
BellSouth Interconnection Services

675 West Peachtree Street
Atlanta, Georgia 30375

Carrier Notification**SN91083820**

Date: September 22, 2003

To: Independent Companies (ICO) for Whom BellSouth Records and Rates Operator Traffic

Subject: ICOs – Announcing New Tax Sourcing Rules for BellSouth IntraLATA Recorded and Rated Post Paid Calls

This is to advise that effective January 1, 2004, for intraLATA calls recorded and rated by BellSouth, new tax “sourcing” rules will be applied for “post paid” calls. This change is being driven by BellSouth’s adoption of the “Streamlined Sales Tax Project” sourcing rules for telecommunications services that have been adopted by statute by several states.

The “Streamlined Sales Tax Project” is an effort created by state governments, with input from local governments and the private sector, to simplify and modernize sales and use tax collection and administration.

“Sourcing” is the determination of the jurisdiction of a transaction for tax purposes. It is not a determination of whether the transaction is taxable or not.

“Post paid” calls, for the purpose of this notification, are defined as calling card and third number billed calls.

Effective with this change, post paid calls will be taxed based on the location of the NPA/NXX of the originating telephone number, or in the case of porting, the originating Location Routing Number (LRN). Prior to making this change, local tax information was not populated in the Exchange Message Interface (EMI) record. Receiving ICOs will need to determine taxing jurisdictions based on information contained in the individual EMI end user billing record.

If you any have questions, please contact your BellSouth Account Team Representative.

Sincerely,

ORIGINAL SIGNED BY JERRY HENDRIX

Jerry Hendrix – Assistant Vice President
BellSouth Interconnection Services