



ADMINISTRATIVE RULES OF MONTANA



42.26.1204 RECEIPTS FACTOR

- (1) Gross receipts from the sale of telecommunications services, other than those defined in (3) through (7), which are sold on a call-by-call basis are in this state when:
 - (a) the call originates and terminates in this state; or
 - (b) the call either originates or terminates and the service address is also located in this state.
- (2) Gross receipts from the sale of telecommunications services, other than those defined in (3) through (7), which are sold on other than a call-by-call basis, are in this state when the customer's place of primary use is in this state.
- (3) Gross receipts from the sale of mobile telecommunications services, other than air-to-ground radiotelephone service and prepaid calling service, are in this state when the customer's place of primary use is in this state pursuant to the Mobile Telecommunications Sourcing Act.
- (4) Gross receipts from the sale of prepaid calling service, prepaid wireless calling service and postpaid calling service are in this state when the origination point of the telecommunications signal is first identified in this state by either:
 - (a) the seller's telecommunications system; or
 - (b) information received by the seller from its service provider, where the system used to transport such signals is not that of the seller.
- (5) Gross receipts from the sale of a private communication service are in this state:
 - (a) if such service is for a separate charge related to a customer channel termination point, when the customer channel termination point is located in this state;
 - (b) if under such service all customer termination points are located entirely within one state, when the customer channel termination points are located in this state;
 - (c) if such service is for segments of a channel between two customer channel termination points located in different states and such segments of channel are separately charged, when one of the customer channel termination points is in this state, provided however that only fifty percent of such gross receipts shall be sourced to this state; and
 - (d) if such service is for segments of a channel located in more than one state and such segments are not separately billed, when the customer channel termination points are in this state, provided however that only a percentage of such gross receipts, determined by dividing the number of customer channel termination points in the state by the total number of customer channel termination points, are in this state.

- (6) A portion of the total gross receipts from sales of telecommunications services to other telecommunications service providers for resale is in this state in an amount determined by multiplying such total gross receipts by a fraction, the numerator of which is total carrier's carrier service revenues for this state and the denominator of which is the sum of total carrier's carrier service revenues for all states in which the taxpayer is doing business, as reported by the Federal Communications Commission in its report titled Telecommunications Revenues by State, Table 15.6, or successor reports which include such information, for the most recent year available as of the due date of the return, determined without regard to extensions.
- (7) Gross receipts attributable to the sale of telecommunications services sold as part of a bundled transaction are in this state when such gross receipts would be in this state in accordance with the provisions of (1) through (6).
 - (a) The amount of gross receipts attributable to the sale of a telecommunications service which is sold as part of a bundled transaction shall be equal to the price charged by the taxpayer for such service when sold separately, adjusted by an amount equal to the quotient of the difference between:
 - (i) the price charged by the taxpayer for the bundled transaction;
 - (ii) the sum of the prices charged by the taxpayer for each of the included products when sold separately; and
 - (iii) the number of products included in the bundled transaction.
 - (b) If the amount of such gross receipts is not determinable under (a), then it may be determined by reasonable and verifiable standards from taxpayer's books and records that are kept in the regular course of business for purposes including, but not limited to, nontax purposes.
- (8) Gross receipts from the sale of telecommunications services which are not taxable in the state to which they would be apportioned pursuant to (1) through (6), shall be excluded from the denominator of the receipts factor.

Authorizing statute(s): 15-1-201, 15-31-201, 15-31-313, MCA

Implementing statute(s): 15-1-601, 15-31-301, 15-31-302, 15-31-303, 15-31-304, 15-31-305, 15-31-306, 15-31-307, 15-31-308, 15-31-309, 15-31-310, 15-31-311, 15-31-312, MCA

History: NEW, 2011 MAR p. 582, Eff. 4/15/11; AMD, 2017 MAR p. 2328, Eff. 1/1/18.