

Sales/Use/Indirect:

Pennsylvania: Non-Voice Private Line Services that Transport Data are Deemed Taxable Phone Messages

Case Nos. 121 and 122 F.R. 2018, Pa. Commw. Ct. (1/29/25). In a case involving a telecommunications company that sought a Pennsylvania refund for gross receipts taxes it paid on receipts from sales of certain private line non-voice services – which provided customers a dedicated and uninterrupted communications channel to securely and continuously transport voice, video and/or data as packets between specified fixed points – the Pennsylvania Commonwealth Court (Court) affirmed that because such services “fulfill the purpose of making the process of transmitting messages more satisfactory,” the fees for such services were properly taxable under 72 P.S. § 8101(a)(2). In doing so, the Court explained that no explicit statutory exception exists with respect to the company’s non-voice personal line services. The Court also noted that the applicable statute does not mention the term “voice” at all and provides no indication that a service is no longer taxable once it reaches a large bandwidth size or some other threshold. Furthermore, the Court reasoned that “the fact that the legislature elected to include a comprehensive list of exceptions for the tax, but did not include non-voice services in that list of exemptions, demonstrates that it knew how to carve out exceptions but simply chose not to do so with respect to such services.” Please contact us with any questions.

URL: https://www.pacourts.us/assets/opinions/Commonwealth/out/121FR18_1-29-25.pdf

— Kristy Kirk (Harrisburg)
Managing Director
Deloitte Tax LLP
krikirk@deloitte.com

Mike O’Malley (Philadelphia)
Senior Manager
Deloitte Tax LLP
mikomalley@deloitte.com

Lynn Sierra (Pittsburgh)
Senior Manager
Deloitte Tax LLP
lsierra@deloitte.com

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.