

that amounts paid for the installation of instruments, wires, poles, switchboards, apparatus, and equipment shall not be considered amounts paid for service, and that amounts paid for services and facilities which are exempted from other communication taxes by section 4253(b) should not be deemed to be within the definition of local telephone service.

Subsec. (b). Pub. L. 85-859 substituted "toll telephone service" for "long distance telephone service" and struck out provisions which defined "long distance telephone service" as a telephone or radio telephone message or conversation for which the toll charge is more than 24 cents.

Subsec. (c). Pub. L. 85-859 substituted "For purposes of this subchapter, the term 'telegraph service' means a telegram" for "As used in section 4251 the term 'telegraph service' means a telegraph".

Subsec. (d). Pub. L. 85-859 substituted provisions defining "teletypewriter exchange service" for provisions which defined "leased wire, teletypewriter or talking circuit special service".

Subsec. (e). Pub. L. 85-859 substituted provisions defining "wire mileage service" for provisions which defined "wire and equipment service", which were covered by subsec. (f) of this section.

Subsec. (f). Pub. L. 85-859 added subsec. (f). Similar provisions were formerly contained in subsec. (e) of this section.

#### EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by Pub. L. 89-44 applicable to amounts paid pursuant to bills rendered on or after January 1, 1966, for services rendered on or after such date but, in the case of amounts paid pursuant to bills rendered after January 1, 1966, for services rendered before such date for which no previous bill had been rendered, applicable except with respect to such services as were rendered more than two months before such date, see section 701(b)(2)(A) of Pub. L. 89-44, set out as a note under section 4251 of this title.

#### EFFECTIVE DATE OF 1962 AMENDMENT

Section 4(c) of Pub. L. 87-508 provided that: "The amendments made by subsections (a) and (b) [amending this section and section 4253 of this title] shall apply with respect to services furnished on or after January 1, 1963."

#### EFFECTIVE DATE OF 1958 AMENDMENT

For effective date of amendment made by Pub. L. 85-859, see section 133(b) of Pub. L. 85-859, set out as a note under section 4251 of this title.

### § 4253. Exemptions

#### (a) Certain coin-operated service

Service paid for by inserting coins in coin-operated telephones available to the public shall not be subject to the tax imposed by section 4251 with respect to local telephone service, or with respect to toll telephone service if the charge for such toll telephone service is less than 25 cents; except that where such coin-operated telephone service is furnished for a guaranteed amount, the amounts paid under such guarantee plus any fixed monthly or other periodic charge shall be subject to the tax.

#### (b) News services

No tax shall be imposed under section 4251, except with respect to local telephone service, on any payment received from any person for services used in the collection of news for the public press, or a news ticker service furnishing a general news service similar to that of the public press, or radio broadcasting, or in the dissemination of news through the public press, or a

news ticker service furnishing a general news service similar to that of the public press, or by means of radio broadcasting, if the charge for such service is billed in writing to such person.

#### (c) International, etc., organizations

No tax shall be imposed under section 4251 on any payment received for services furnished to an international organization, or to the American National Red Cross.

#### (d) Servicemen in combat zone

No tax shall be imposed under section 4251 on any payment received for any toll telephone service which originates within a combat zone, as defined in section 112, from a member of the Armed Forces of the United States performing service in such combat zone, as determined under such section, provided a certificate, setting forth such facts as the Secretary may by regulations prescribe, is furnished to the person receiving such payment.

#### (e) Items otherwise taxed

Only one payment of tax under section 4251 shall be required with respect to the tax on any service, notwithstanding the lines or stations of one or more persons are used in furnishing such service.

#### (f) Common carriers and communications companies

No tax shall be imposed under section 4251 on the amount paid for any toll telephone service described in section 4252(b)(2) to the extent that the amount so paid is for use by a common carrier, telephone or telegraph company, or radio broadcasting station or network in the conduct of its business as such.

#### (g) Installation charges

No tax shall be imposed under section 4251 on so much of any amount paid for the installation of any instrument, wire, pole, switchboard, apparatus, or equipment as is properly attributable to such installation.

