

## Taxes & Other Charges on Wireline Telephone Bills

### Access Charges

- Access charges are fees charged subscribers or other telephone companies by a local telephone company for the use of its local network.
- The FCC allows local telephone companies to bill customers for a portion of the costs of providing access. **These charges are not a government charge or tax.** The maximum allowable access charges per telephone line are set by the FCC, but local telephone companies are free to charge less or nothing at all. Access charges for second or additional lines at the same residence are higher than the charges for the primary line. These charges can be described on your telephone bill as "Federal Access Charge," "Customer or Subscriber Line Charge," "Interstate Access Charge," etc.
- State public service commissions regulate access charges for intrastate (within a state) calls. In some states, a state subscriber line charge may appear on customer bills.

### Federal Excise Tax

- This three percent tax is now applied only to local service billed separately from long distance service.

### State & Local Taxes

- These taxes are imposed by state, local, and municipal governments on goods and services. They may also appear as "gross receipts" taxes on your bill.

### Universal Service Charges

- The Universal Service Fund (USF) provides support to promote access to telecommunications services at reasonable rates for those living in rural and high-cost areas, income-eligible consumers, rural health care facilities, and schools and libraries.
- All telecommunications service providers and certain other providers of telecommunications must contribute to the federal USF based on a percentage of their interstate and international end-user telecommunications revenues. These companies include wireline phone companies, wireless phone companies, paging service companies, and certain Voice over Internet Protocol (VoIP) providers.
- Some consumers may notice a "Universal Service" line item on their telephone bills. This line item appears when a company chooses to recover its USF contributions directly from its customers by billing them this charge. The FCC does not require this charge to be passed on to customers. Each company makes a business decision about whether and how to assess charges to recover its Universal Service costs. These charges usually appear as a percentage of the consumer's phone bill. Companies that choose to collect Universal Service fees from their customers cannot collect an amount that exceeds their contribution to the USF. They also cannot collect any fees from a Lifeline program participant.

### 911, LNP, and TRS Charges

- **911** - Charge imposed by local governments to help pay for emergency services such as fire and rescue.
- **Local Number Portability (LNP)** - Telephone number portability allows residential and business customers to retain, at the same location, their existing local telephone numbers when switching from one telephone service provider to another. Companies may assess fees to recover the costs that they incur in providing number portability. Fees may vary by company, and some companies may not charge any fees. These fees are not taxes.
- **Telecommunications Relay Service** - Charge to help pay for the relay center that transmits and translates calls for people with hearing or speech disabilities.

### ARC

- Access Recovery Charge (ARC) - As permitted under the FCC's rules (which became effective December 29, 2011), the Access Recovery Charge enables ITC to recover from end user customers a limited portion of revenues lost due to FCC mandated reductions in intercarrier payments.