



Corporation Tax Bulletin 2021-01

Telecommunications Gross Receipts Tax – Taxable Entities

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The Pennsylvania Telecommunications Gross Receipts Tax (the “GRT”) is imposed upon persons or entities engaged in telephone or telegraph business or providing telecommunications services in the Commonwealth. This notice is being issued to provide guidance concerning the persons or entities that are subject to the GRT under Article XI of the TRC as amended through Act 52-2018.

Pursuant to section 1101 of the Tax Reform Code (72 P.S. §8101), the GRT is imposed upon all of the following entities organized under the laws of Pennsylvania, any other state, the United States or a foreign government, or persons engaged in providing telephone, telegraph or telecommunications services in the Commonwealth of Pennsylvania:

1. Telephone companies;
2. Telegraph companies;
3. Providers of mobile telecommunications services
4. Limited partnerships;
5. Associations;
6. Joint-stock associations;
7. Co-partnerships; or
8. Persons.

There is no requirement that a taxpayer be a public utility or other regulated entity to be subject to the GRT. Rather, the Tax Reform Code identifies taxpayers by the function they perform. *American Electric Power Service Corp. v Commonwealth*, 184 A.3d 1031 (Pa. Cmwlth. 2018), *aff'd* 650 Pa. 286, 199 A.3d 880 (2018); *Solar Turbines Inc. v. Commonwealth*, 841 A.2d 626 (Pa. Cmwlth. 2004), *aff'd* 585 Pa. 10, 887 A.2d 1217 (2005); *Hanley and Bird v. Commonwealth*, 590 A.2d 1382 (Pa. Cmwlth. 1991).

Article XI of the Tax Reform Code imposes the GRT on receipts from telecommunications business. In *Verizon Pennsylvania, Inc. v. Commonwealth*, 127 A.3d 745 (Pa. 2015), the Pennsylvania Supreme Court clarified the receipts subject to GRT. Under the Court’s decision in *Verizon*, the term “telephone messages transmitted” includes any item of equipment or service which renders the transmission of telephone messages more effective or makes telephone communication more satisfactory. Taxable receipts include receipts from directory assistance, voice over internet protocol (VOIP), paging services,

private lines and private networks and enhanced telecommunications receipts including voicemail, call forwarding, call waiting and custom ringtones.

Additional guidance regarding the receipts subject to gross receipts tax is provided by Corporation Tax Bulletin 2018-04 Telecommunications Gross Receipts Tax – Taxable Receipts. For example, a company having receipts from providing enhanced telecommunications services is subject to gross receipts tax on its receipts from those services regardless of whether the company is a public utility.