

# Prepaid Wireless E911 and TAM Fees

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Sales Tax Fact Sheet 179

Fact Sheet

## What's New in 2017

We have clarified that the E911 and TAM fees only apply to sales of prepaid wireless telecommunication services.

Prepaid wireless E911 and Telecommunications Access Minnesota (TAM) fees must be reported and paid to the Minnesota Department of Revenue starting Jan. 1, 2014.

Revenue from the fees is used as follows:

- E911 – For improvements to “enhanced 911” services that let wireless callers use the 911 emergency calling system.
- TAM – For relay centers and equipment that help people with hearing or speech disabilities communicate by phone.

The fees are similar to 911 and TAM fees on monthly landline or wireless bills.

## Collecting the fees

Starting Aug. 1, 2016, the TAM fee is 5 cents. The E911 fee will remain at 95 cents – or \$1.00 in all. The fees apply to each retail sale of an item that is subject to them. The fees are the same regardless of the amount of time purchased.

For example, if a customer buys 10 prepaid wireless service cards, the fees apply to each card purchased. (That is, 10 x \$1.00 = \$10.00)

The fees must be combined into one amount and listed separate from other charges on the invoice or receipt.

Individuals, institutions, businesses, non-profit organizations, local government agencies, and the state of Minnesota must pay the fees.

Federal government agencies are exempt from the fees.

## Items subject to the fees

"Prepaid wireless calling service," means 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.

The E911 and TAM fees only apply to sales of prepaid wireless telecommunications services. These services include:

- Cell phones bundled with prepaid service
- Prepaid wireless phone cards
- Recharge or refill authorization codes for wireless services
- Other prepaid wireless devices preloaded or bundled with wireless airtime minutes

**Note:** State and local sales taxes still apply to prepaid wireless telecommunications services, in addition to E911 and TAM fees.

Prepaid wireless telecommunications services do not include sales of traditional prepaid long distance telephone cards, including prepaid international calling cards, used for either:

- landlines or payphones
- a wireless device where the wireless subscriber already has airtime minutes available

**Note:** The state and local sales taxes still apply to these sales.

## Fee exemptions

The E911 and TAM fees are not due if you charge one price for a wireless device (i.e., a phone) with a small

amount of prepaid service. A “small amount” is up to 10 minutes or \$5 worth of airtime.

**Fee changes**

The fee amounts may change. If they do, we will list the new amounts on our website at least 30 days before the changes take effect.

**Note:** It is the responsibility of retailers to monitor the department’s website for notice of fee changes.

**Reporting the fees**

Report these fees on the “Prepaid Wireless E911/TAM Fee” line of your Minnesota sales and use tax return.

- Enter the total fees collected in the “Amount” field.
- Enter the total fees collected LESS the 3 percent seller’s fee (see below) in the “Tax due” field.
- The first time you report the fees, you will need to add the line for these fees to your return. If you file online, you can add the line when filing; if you file by phone, you must call our office.

The department can audit your return for E911 and TAM fees, just as we do for other taxes and fees. We can also assess penalties and interest if you are not collecting and sending the fees to us, as required by law.

**Seller’s fee retention**

If you sell prepaid wireless telecommunications services subject to the fees, you can deduct 3 percent of the E911 and TAM fees you collect and keep this amount as a seller’s fee.

**Prior fees**

Date	E911 Fee	TAM Fee	Total Fees
1/1/2016 – 7/31/2016	95 cents	7 cents	\$1.02
12/1/2014 – 12/31/2015	78 cents	8 cents	86 cents
1/1/2014 – 11/30/2014	78 cents	6 cents	84 cents

**Legal References**

Minnesota Statutes 403, 911 Emergency communications system  
 Minnesota Statutes 297A, General Sales and Use Taxes  
 Minnesota Statutes 270C, Department of Revenue  
 Minnesota Statutes 289A, Administration and Compliance

**Other Fact Sheets**

119, *Telecommunications, Pay Television, and Related Services*