

Local Sales Taxability to Direct-to-home Satellite

Sales & Use tax notice

This notice is to clarify the applicability of local sales tax on direct-to-home satellite service.

Effective February 8, 1996, the federal government passed the Federal Telecommunications Act of 1996. As a part of that legislation, Section 602 of the act states, "A provider of 'direct-to-home satellite service' shall be exempt from the collection or remittance, or both, of any tax or fee imposed by any local taxing jurisdiction on direct-to-home satellite service." This exemption applies only to the local sales tax. The "direct-to-home satellite service" is still subject to the state sales tax of 6%.

The "direct-to-home satellite service" is defined in the Federal Telecommunications Act of 1996 to mean, "only programming transmitted or broadcast by satellite directly to the subscribers' premises without the use of ground receiving or distribution equipment, except at the subscribers' premises or in the uplink process to the satellite."

The exemption is limited to satellite programming delivered via satellite directly to subscribers with satellite receivers at their premises. In other words, any ground receiving or distribution equipment must be located at the subscribers' premises in order for the exemption to apply.

On the other hand, if the satellite programming is transmitted to ground receiving equipment at a location other than the subscribers' premises and is then distributed to the subscribers, the exemption does not apply.

The exemption only applies to the programming provided by the direct-to-home satellite service. It does not apply to the sale of equipment.

Have questions or comments? Please let us know. [Contact us.](#)

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