

# Collecting the New Surcharge(s) on Prepaid Wireless Phone Cards Effective December 1, 2017

Starting December 1, 2017, retailers are required to collect -- and remit to the State -- a surcharge on their sales of prepaid wireless phone cards and other prepaid wireless products and services. There is a state surcharge of 90 cents per retail sale. In addition, counties and New York City can tack on a local surcharge of 30 cents if they opt in.

Unfortunately, for retailers, there are still unanswered questions.

## Background

To create a revenue stream to fund emergency 911 wireless communication services, Governor Cuomo and the state Legislature this year enacted legislation imposing surcharges on prepaid wireless communication services.

These services include mobile phones or mobile phone cards preloaded with a set dollar amount or number of minutes, and the reloading of mobile phones or mobile phone cards with additional minutes.

Effective December 1, 2017, there is a state-level surcharge of 90 cents on each retail sale of prepaid wireless products or services.

In addition, New York City and all counties in the state were given the authority, if they wish, to enact their own surcharge on top of that -- 30 cents per transaction - on or after December 1, 2017.

You must submit Web File Form WCS-2-PRE, Prepaid Wireless Communications Surcharge Return, every quarter, even if no surcharge is due.



## Printing on Receipt

The law requires retailers to itemize the surcharge (or the state and local surcharges combined) on a separate line on the customer's receipt.

Technically, the law requires you to print out "Public Safety Communications Surcharge" on that lines of the receipt.

However, the Tax Department says that "if space limitations on a receipt do not allow the seller to identify the surcharge as the public safety communications surcharge, then, in those limited circumstances, it would be sufficient for the seller to use PSCS

as an alternative to identify the surcharge on the receipt."

## Administrative Fees

Retailers are entitled to keep a small portion of the surcharge revenue they collect, as an administrative fee.

The administrative fee is 1.749% of the total New York State surcharge collected, and 3.000% of the total local surcharge collected if any.

However, you are not entitled to retain the administrative fee if you do not timely file and fully pay the surcharge due with their return.

## Unanswered Questions

The Tax Department has been asked to furnish information vital to your preparation to implement this new surcharge on December 1. Unfortunately, as of November 1st, they have not yet done so.

Some of the questions included:

- How is the retailer supposed to know which counties have and have not enacted the local 30-cent surcharge? **Don't they have a list?** "Information about which localities have elected to impose the local surcharges is not yet available," reads the Tax Department web site. "The Tax Department will issue publications providing the surcharge rates for each locality once the information is finalized. The publications will be posted to this website when they are available."

- The Department has created a "Prepaid wireless communications seller" page on its web site. But the links on that page were not working as of November 1st.
- The Department has specified that retailers should use online form WCS- 2-PRE as the quarterly return. But as of November 1st, the form is not posted. The web site says it is "coming soon." How soon will it be available?  
Sadly, this is all too typical of our state bureaucracy. They have had 6 months to prepare for this new surcharge, and here it is less than 30 days from the start date and they don't have detailed guidance for those obligated to collect it.

For now, all you can do is stay tuned until the Tax Department can provide you with the answers you need in order to implement this new policy. We will continue to plead with the Tax Department to provide this information as soon as possible.

### **Prepare Now**

Act now to program your point-of-sale system to apply the new surcharge(s) and print them on the receipt starting December 1st.

Of course, there's only so far you can go until you know which counties do and do not have the local surcharge.

Remember to train your store-level staff about how the surcharge is applied so they can explain it to customers.

## **Online**

## **Resources**

NYS Tax Dept. Wireless  
Communication Surcharge  
Info:

<https://www.tax.ny.gov/bus/wc/wcs.htm>