

Internal Revenue Service, Treasury

§ 49.4252-5

receipt by the addressee or his agent. Thus, an amount paid to a telephone, telegraph, radio, or cable company for messenger service in bringing the recipient of a message to the telephone, or in delivering a dispatch or message, must be included in determining the total amount subject to tax. However, an amount paid for messenger service rendered by a hotel or similar establishment is not to be included in the total charge on which the tax is computed.

(c) *Services rendered under contract.* (1) Except as an exemption may otherwise be specifically provided for in this part, where, under the provisions of a contract, dispatches, messages, or conversations are transmitted by telephone, radio telephone, telegraph, cable, or radio in consideration of the payment of a lump sum of money or the performance of services, the amounts paid for such transmissions are subject to tax regardless of whether such dispatches, messages, or conversations relate to the operation of the business of a common carrier and whether they are “on line” or “off line”.

(2) Where a telegraph company agrees to transmit over its wires dispatches or messages relating to the business of a carrier free or at reduced rates in consideration of services to be performed by the carrier in transporting men or materials of the telegraph company, all such dispatches or messages are subject to tax.

(d) *Meaning of the term “United States”.* For purpose of section 4252 (b) and (c), the term “United States” includes the States and the District of Columbia. Such term also includes inland waters (such as rivers, lakes, bays, etc.) lying wholly within the United States, and, where an international boundary line divides inland waters, such parts of such inland waters as lie within the boundary of the United States, and also the waters known as a marine league from low tide on the coast line. Ships within these limits whether of foreign or domestic registry are considered to be within the United States.

(e) *Exemptions.* For exemptions from the taxes imposed on amounts paid for telephone and telegraph services, see

sections 4253, 4292, 4293, and 4294, and the regulations thereunder contained in this part.

§ 49.4252-5 Teletypewriter exchange service.

(a) *In general.* The term “teletypewriter exchange service” means any service where a teletypewriter (or similar device) may be connected, directly or indirectly, to an exchange operated by a person engaged in the business of furnishing communication service, if by means of such connection communication may be established with any other teletypewriter (or similar device). If the teletypewriter or similar device used in conjunction with such service may be connected to such an exchange, the service constitutes teletypewriter exchange service whether or not it is the practice of the subscriber to the service to make such connection, and whether or not the person engaged in the business of furnishing communication service permits the subscriber to make such connection.

(b) *Amounts paid.* In determining the amount of tax due, the amount paid for the service shall include all charges made in connection with the furnishing of any teletypewriter exchange service, such as salaries of operators, if in the employ of the person furnishing such service, charges for equipment, instruments, and other apparatus. In cases where a person leases lines or channels, equipment, and other facilities used in conjunction with teletypewriter exchange service, the amounts paid by such person for such lines or channels, equipment, and other facilities constitute amounts paid for teletypewriter exchange service, notwithstanding the fact that the lines or channels, equipment, and other facilities used in conjunction with such service are supplied by different persons or in part by the user of such service.

(c) *Exemptions.* For exemptions from the tax imposed on amounts paid for teletypewriter exchange service, see sections 4253, 4292, 4293, and 4294, and the regulations thereunder contained in this part.