



FYI General 21 E911 Surcharge

GENERAL INFORMATION

Prepaid wireless telecommunications service is subject to an E911 surcharge of 1.4% of the price of the retail transaction. The surcharge is due on retail, online and recharge purchases of prepaid wireless units or dollars. The proceeds fund enhanced 911 services in Colorado. A similar surcharge is legislated for landline phones and contracted wireless service.

DEFINITION OF PREPAID WIRELESS TELECOMMUNICATION SERVICE

Any wireless telecommunication access that allows a caller to dial 911, is paid for in advance, is sold in set units or dollars and declines with use is considered prepaid wireless telecommunication service.

RATE

The E911 surcharge is 1.4% of the retail transaction purchase.

WHOLESALE SALES OF PREPAID WIRELESS TELECOMMUNICATION SERVICE

Wholesale sales are not subject to the E911 surcharge. Wholesale sales are reported on the Prepaid Wireless E911 Surcharge Return (DR 0526), line 2. Taxpayers are required to keep records of such transactions for three years [§39-26-116, C.R.S.].

TYPE OF SALES SUBJECT TO SURCHARGE

The E911 surcharge is due on retail sales of prepaid wireless service. Retail sales include sales in-store, online and recharge transactions.

A sale is considered subject to the Colorado E911 surcharge if:

- The purchase is made at a Colorado retailer, or
- The wireless service purchased is delivered to a Colorado address, or
- The wireless service is purchased by a consumer whose address is in Colorado, or
- The wireless service is purchased by a consumer whose payment instrument lists a Colorado address, or
- The mobile number is based in Colorado.

If a consumer purchases a phone with wireless minutes included as a package, the surcharge is applied to the entire price of the package sold. Sales tax would also be due on the entire price of the package. If the package separately lists the price of the phone and the prepaid wireless minutes, the surcharge would be calculated on the price of the prepaid wireless minutes and the sales tax would be calculated on the price of the phone.

FILING AND REPORTING

The surcharge is paid by the consumer to the seller of prepaid wireless service. The E911 charge must be disclosed to the consumer or stated on the sales receipt. The seller remits the surcharge on the Prepaid Wireless E911 Surcharge Return (DR 0526) to the department at the same time their Colorado sales tax is due. A taxpayer may use one return for all businesses listed under their Colorado account number. If the seller does not remit Colorado sales tax, the surcharge is due on the 20th day following the end of the quarter. Failure to collect and remit the surcharge subjects the seller to the penalties and provisions set forth in §39-26-118, C.R.S. Upon timely filing and payment, the seller may retain 2% of the surcharge for collection expenses.

To receive pre-printed DR 0526 returns, email the department at E911@spike.dor.state.co.us. You must include the name, address, FEIN or Social Security number and Colorado Department of Revenue account number (if available) in the email.

Sellers who are not set up with a Colorado Department of Revenue account number should download and complete the Prepaid Wireless E911 Surcharge Return (DR 0526) from www.TaxColorado.com making sure to include the seller's name, address and FEIN or Social Security number. Remit payment and return to the department. Pre-printed form will then be mailed approximately four weeks before the surcharge is due.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.