

REVENUE DEPARTMENT AMENDS RULE ON FEDERAL INTERNET TAXATION BAN

Montana will not begin to tax internet access on November 1 when the federal moratorium on internet taxation is scheduled to expire, under a rules proposal filed today by the Montana Department of Revenue.

Revenue director Dan Bucks said the state will not begin applying the state's telecommunications excise tax to internet access on November 1 because Congress is currently considering whether to extend the internet moratorium. He said it would be unwise for the department to use resources to collect a tax that may need to be refunded at a later date.

The department is proposing to amend language in its administrative rules to clarify when the department will consider the federal moratorium on internet taxation to be "lifted." Under the proposed rule change, the department will consider the ban to be "lifted" only at such time as Congress adjourns next year without reauthorizing the internet moratorium. The proposed amendment would alter the language in ARM, 42.31.501.

"Given the unique circumstances of this issue, we will wait to decide how to proceed until Congress either acts or adjourns next year without taking any action," said Bucks.

A public hearing on the proposed rule amendment will be held in Helena on November 14 at 9 a.m. in the Sam W. Mitchell Building, fourth floor conference room. Additional information can be found on the department's website at mt.gov/revenue.

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