



CORPORATION TAX BULLETIN 2005-02

Payphone Service

Issued: October 11, 2005

Revised: June 14, 2010

Gross receipts of payphone service providers from payphone service are not subject to gross receipts tax; and

Receipts of Local Exchange Carriers ("LECs") and Competitive Local Exchange Carriers ("CLECs") etc. from pay telephone lines are not eligible for the resale exemption.

Gross receipts of a payphone service provider derived from providing payphone service through payphone service provider access lines (dial-tone lines) are not subject to the Gross Receipts Tax ("GRT") imposed by Article XI of the Tax Reform Code of 1971, *as amended*, 72 P.S. §§ 8101-8103. However, a payphone service provider which also engages in business as an inter-exchange reseller, as defined in 52 Pa. Code §§ 63.102 and 63.103, and acquires inter-exchange telephone service capacity to sell telecommunications services to retail consumers is subject to GRT on the gross receipts derived from its inter-exchange reseller operations.

Gross receipts of LECs, CLECs and any other similar providers from the provision of pay telephone lines to payphone service providers may not be claimed as exempt from the gross receipts tax as sales for resale.

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