YOU OWE TELECOMMUNICATIONS TAX IF:
You are engaged in the business activity of providing telecommunication services to consumers within the City of Mesa. The tax is due to the City whether or not you added privilege tax to the charge for the services. (Mesa Tax Code 5-10-470)

Transactions between related companies or persons are taxable by the City of Mesa. See Mesa City Code Section 5-10-100 for the definition of a “Person”, Section 5-10-210 “Determination of gross income: transactions between affiliated companies or persons”, and Section 5-10-220 “Determination of gross income: artificially contrived transactions”.

WHAT IS TELECOMMUNICATION INCOME?
Gross income from the business activity of providing telecommunication services to consumers within this City shall include:

1. All fees for connection to a telecommunication system.
2. Toll charges, charges for transmissions, and charges for other telecommunication services; provided that such charges relate to transmissions originating in this City and terminating in this State.
3. Fees charged for access to or subscription to or membership in a telecommunication system or network.

WHAT TELECOMMUNICATION ACTIVITY IS EXEMPT FROM PRIVILEGE TAX?
1. Resale telecommunication services
Gross income from sales of telecommunication services to another provider of telecommunication services for the purpose of providing the purchaser’s customers with such service shall be exempt from the tax; provided, however, that such purchaser is properly licensed by the City to engage in such business.

2. Interstate transmissions
Charges by a provider of telecommunication services for transmissions originating in the City and terminating outside the State are exempt from the tax.

3. Prepaid calling cards
Telecommunications services purchased with a prepaid calling card that are taxable under Section 5-10-460 (Retail Sales) are exempt from the tax.

4. Internet Access Services
Gross income from the sale of internet access services to the person’s subscribers and customers are not taxable.

5. Security & Burglar Alarm
Charges for monitoring services relating to a security or burglar alarm system located within the city where such system transmits or receives signals or data over a communications channel are not taxable. Effective January 1, 2015

MOBILE EQUIPMENT
In cases where the customer is being provided
telecommunication services to receiving/transmission equipment designed to be mobile in nature (for example, mobile telephones, portable hand-held two-way radios, paging devices, etc.), the provider shall determine whether such customers are “within this city” as follows:

(a) by the billing address of the customer, provided that such address is a permanent residence or business location of the consumer within the State.

(b) in all other cases, the business location of the telecommunications provider.