

Tax Overview

The following section contains a high level explanation of some of the concepts associated with taxes as it relates to the CLEC customer.

Tax Calculation

Taxes are applied using rate codes that vary based on the type of tax. Some of the examples of the type of tax that can be incurred by a CLEC include:

- Federal and State Taxes on Local Charges
- City and County Taxes
- Gross Receipts Tax
- Franchise and Gross Receipts Tax
- Federal and State Taxes on Tolls

The tax that is applied to a line item amount also varies based on the type of charge that is incurred by the CLEC. For example, the tax and exemption rules that apply to local charges differ from the tax and exemption rules that apply to toll calls.

Taxes – CABS Bill

The Detail of Tax Page is a summary of all taxes applicable for the billing account. The taxes billed are generally displayed at the Taxing Authority level except for local taxes. Local taxes are usually displayed with the name of the tax (example: Tupelo City Tax). Included at the end of the bill is a legend defining tax applicability codes. These codes appear on the "As Rendered" Customer Service Record (CSR) under the TAX heading, if the service (USOC) is taxable.

Note: The Detail of Tax Page will not be contained on the bill if the customer is tax exempt from all billable taxes in a specific state.

Taxes – CRIS bill

The taxes that appear on the CLUB® Bill can be calculated at various levels depending on the sort option that is chosen. A summary of all taxes will appear on the **Billing Number Charges Pages**.

CLEC Tax Exemption

Tax exemptions are allowed for certain taxes provided a tax exemption certificate is on file with BST. CLECs must provide tax exemption certificates, as applicable, for federal, state, county, local, or other taxes to avoid being taxed by BST. Tax laws and exemptions allowed can vary by state. Specific information concerning application forms for tax exemption may be obtained from each state's Department of Revenue. States also have WEB sites for obtaining tax information and forms to apply for tax exemption. If proof is not provided, applicable taxes will be billed.

The letter referencing this requirement can be found in Appendix A of the CLEC Start Up Guide at:

http://wholesale.att.com/reference_library/guides/html/clec_ar.html.

An example of the Certificate of Continuing Exemption from Federal Excise Tax on Telecommunications Services is also in Appendix A of this guide.

Note: CLEC's that are tax exempt may not be charged federal, state and local taxes. However some states have franchise fees, gross receipts and certain local taxes from which CLEC's are not exempt.

Please contact your Account Team Member for further information