



Tax Briefs



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News Update on Tax Issues from SLGG

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP
Certified Public Accountants & Management Consultants

In each issue, we cover various tax issues of interest to individuals and businesses

Internet Tax Freedom Act Amendments Act of 2007

On October 31, 2007, the President signed into law H.R. 3678, the "Internet Tax Freedom Act Amendments Act of 2007".

The Act prevents state and local officials from taxing dial-up, cable or DSL internet access services except in states grandfathered when the ban was first enacted in 1998 (Alabama, Florida, Illinois, Minnesota, Missouri, New Hampshire, Pennsylvania and Washington). California is not among the grandfathered states, and as such the moratorium is applicable in California. Services related to Internet access, such as instant messaging, electronic mail, home pages, video clips and personal online storage, are included in the internet tax moratorium.

The Act extends the moratorium on state and local government Internet access taxes and multiple or discriminatory taxes on electronic commerce for seven years, through November 1, 2014. Internet access taxes that were imposed and enforced prior to October 1, 1998 remain in force under the grandfather clause unless the state has, more than 24 months prior to enactment of the Act, repealed the tax or ruled that it no longer applies such a tax. This moratorium does not apply to state general business taxes, such as gross receipts taxes or sales/use taxes for online purchases, to the extent they represent a substitute for or supplement to the state corporate income/franchise tax.

Under the Act, "Internet Access" means a service that enables users to connect to the Internet to access content, information, or other services. The definition includes the purchase, use or sale of telecommunications by an Internet service provider to provide the service or otherwise enable users to access content, information or other services offered over the Internet. It also includes incidental services such as home pages, electronic mail, instant messaging, video clips, and personal electronic storage capacity, whether or not packaged with service to access the Internet. "Internet Access" does not include voice, audio or video programming, or other products and services using Internet Protocol for which there is a charge, regardless of whether the charge is separately stated or bundled with charges for "Internet access."



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*We'd like to hear from you.
If there are any tax issues you'd like us to cover, please let us know.*

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