

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF INCOME, SALES, AND EXCISE TAX**

NOTICE OF PROPOSED GUIDANCE DOCUMENTS

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

SUBMITTING PUBLIC COMMENTS

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

DEADLINE FOR SUBMISSION

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

Document Number	Document Title
100189	Police and Fire Protection Fee - Common Questions

State of Wisconsin
Department of Revenue

Police and Fire Protection Fee Common Question

This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by sec. 227.112(1), Wis. Stats.

Also see the Department of Revenue's [Police and Fire Protection fee web page](#) and the  [Public Service Commission's FAQs](#).

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1. **What is the police and fire protection fee?**

The police and fire protection fee is imposed on two types of transactions:

- A fee of \$0.38 on each retail transaction for prepaid wireless telecommunications plans; and
- A monthly fee of \$0.75 on each voice communications connection with an assigned telephone number (including landline, cellular line, and a communication service provided via a VoIP connection). If a communications provider provides multiple connections to a subscriber, the fee will be \$0.75 for each of the first 10 connections and one additional fee of \$0.75 for each 10 additional connections per billed account (i.e., \$0.075 fee for each connection over 10).

2. What was the effective date of the fee?

The police and fire protection fee became effective September 1, 2009.

3. Who is the fee imposed on?

Communications providers and other retailers who sell prepaid wireless telecommunications plans, such as a \$15 card for a prepaid wireless account, are subject to the fee on each **retail transaction** for **prepaid wireless telecommunications plans**.

IMPORTANT: A retailer who sells phone cards for prepaid wireless telecommunications plans is required to register to collect and remit the police and fire protection fee, even if the retailer is not the provider of the telecommunications service.

Communications providers are required to impose a monthly fee of \$0.75 on each communications service connection with an assigned telephone number, including a communication service provided via a Voice over Internet Protocol connection.

4. How are the fees imposed on voice communications connections with assigned telephone numbers?

Communications providers are required to impose a monthly fee of \$0.75 on each communications service connection with an assigned telephone number, including a communication service provided via a Voice over Internet Protocol connection.

If multiple communications service connections are provided to a subscriber, the communications provider shall impose a separate fee of \$0.75 on each of the first 10 connections and a \$0.75 fee for each 10 additional connections (i.e., a separate fee of \$0.075 for each additional connection) per billed account.

Therefore, lines 1 through 10 of an account will each be billed a \$0.75 police and fire protection fee. Lines 11 and on would be billed at \$0.075 each. (This is 1/10th of the \$0.75 charge.) For example:

10 lines = \$7.50 police and fire protection fee

11 lines = \$7.50 + \$0.075 = \$7.58 police and fire protection fee

12 lines = \$7.50 + \$0.150 = \$7.65 police and fire protection fee

21 lines = \$7.50 + \$0.825 = \$8.33 police and fire protection fee

30 lines = \$7.50 + \$1.500 = \$9.00 police and fire protection fee

5. How are the fees imposed on prepaid wireless telecommunications transactions?

Communications providers and other retailers who sell prepaid wireless telecommunications plans, such as a \$15 card for a prepaid wireless account, are subject to the \$0.38 fee on each **retail transaction for prepaid wireless telecommunications plans.**

6. What is a "retail transaction?"

A "retail transaction" includes the sale of a prepaid wireless telecommunications plan or service by a seller for any purpose other than resale.

Examples of retail transactions that are subject to the \$0.38 fee include:

- The sale of a wireless handset that is activated for use with a prepaid plan.
- The sale of additional prepaid minutes, a dollar amount, or days of use for an existing wireless account that declines with usage, regardless of whether it is purchased at a retailer's physical location, via the Internet, or via the telephone (e.g., a 200 minute card that extends the amount of use of a prepaid account).

Examples of transactions that are **not** subject to the \$0.38 fee include:

- Sales of handset accessories, such as batteries, chargers, phone covers, etc.
- Sales of ringtones.
- Sales of prepaid minutes by a communications provider to a retailer for resale.
- Sales of prepaid long-distance phone cards.

7. What is a "prepaid wireless communications plan?"

"Prepaid wireless communications plan" means a plan for a wireless communications service that provides the right to utilize wireless voice service, is paid for prior to use, and is sold in predetermined dollar amounts whereby a number of units declines with use of a known amount.

8. Do I need to register with the Department of Revenue to collect and remit the fees and how do I register?

Every communications provider and retailer required to impose the police and fire protection fee must register with the Department of Revenue to report and remit the fees.

The provider or retailer must be registered in order to report and remit the fees. Police and fire protection fees must be reported and remitted using My Tax Account.

- Use the Department of Revenue's online [Business Tax Registration](#) to register.
- Use [My Tax Account](#) Login to login to report and remit the fees.

9. How will the fees be reported?

The fees are reported to the Department of Revenue on an electronic return on a monthly basis through the Department of Revenue's [My Tax Account](#). Returns are due and payable on the last day of the month following the month in which the fees were collected.