#### (h) Nonprofit hospitals

No tax shall be imposed under section 4251 on any amount paid by a nonprofit hospital for services furnished to such organization. For purposes of this subsection, the term "nonprofit hospital" means a hospital referred to in section 170(b)(1)(A)(iii) which is exempt from income tax under section 501(a).

#### (i) State and local governmental exemption

Under regulations prescribed by the Secretary, no tax shall be imposed under section 4251 upon any payment received for services or facilities furnished to the government of any State, or any political subdivision thereof, or the District of Columbia.

#### (j) Exception for nonprofit educational organizations

Under regulations prescribed by the Secretary, no tax shall be imposed under section 4251 on any amount paid by a nonprofit educational organization for services or facilities furnished to such organization. For purposes of this subsection, the term "nonprofit educational organization" means an educational organization described in section 170(b)(1)(A)(ii) which is ex-

empt from income tax under section 501(a). The term also includes a school operated as an activity of an organization described in section 501(c)(3) which is exempt from income tax under section 501(a), if such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

**(k) Exemption for qualified blood collector organizations**

Under regulations provided by the Secretary, no tax shall be imposed under section 4251 on any amount paid by a qualified blood collector organization (as defined in section 7701(a)(49)) for services or facilities furnished to such organization.

**(l) Filing of exemption certificates**

**(1) In general**

In order to claim an exemption under subsection (c), (h), (i), (j), or (k), a person shall provide to the provider of communications services a statement (in such form and manner as the Secretary may provide) certifying that such person is entitled to such exemption.

**(2) Duration of certificate**

Any statement provided under paragraph (1) shall remain in effect until—

(A) the provider of communications services has actual knowledge that the information provided in such statement is false, or

(B) such provider is notified by the Secretary that the provider of the statement is no longer entitled to an exemption described in paragraph (1).

If any information provided in such statement is no longer accurate, the person providing such statement shall inform the provider of communications services within 30 days of any change of information.

(Aug. 16, 1954, ch. 736, 68A Stat. 504; Pub. L. 85-859, title I, §133(a), Sept. 2, 1958, 72 Stat. 1290; Pub. L. 86-344, §4(a), Sept. 21, 1959, 73 Stat. 619; Pub. L. 87-508, §4(b), June 28, 1962, 76 Stat. 115; Pub. L. 89-44, title III, §302, June 21, 1965, 79 Stat. 146; Pub. L. 89-368, title II, §202(b), Mar. 15, 1966, 80 Stat. 66; Pub. L. 91-172, title I, §101(j)(27), Dec. 30, 1969, 83 Stat. 529; Pub. L. 94-455, title XIX, §§1904(a)(6), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1811, 1834; Pub. L. 101-508, title XI, §11217(c)(1), Nov. 5, 1990, 104 Stat. 1388-438; Pub. L. 109-280, title XII, §1207(c), Aug. 17, 2006, 120 Stat. 1070.)

**REPEAL**

*This subchapter, relating to the tax on communications, was repealed by Pub. L. 90-364, title I, §105(b)(3), June 28, 1968, 82 Stat. 266, as amended by Pub. L. 91-172, title VII, §702(b)(3), Dec. 30, 1969, 83 Stat. 660; Pub. L. 91-614, title II, §201(b)(3), Dec. 31, 1970, 84 Stat. 1843, effective with respect to amounts paid pursuant to bills first rendered on or after Jan. 1, 1982. In the case of communications services rendered before Nov. 1, 1981, for which a bill has not been rendered before Jan. 1, 1982, a bill shall be treated as having been first rendered on Dec. 31, 1981. Repeal of this subchapter was not ex-*

*cluded in view of the amendments to section 4251 of this title by Pub. L. 96-499, Pub. L. 97-34, Pub. L. 97-248, Pub. L. 98-369, Pub. L. 99-514, Pub. L. 100-203, and Pub. L. 101-508, extending the date in (and finally eliminating) provisions which had reduced the tax to zero after a specified date.*

**CODIFICATION**

Section 1207(c) of Pub. L. 109-280, which directed the amendment of section 4253 without specifying the act to be amended, was executed to this section, which is section 4253 of the Internal Revenue Code of 1986, to reflect the probable intent of Congress. See 2006 Amendment notes below.

