



Sales and Use Tax - Mobile Telecommunications Service. CHARGES FOR MOBILE TELECOMMUNICATIONS SERVICE, INCLUDING WIRELESS PAGING, WIRELESS TWO-WAY RADIO AND ANY OTHER WIRELESS PERSONAL COMMUNICATIONS SERVICE ARE SUBJECT TO TAX AT THE RATE IMPOSED AT THE CUSTOMER'S PLACE OF PRIMARY USE.

Neb. Rev. Stat. §77-2706.02 (Laws 2002, LB 947), imposes a tax on charges for "mobile telecommunications service" beginning August 1, 2002. The term "mobile telecommunications service" means one-way and two-way wireless communication service carried on between mobile stations or receivers and land stations and by mobile stations communicating among themselves. Mobile telecommunications service includes, but is not limited to, local and intrastate cellular telephone service, wireless paging service and wireless two-way radio service.

Although local and intrastate cellular telephone services are currently subject to sales and use tax, beginning August 1, 2002, the new law provides for the taxation of these services at the customer's place of primary use which is defined as the residential street address or the business street address of the customer, representative of where the customer's use of the service primarily occurs. Providers of mobile telecommunications services are required to obtain and maintain a record of the customer's place of primary use. Service providers may rely on an enhanced zip code for identifying the proper taxing jurisdiction and are entitled to the hold harmless protections provided by the federal Mobile Telecommunications Sourcing Act, P.L. 106-252.

The definition of "intrastate" service has also been changed to include calls which originate and terminate within the same state. Therefore, if the customer's place of primary use is within Nebraska, services which originate and terminate within Nebraska and services which originate and terminate in another state are both subject to Nebraska and applicable local option sales and use tax. If the customer's place of primary use is outside Nebraska, services which originate and terminate within Nebraska are not subject to Nebraska or applicable local option sales and use tax. These provisions bring Nebraska into compliance with the federal Mobile Telecommunications Sourcing Act.

Beginning August 1, 2002, charges for wireless paging, wireless two-way radio, and other wireless personal communications service are subject to tax at the customer's place of primary use.

Nebraska Sales and Use Tax Regulations 1-001.01, 1-005.01E, 1-006.08, 1-007.01A, 1-065.01A and Local Option Sales and Use Tax Regulation 9-007.02C are incomplete to the extent they do not include provisions of the new law as it relates to mobile telecommunications service.

APPROVED:

A handwritten signature in black ink, appearing to read 'MJE', written over a horizontal line.

Mary Jane Egr  
State Tax Commissioner

July 22, 2002

