

A Technical Information Release is designed to provide immediate information of changes in tax laws administered by the Department for the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.)

The purpose of this information release is to advise communications services retailers and tax return preparers of a change in the Communications Services Tax. This release is for educational purposes only.

COMMUNICATIONS SERVICES TAX RATE INCREASE

Chapter 158, Laws of 2001, increased the permanent portion of the Communications Services Tax rate to 4.5% from the current 3% and continued the surtax of 2.5%, resulting in an overall tax rate of 7% for the period beginning July 1, 2001 and ending June 30, 2003. The previous rate of 5.5% applied to all two way communications services prior to June 30, 2001.

If the provider can specifically identify the date of communication service, then the applicable rate for that period should be applied. If the communication service cannot be identified by date or it is a flat charge for a period, such as exchange access and exchange service, then the service should be prorated by the number of days associated with each period. This proration only applies to billing cycles ending in July 2001. Any billing cycles ending after July 2001 will be at the full 7% rate.

If a provider's information system is unable to calculate the consumer's tax liability under either method for July 2001 activity, the provider may request the use of an alternative method based on its specific facts and circumstances. The request should be submitted to the Department's Audit Division on or before July 20, 2001, for consideration. The provider will receive a written response to the request approving or denying the method.

Questions may be directed to the New Hampshire Department of Revenue Administration, 45 Chenell Drive, Concord, NH 03301 or by contacting the Audit Division at (603) 271-3400, Fax # (603) 271-6146.

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the Audit Division, 45 Chenell Drive, Concord, NH 03301 or by contacting them at (603) 271-3400.