**AMENDMENTS**

2006—Subsec. (k). Pub. L. 109-280, §1207(c)(1), added subsec. (k). Former subsec. (k) redesignated (l). See Codification note above.

Subsec. (l). Pub. L. 109-280, §1207(c)(1), redesignated subsec. (k) as (l). See Codification note above.

Subsec. (l)(1). Pub. L. 109-280, §1207(c)(2), substituted “(j), or (k)” for “or (j)”. See Codification note above.

1990—Subsec. (k). Pub. L. 101-508 added subsec. (k).

1976—Subsec. (d). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

Subsecs. (i), (j). Pub. L. 94-455, §1904(a)(6), added subsecs. (i) and (j).

1969—Subsec. (h). Pub. L. 91-172 substituted “section 170(b)(1)(A)(iii)” for “section 503(b)(5)”.

1966—Subsec. (h). Pub. L. 89-368 added subsec. (h).

1965—Subsec. (a). Pub. L. 89-44 substituted “with respect to local telephone service, or with respect to toll telephone service if the charge for such toll telephone service is less than 25 cents”, for “with respect to general telephone service, or with respect to toll telephone service or telegraph service if the charge for such toll telephone service or telegraph service is less than 25 cents”.

Subsec. (b). Pub. L. 89-44 substituted “local telephone service” for “general telephone service” and “such service” for “such services”.

Subsec. (c). Pub. L. 89-44 substituted “International, etc., organizations” for “Certain organizations” in heading.

Subsec. (d). Pub. L. 89-44 reenacted subsec. (d) without change.

Subsec. (e). Pub. L. 89-44 substituted “any service” for “toll telephone service, telegraph service, or teletypewriter exchange service”.

Subsec. (f). Pub. L. 89-44 substituted amounts paid for any toll telephone service for amounts paid for wire mileage service, wire and equipment service, and use of any telephone or radiotelephone line or channel which constitutes general telephone service if such line or channel connects stations between any two of which there would otherwise be a toll charge.

Subsec. (g). Pub. L. 89-44 reenacted subsec. (g) without change.

Subsecs. (h) to (j). Pub. L. 89-44 struck out subsecs. (h) to (j), which related to terminal facilities in case of wire mileage service and to certain interior and private communications services.

1962—Subsec. (j). Pub. L. 87-508 added subsec. (j).

1959—Subsec. (f). Pub. L. 86-344 substituted “Common carriers and communications companies” for “Special wire service in company business” in heading, incorporated existing provisions in opening and closing statements and par. (1) and added par. (2).

1958—Subsec. (a). Pub. L. 85-859 substituted “general telephone service, or with respect to toll telephone service or telegraph service if the charge for such toll telephone service or telegraph service is less than 25 cents” for “local telephone service”.

Subsec. (b). Pub. L. 85-859 substituted “general telephone service, on any payment received from any person for services used” for “local telephone service,

upon any payment received from any person for services or facilities utilized”.

Subsec. (c). Pub. L. 85-859 substituted “on any payment received for services furnished to an international organization, or to the American National Red Cross” for “upon any payment received for services or facilities furnished to an international organization, or any organization created by act of Congress to act in matters of relief under the treaty of Geneva of August 22, 1864”.

Subsec. (d). Pub. L. 85-859 substituted “on any payment received for any toll telephone service” for “with respect to long distance telephone service upon any payment received for any telephone or radio telephone message”.

Subsec. (e). Pub. L. 85-859 substituted “toll telephone service, telegraph service, or teletypewriter exchange service” for “long distance telephone service or telegraph service” and “in furnishing such service” for “in the transmission of such dispatch, message or conversation”.

Subsec. (f). Pub. L. 85-859 substituted “any wire mileage service or wire and equipment service as is used in the conduct” for “the service described in sections 4252(d) and (e) as is utilized in the conduct”.

Subsecs. (g) to (i). Pub. L. 85-859 added subsecs. (g) to (i).

#### EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by Pub. L. 109-280 effective Jan. 1, 2007, see section 1207(g)(1) of Pub. L. 109-280, set out as a note under section 4041 of this title.