- [Using My Tax Account](#)
- Use [My Tax Account](#) Login to login to report and remit the fees.

A worksheet ( [Form PFP-100, Wisconsin Police and Fire Protection Fee Worksheet](#)), is available for your own use. **Do not mail Form PFP-100 to the Department of Revenue.**

10. Can I pro-rate for partial months of service for the 75 cent fee?

If you are not able to compute partial-month fees for the sale of voice communications connections, you must collect and remit the fee for the entire month. If you are able to compute partial-month fees for the sale of voice communications connections, you may do so. The partial months should be included on Lines 1 and 4 of your return.

Example: Customer A had service for fifteen days of a 30-day month, and Customer B had service for ten days of the month. Customer A was charged the police and fire protection fee for one-half (0.5) of the month, and Customer B was charged the police and fire protection fee for one-third (0.33) of the month. On Line 1, you should include 0.5 for Customer A and 0.33 for Customer B.

11. Can I file an extension to file my return?

The department may, for good cause, extend the time for making any return or remitting any amount for the police and fire protection fee. You may request a one-month extension to file your return. The extension must be requested prior to the due date of your return. For example, the return for the period of October 2019 is due on November 30, 2019. An extension to file the return for the October 2019 period must be requested prior to November 30, 2019.

To request an extension, please submit your request by email to DORBusinessTax@wisconsin.gov. Include your legal name, Wisconsin tax account number or last four digits of your federal employer identification number, and mailing address on file with the department.

12. Is the fee subject to Wisconsin sales tax?

The fee is exempt from Wisconsin sales and use taxes, as provided in sec. 77.54(55), Wis. Stats.

13. Are nonprofit organizations and governmental units exempt from the fee?

Nonprofit organizations and state and local governmental units are subject to the fee on their purchases of applicable telecommunications services.

Federal governmental units and federally recognized American Indian Tribes and bands are not subject to the police and fire protection fee.


14. Must the fee be separately stated on an invoice to my customer? What if I sell prepaid cards through a vending machine?

A communications provider or a retailer may state the amount of the fee separately on a bill for the retail transaction, and if a communications provider or retailer does so, the communications provider or retailer must identify the fee as "police and fire protection fee."

When a communications provider or retailer does not state the amount of the fee separately on a bill, invoice, sales receipt, or other document associated with the prepaid wireless retail transaction, but establishes to the satisfaction of the Public Service Commission and the Department of Revenue that the customer is aware that the fee is included in the total sales price of the prepaid wireless retail transaction, the sales price shall be the amount received exclusive of the fee.

Example: A 50-minute card for a prepaid wireless account is sold in a vending machine for \$20.00. A sign is conspicuously posted on the vending machine that the "Price Includes the Police and Fire Protection Fee." The sales price of the card is \$19.62, the amount paid by the customer less the fee ($\$20.00 - \$0.38 = \$19.62$).

15. **Can I take any deductions on my return?**

Uncollectible amounts and other deductions may be deducted from the total police and fire protection fee that is due. You will have an opportunity to enter uncollectible amounts and other deductions when filing your electronic return. **Note:** If you complete the *Wisconsin Police and Fire Protection Fee Worksheet* ( [Form PFP-100](#)), these deductions are made on line 11.

A deduction may be claimed for the following uncollectible amounts, customer returns, and misidentified accounts:

Uncollectible Amounts: You may claim a deduction for an uncollected fee if all of the following are met:

1. You previously reported and remitted the fee to the Department of Revenue.
2. You wrote off the fee as uncollectible in your books and records.
3. The unpaid fee is eligible to be deducted as a bad debt for federal income tax purposes, regardless of whether you are required to file a federal income tax return.

You must claim the deduction in the period in which (1) you wrote off the unpaid fee as uncollectible in your books and records, and (2) the amount is eligible to be deducted as a bad debt for federal income tax purposes.

If you later collect, in whole or in part, any bad debt for which a deduction was claimed, you must include the amount collected in the return filed for the period in which the amount is collected. The fee must be remitted with that return.

Customer Returns: You may claim a deduction for a fee that was included in a previously filed return, but was refunded to the purchaser in cash or in credit. The deduction must be claimed on the return for the period in which the refund of the fee was paid.

Misidentified Account: You may claim a deduction for a fee if both of the following are met:

- o You collected the fee from a federal or tribal government account because the purchaser did not identify itself as such.
- o You included the fee in a previously filed return but have refunded the fee to the purchaser.

You must claim the deduction on the return for the period in which you refunded the fee, and you must keep a record of why the account was misidentified, how you became aware of the account's proper identification, and any actions taken as a result.

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of December 6, 2019: Sections 77.54 and 196.025, Wis. Stats., and secs. PSC 172.02, 172.03, 172.04, 172.05, 172.06, 172.07, 172.09, Wis. Adm. Code.

Laws enacted and in effect after December 6, 2019, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to December 6, 2019, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

FOR QUESTIONS OR COMMENTS CONTACT:

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Email additional questions to DORBusinessTax@wisconsin.gov

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