calling service" as the communications services are not sold in predetermined units or dollars that decrease in number with use. Accordingly, such transactions are generally subject to the Communications Sales and Use Tax."</p> <p>Note that telephone calling cards are subject to sales tax as tangible personal property, but the term "telephone calling card" is not defined.</p> | <p>Va. Code Ann. §§ 58/1-647; 58.1-648(B).</p> <p>Virginia Public Document Ruling No. 10-192, 08/26/2010.</p> |
| Virginia      | County/Local | Sales Tax                      | None                       | Follow state-level tax.   | Va. Code Ann. § 58.1-605  |
| Washington    | State        | Sales Tax                      | Yes                        | <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which must be paid for in advance and which enable the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid telephone calling service" is defined as "the right to purchase exclusively telecommunications services that must be paid for in advance, that enables the origination of calls using an access number, authorization code, or both, whether manually or electronically dialed, if the remaining amount of units of service that have been prepaid is known by the provider of the prepaid service on a continuous basis."</p>   | Wash. Rev. Code § 82.04.065(20). Wash. Rev. Code § 82.04.065(21).   |
| Washington    | County/Local | Sales Tax                      | Yes                        | Follow state-level tax.   |   |
| West Virginia |              | No tax on prepaid Nomadic VoIP | NONE                       | N/A   | N/A   |
| Wisconsin     | State        | Sales Tax                      | Sales Tax                  | <p>Wisconsin imposes its sales tax on the retail sale of prepaid calling services and intrastate, interstate, and international telecommunication services. Wisconsin defines "telecommunications services" as electronically transmitting voice, data, audio, video, or other information to a point or between or among points. Telecommunications services includes the transmission of information in which computer processing applications are used to act on the content's form for transmission regardless of whether the service is referred to as VoIP.</p> <p>Sellers are permitted to pass the tax through to their customers.</p>  | Wis. Stat. §77.52(3); Wisconsin Dept. Rev. Tax Publication No. 201, 04/01/2012.                               |
| Wisconsin     | County/Local | Sales Tax                      | Sales Tax                  | Follow state-level tax.   |   |

|         |              |           |           |   |   |
|---------|--------------|-----------|-----------|---|---|
| Wyoming | State        | Sales Tax | Sales Tax | <p>"Prepaid calling service" is defined as "the right to access exclusively telecommunications services, which require advance payment and which enables the origination of call using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> <p>"Prepaid wireless calling service" is defined as "a telecommunications service that provides the right to utilize mobile wireless service as well as other nontelecommunications services including the download of digital products delivered electronically, content and ancillary services, which require advance payment that is sold in predetermined units or dollars of which the number declines with use in a known amount."</p> | Wyo. Stat. §§ 39-15-101(a)(xxxix)(Q); 39-16-101(a)(xvii)(Q). Wyo. Stat. §§ 39-15-101(a)(xxxix)(R); 39-16-101(a)(xvii)(R). |
| Wyoming | County/Local | Sales Tax | Sales Tax | Follow state-level tax.   |   |