



SPECIAL NOTICE

CALIFORNIA DEPARTMENT
OF TAX AND FEE
ADMINISTRATION
450 N Street
Sacramento, CA 95814

GAVIN NEWSOM
Governor

NICOLAS MADUROS
Director

CDTFA WEBSITE
www.cdtfa.ca.gov

CUSTOMER SERVICE CENTER
1-800-400-7115

CRS:
711

Collection of 911 Surcharge Required by Sellers Beginning January 1, 2020;

Collection of Local Charges by Sellers Extended through December 31, 2020

According to recently enacted Senate Bill (SB) 96 (Stats. 2019, ch. 54)¹, sellers of prepaid mobile telephony services (MTS) are required to collect, report, and pay the Emergency Telephone Users (911) Surcharge on each retail transaction of prepaid MTS effective January 1, 2020. SB 344 (Stats. 2019, ch. 642)² was also recently enacted and extends the Local Prepaid MTS Collection Act, which requires sellers of prepaid MTS to collect applicable local charges on their sales of prepaid MTS through December 31, 2020. Sellers of prepaid MTS (other than service suppliers) are required to have an active prepaid MTS account to collect, report, and pay both the 911 Surcharge and applicable local charges as explained below.

Changes in Law Affecting Sellers of Prepaid MTS

In December 2018³, we informed sellers of prepaid MTS that a federal court declared the provisions of the Prepaid MTS Surcharge Collection Act unenforceable. Therefore, sellers were only required to collect the applicable local charges on their sales of prepaid MTS. Due to this new legislation, beginning January 1, 2020, sellers must collect the 911 Surcharge in addition to the applicable local charges they were already collecting.

911 Surcharge Rate

The 911 Surcharge is a flat rate of no more than \$0.80 cents per transaction as determined annually by the Office of Emergency Services (OES). You will be provided a separate notice when OES establishes the rate for the upcoming calendar year. If you make retail sales of prepaid MTS in this state, you must collect, report, and pay the 911 Surcharge on each retail transaction at the time of sale, regardless of the transaction amount or whether the prepaid MTS sold is combined with other items or services not subject to sales and use tax.

Local Charges Collection Requirements Extended

If you sell prepaid MTS at your retail location(s) in areas with an applicable local charge or you make sales online or remotely to California customers in areas with local charges and your retail sales of prepaid MTS are more than \$15,000 in the prior calendar year, you must continue to collect the local charges on your sales of prepaid MTS through December 31, 2020. Sellers of prepaid MTS may retain up to two percent (2%) (not including the 911 Surcharge) of the local charges collected as reimbursement costs for collecting the local charges. The electronic prepaid MTS return includes instructions on how to claim the 2% reimbursement. You can find the current rates for the local charges on our *Prepaid Mobile Telephony Services (MTS) Surcharge Rates* webpage at www.cdtfa.ca.gov/t

¹ http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB96

² http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200SB344

³ <http://www.cdtfa.ca.gov/formspubs/I592.pdf>

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Registering a New Prepaid MTS Account

If you sell prepaid MTS in this state and currently do not have an active prepaid MTS account, you must register for a prepaid MTS account with the CDTFA to report and pay the 911 Surcharge and local charges (if applicable). To register, go to our website at www.cdtfa.ca.gov and select the Register button in the top right corner of our homepage. From the [Taxpayer Online Services Portal](#), scroll down to *Register or Apply for a New:* and select *New Business or Location* and follow the prompts.

For More Information

For more information about prepaid MTS, see the online *Tax Guide for Sellers of Prepaid Mobile Telephony Services (MTS) and Telecommunication Service Suppliers* available on our website at <https://cdtfa.ca.gov/industry/seller-servicesupplier.htm>, or call our Customer Service Center at 1-800-400-7115 (CRS:711) Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.