



## Tax Exemption Frequently Asked Questions

### **What is the federal excise tax and do I qualify for tax exemption?**

The federal telephone excise tax is a statutory federal tax on communication services. The federal excise tax is a 3% tax on local telephone service only (billed separately from long distance services). To be eligible for exemption you must be a government organization, a nonprofit educational, religious or hospital organization, or a wholesale provider of telecommunication services.

### **What is the state excise tax and do I qualify for tax exemption?**

Montana imposed a 3.75% excise tax on all telecommunication services with the exception of Internet services. To be eligible for exemption you must be a wholesale provider of telecommunication services.

### **What is the federal universal service charge and do I qualify for tax exemption?**

The FCC federal universal service charge is applied to all interstate (state to state) services including long-distance, special access and DSL by the telecommunication provider who contributes to the Universal Service Fund, which helps keep local phone service affordable. The rate is changed quarterly based on FCC order. To be eligible for this exemption you must be a wholesale provider with a 499 Filer ID contributing directly to the Universal Service Fund.

### **What is the special access surcharge and do I qualify for tax exemption?**

The special access surcharge is applied to interstate special access circuits that are connected to equipment that can access the local switched network. To be eligible for exemption the customer must certify that the circuit does not have the capability of patching an interstate call thru to the local exchange network.

### **What is the 911 fee and do I qualify for tax exemption?**

The \$1/month/access line 911 fee is imposed to help provide emergency service in your community. To be eligible for this exemption you must be a federal government, or a tribe or tribal member.

### **How often do I have to certify for tax exemption?**

Exemption forms must be certified annually.