



*i*nformational

Bulletin

Constance Beard, Director

Prepaid Wireless E911 Surcharge Rate Change

To: All retailers and servicepersons filing Form ST-1, Sales and Use Tax and E911 Surcharge Return, and making sales of prepaid wireless telecommunications service

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

For information or forms
Visit our website at:
tax.illinois.gov

Call us at:
1 800 732-8866 or
217 782-3336

Call our TDD
(telecommunications device
for the deaf) at:
1 800 544-5304

IMPORTANT: As part of the Department's cost-cutting measures and an ongoing effort to "go green," in the future we may no longer be mailing a Prepaid Wireless E911 Surcharge rate change bulletin to retailers. We will continue to post the bulletin on our website at tax.illinois.gov. Notification of a rate change bulletin will also appear in MyTax Illinois.

This bulletin supersedes in part Informational Bulletin FY 2015-02. The E911 Surcharge rate for the city of Chicago did not revert to 7 percent (.07) on July 1, 2015. Instead, the E911 Surcharge rate for the city of Chicago remains at 9 percent (.09) and is scheduled to revert to 7 percent on July 1, 2017.

Effective **October 1, 2015**, the surcharge rate imposed for locations outside of the city of Chicago on sales of prepaid wireless telecommunications service will increase from **1.5 percent** (.015) to **3 percent** (.03).

You must adjust your cash register and any computer program so that beginning on October 1, 2015, you will collect and pay the correct surcharge. If you use software to electronically file or create your forms, you need to ensure that the E911 surcharge rates are correct in your software. Please contact your software provider for software-related questions.

What is the Prepaid Wireless E911 Surcharge?

The Prepaid Wireless E911 Surcharge is a charge imposed on the consumer, to be collected by the seller, when a retail transaction takes place that includes prepaid wireless telecommunications service.

IMPORTANT: The E911 Surcharge rate is only applied to the receipts from prepaid wireless telecommunications service sales. Other tangible personal property sold in the same transaction, such as batteries or electronic games, are not subject to the surcharge. If you sell services subject to the E911 Surcharge that are bundled with other tangible personal property, but you do not separate those services from the other items on the receipt or invoice, or if you do not otherwise document the separation in your records, the entire sale is subject to the E911 Surcharge. Retailers must disclose the surcharge by separately stating the figure on the receipt or invoice or through other documentation. Retailers' records must clearly identify the surcharge for retail transactions.

What is prepaid wireless telecommunications service?

Prepaid wireless telecommunications service is service for which the consumer must pay in advance and is sold in predetermined units or dollars. As the predetermined units are used, the amount remaining available for use declines in a known amount. Examples include prepaid calling cards and minutes added to “pay-as-you-go” phones.

How do I report sales subject to different surcharge rates?

If you have receipts from sales of prepaid wireless telecommunications service subject to both the new, October 1st non-Chicago surcharge rate, and the prior non-Chicago rate, you must report any sales at the prior rate using Line 6a of Schedule B on Form ST-1. Sales at the new surcharge rate will be reported on Line 5a.

Example:

You have \$1,000 in receipts for sales which occurred before October 1, 2015, and should be calculated at the prior rate of 1.5 percent. You also have \$500 in receipts for sales which occurred after October 1, 2015, and should be calculated at the current rate of 3 percent.

Complete Schedule B as follows:

5a	\$500	x	.03	=	5b	\$15
6a	\$1,000	x	.015	=	6b	\$15
7	Add Lines 5b and 6b.				7	\$30

Note: *Only* use Line 6a when you need to report sales subject to a surcharge rate that is different than the current rate. We do *not* permit use of Line 6a for any other purpose.

Did the Chicago Prepaid Wireless E911 Surcharge rate change?

No. The legislation to increase the E911 Surcharge rate for locations outside the city of Chicago did not increase the current E911 Surcharge rate of 9 percent (.09) for locations within the city of Chicago. However, prior to this legislation, the Prepaid Wireless 9-1-1 Surcharge Act provided that the E911 Surcharge rate for locations within the city of Chicago would have reverted back to the prior rate of 7 percent (.07) effective July 1, 2015. This legislation amends the Act to change the date that the Chicago E911 Surcharge rate is scheduled to revert to 7 percent from July 1, 2015, to July 1, 2017. Until July 1, 2017, the E911 Surcharge rate for the city of Chicago remains 9 percent.

Is the Prepaid Wireless E911 Surcharge rate change for non-Chicago locations permanent?

Yes. The legislation to increase the E911 Surcharge rate to 3 percent for locations outside the city of Chicago did not include any provision for the rate to revert back to the prior rate of 1.5 percent.

Where can I verify the rates of Sales and Use Tax and Prepaid Wireless E911 Surcharge rate I should be collecting?

Our website at tax.illinois.gov is the best resource for up-to-date tax information. Use the Tax Rate Database on our website to look up location specific tax and surcharge rates. The Department also posts Sales and Use Tax and E911 Surcharge rate change bulletins on our website. Notification of a rate change bulletin will also appear in MyTax Illinois. If you file electronically using MyTax Illinois, the rates will be populated for you according to your registration.