Minnesota revenue notice

Revenue Notice # 91-09 Implementation of Tax on 900 Pay-Per-Call Services

(Update: Revenue Notice #91-09 has been revoked by Revenue Notice #97-07.)

The 1991 tax bill imposed a tax at the rate of 7.5 percent on the gross earnings of a billing agency that resulted from providing billing and collection services for charges generated by 900 pay-per-call phone services. The law provides that the tax is effective for calls placed to 900 information services after August 31, 1991. The tax is to be administered as a gross earnings tax under Minn. Stat., Chapter 295 when the billing agency is a telephone company, and as a sales tax under Minn. Stat., Chapter 297A when the billing agency is not a telephone company.

When the billing agency is a telephone company, the Department will administer Minn. Stat. § 295.367 as a gross earnings tax of 7.5 percent on the gross earnings of the telephone company received from the 900 information provider for the services of billing and collecting the charges generated by calls placed to the 900 service. The tax shall be imposed on those billing and collection gross earnings generated by calls placed to 900 services after August 31, 1991, but no tax shall be due on billing and collection gross earnings resulting from billing and collection services performed after December 31, 1991, since the telephone gross earnings tax imposed under Minn. Stat., Chapter 295 is repealed effective for calendar year 1992.

When the billing agency is not a telephone company, the Department will administer Minn. Stat. § 295.367 as a base expansion to the sales tax under Minn. Stat., Chapter 297A. The billing agency will be required to collect a sales tax at the rate of 7.5 percent on the gross receipts that the billing agent received from 900 information services for billing and collection services related to the 900 service. The sales tax on these services should be filed on sales tax form, ST-1.

Michael E. Boekhaus
Director, Appeals and Legal Services

Dated: August 12, 1991