

# Alabama Department of Revenue

## News Release

Jan. 17, 2002

### Cellular, Mobile Radio Services, and Telephone Service Customers See Changes in 2002

Montgomery—Recent legislation passed by the Alabama Legislature during its 4<sup>th</sup> Special Session resulted in several changes affecting how cellular telephone, mobile radio services, and “regular” telephone service customers will be taxed beginning Feb. 1, 2002, announced State Revenue Commissioner Cynthia Underwood.

Cellular telephone customers will see an increase in the rate of tax applied to their monthly cellular service charges. Effective February 1, the Cellular Telecommunications Services Tax rate will increase from 4 percent to 6 percent on all monthly cellular service charges.

Beginning February 1, monthly airtime charges for all commercial mobile radio services, such as beepers and pagers, and other one-way and two-way communication services will be taxed at 6 percent. Previously, monthly airtime charges for those types of services were not taxed under the State Utility Gross Receipts Tax or the State Utility Service Use Tax provisions. These changes are effective for customer bills dated on or after February 1.

Telephone (landline) customers will also see a change in their long-distance billing in February. Act 2001-1090 provides that interstate toll telephone services will be taxable under the Alabama Utility Gross Receipts Tax and the Utility Service Use Tax laws. The rate is set at 6.7 percent during February and March. Intrastate calls (long-distance calls made within Alabama) are already taxed at 6.7 percent. Beginning April 1, the rate for both intrastate and interstate long-distance calls and charges for local telephone service will decrease to 6 percent. This will parallel the 6 percent rate imposed on all cellular airtime charges.

—MORE—

Cellular, Mobile Radio, and Telephone Service Customers...  
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On Jan. 16, 2002, the Alabama Department of Revenue mailed notices to all telephone service utility tax account holders and all Alabama providers of commercial mobile radio services detailing recent changes made in Alabama's Cellular Telecommunications Tax, the State Utility Gross Receipts Tax, and the State Utility Service Use Tax and how these changes will affect their particular customers. Copies of the notices are posted on the department's Web site at [www.ador.state.al.us](http://www.ador.state.al.us) under the Sales, Use, and Business Tax page.

For more information concerning recent changes made in Alabama's Cellular Telecommunications Services Tax, Utility Gross Receipts Tax, and the Utility Service Use Tax, contact the Alabama Department of Revenue Sales, Use, and Business Tax Division at (334) 242-1490 or visit the department's Web site at [www.ador.state.al.us](http://www.ador.state.al.us).

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