



Prepaid Mobile Telephony Services Surcharge



Prepaid MTS Surcharge Collection Act Declared Unenforceable: Local Prepaid MTS Collection Act Remains in Effect

Effective Immediately, Sellers of Prepaid MTS Shall Only Collect the Local Charges

Effective immediately, sellers of prepaid mobile telephony services (MTS) registered with the California Department of Tax and Fee Administration (CDTFA) are required to collect only the prepaid MTS **local charges** on their sales of prepaid MTS. Sellers must stop charging and collecting the statewide portion of the prepaid MTS surcharge from their customers on their sales of prepaid MTS. The statewide portion of the prepaid MTS surcharge rate, which was 6.3 percent for 2018, is now zero (0 percent), and when applicable, only the local charges apply. The following explains:

Court decision

On November 15, 2018, the United States District Court, Northern District of California (*MetroPCS California, LLC v. Michael Picker et al*, case number 17-cv-05959-SI), enjoined state agencies from enforcing the provisions of the Prepaid MTS Surcharge Collection Act because it conflicts with federal law. A notice of appeal of the district court's decision was filed on December 14, 2018, but a judicial stay of the injunction was not requested, thereby ending CDTFA's enforcement of the Prepaid MTS Surcharge Collection Act. However, the CDTFA will continue to administer the Local Prepaid MTS Collection Act, which is a separate act from the Prepaid MTS Surcharge Collection Act.

Local charges are in addition to the prepaid MTS surcharge rate

The prepaid MTS rate is comprised of 1) the prepaid 911 surcharge rate as determined by the Office of Emergency Services (OES), 2) the California Public Utilities Commission's (CPUC) reimbursement fee and telecommunications universal services fees, and 3) local charges, if applicable. The OES and CPUC charges are imposed under the Prepaid MTS Surcharge Collection Act, and due to the court's decision, sellers must no longer collect these charges on their sales of prepaid MTS. Please note that in the absence of the prepaid MTS surcharge, telecommunications service suppliers will report any applicable 911 surcharge and CPUC reimbursement fee and telecommunications universal fees on prepaid intrastate telephone communication service in this state.

The local charges are imposed upon prepaid MTS under the Local Prepaid MTS Collection Act, which is still in effect. Therefore, sellers of prepaid MTS are required to collect only the local charges, if applicable, on their sales of prepaid MTS.

Local rates available on our website

We revised our website to include only the applicable local rates for each city and county. You may find the applicable local rates on our website at www.cdtfa.ca.gov. On the homepage, select the [Tax & Fee Rates](#) on the top ribbon, then select [Prepaid Mobile Telephony Services Surcharge Rates](#) and select the link under the *Current Rates*.

Sellers must continue to file their prepaid MTS return and pay amounts collected

As a seller of prepaid MTS, you must continue to file your prepaid MTS report and pay all surcharge amounts you collected from your customers on your sales of prepaid MTS. In addition to any applicable local charges that you must continue to collect, you must also report and pay any prepaid MTS surcharge amounts that you collected at the statewide rate of 6.3 percent as you come into compliance with this new directive.

Refunds to your customers

Do not refund any prepaid MTS surcharge amounts collected at this time. We will send a separate notice and post any new information regarding this program on our website as soon as it's available.

For more information

For more information, please call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), excluding state holidays.