#### EFFECTIVE DATE OF 1990 AMENDMENT

Section 11217(c)(2) of Pub. L. 101-508 provided that:

“(A) IN GENERAL.—The amendment made by paragraph (1) [amending this section] shall apply to any claim for exemption made after the date of the enactment of this Act [Nov. 5, 1990].

“(B) DURATION OF EXISTING CERTIFICATES.—Any annual certificate of exemption effective on the date of the enactment of this Act [Nov. 5, 1990] shall remain effective until the end of the annual period.”

#### EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1904(a)(6) of Pub. L. 94-455 effective on first day of first month which begins more than 90 days after Oct. 4, 1976, see section 1904(d) of Pub. L. 94-455, set out as a note under section 4041 of this title.

#### EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91-172 effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91-172, set out as an Effective Date note under section 4940 of this title.

#### EFFECTIVE DATE OF 1966 AMENDMENT

Amendment by Pub. L. 89-368 applicable to amounts paid pursuant to bills first rendered on or after April 1, 1966, for services rendered on or after such date and to amounts paid pursuant to bills rendered on or after such date for services which were rendered before such date and for which no previous bill was rendered except with respect to such services as were rendered more than two months before such date and, as to services rendered more than 2 months before such date, direction that the provisions of subchapter B of chapter 33 of the Code in effect at the time such services were rendered, be applied, subject to the provision of section 701(b)(2) of the Excise Tax Reduction Act of 1965.

#### EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by Pub. L. 89-44 applicable to amounts paid pursuant to bills rendered on or after January 1, 1966, for services rendered on or after such date, but, in the case of amounts paid pursuant to bills rendered after January 1, 1966, for services rendered before such date for which no previous bill had been rendered, ap-

plicable except with respect to such services as were rendered more than two months before such date, see section 701(b)(2)(A) of Pub. L. 89-44, set out as a note under section 4251 of this title.

#### EFFECTIVE DATE OF 1962 AMENDMENT

Amendment by Pub. L. 87-508 applicable with respect to services furnished on or after Jan. 1, 1963, see section 4(c) of Pub. L. 87-508, set out as a note under section 4252 of this title.

#### EFFECTIVE DATE OF 1959 AMENDMENT

Section 4(b) of Pub. L. 86-344, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) Subject to the provisions of paragraph (2), the amendment made by subsection (a) [amending this section] shall apply with respect to amounts paid on or after January 1, 1959, for services rendered on or after such date.

“(2) The amendment made by subsection (a) [amending this section] shall not apply with respect to amounts paid pursuant to bills rendered before January 1, 1959. In the case of amounts paid pursuant to bills rendered on or after such date for services for which no bill was rendered before such date, such amendment shall apply except with respect to such services as were rendered more than 2 months before such date. In the case of services rendered more than 2 months before such date, the provisions of subchapter B of chapter 33 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] in effect at the time such services were rendered shall apply to the amounts paid for such services.”

#### EFFECTIVE DATE OF 1958 AMENDMENT

For effective date of amendment made by Pub. L. 85-859, see section 133(b) of Pub. L. 85-859, set out as a note under section 4251 of this title.

## § 4254. Computation of tax

### (a) General rule

If a bill is rendered the taxpayer for local telephone service or toll telephone service—

(1) the amount on which the tax with respect to such services shall be based shall be the sum of all charges for such services included in the bill; except that

(2) if the person who renders the bill groups individual items for purposes of rendering the bill and computing the tax, then (A) the amount on which the tax with respect to each such group shall be based shall be the sum of all items within that group, and (B) the tax on the remaining items not included in any such group shall be based on the charge for each item separately.

### (b) Where payment is made for toll telephone service in coin-operated telephones

If the tax imposed by section 4251 with respect to toll telephone service is paid by inserting coins in coin-operated telephones, tax shall be computed to the nearest multiple of 5 cents, except that, where the tax is midway between multiples of 5 cents, the next higher multiple shall apply.

### (c) Certain State and local taxes not included

For purposes of this subchapter, in determining the amounts paid for communications services, there shall not be included the amount of any State or local tax imposed on the furnishing or sale of such services, if the amount of such tax is separately stated in the bill.

(Aug. 16, 1954, ch. 736, 68A Stat. 504; Pub. L. 85-859, title I, §133(a), Sept. 2, 1958, 72 Stat. 1291;