the use of switchboard, switching, and
other telephone equipment, for the use
of trunk line facilities, for tie lines
connecting private branch exchanges,
and for any extension line, are subject
to the tax on general telephone service.

§ 49.4252–2 Toll telephone service.
(a) In general. The term “toll tele-
phone service” means any telephone or
radio telephone message or conversa-
tion for which there is a toll charge,
and the charge is paid within the
United States. A toll charge is a charge
made for such a message or conversa-
tion to a place beyond the local service
area. For the meaning of the term
“United States”, see paragraph (d) of
§ 49.4252–4.

(b) Amounts paid. (1) The tax in re-
spect of toll telephone service is im-
posed on the total amount paid for the
service, including any charge, in addi-
tion to the basic toll charge, made for
“overtime” in connection with a tele-
phone or radio telephone message or
conversation.

(2) The tax attaches to the total
charge made to a hotel or similar sub-
scriber for toll telephone service fur-
nished to the hotel or its guests, but no
tax attaches to any charge made by the
hotel for service rendered in placing
the calls for its guests.

(c) Cross reference. For provisions re-
lating to toll telephone service, see
§ 49.4252–4.

§ 49.4252–3 Telegraph service.
(a) In general. The term “telegraph
service” means a telegraph, cable, or
radio dispatch or message for which
the charge is paid within the United
States. For the meaning of the term
“United States”, see paragraph (d) of
§ 49.4252–4.

(b) Amounts paid. A charge made for a
telephone toll call used by a telegraph
company in effecting delivery of a tele-
graph message shall be added to the
basic charge for the transmission of
the telegraph message for the purpose
determining the amount subject to
the tax. In such case, the telegraph com-
pany is not liable for tax on the
amount paid by it to the telephone
company for the toll call. A charge
made for a telephone call which is used
to reach a telegraph office for the pur-
pose of sending a telegraph message
should not be added to the basic charge
for the transmission of the telegraph
message, as the telegraph message is
considered to begin at the telegraph of-
(c) Cross reference. For provisions re-
lating to telegraph messages commu-
nicated through the use of coin-oper-
ated telephones, see section 4253(a)
and § 49.4253–1. For other provisions re-
lating to telephone service, see
§ 49.4252–4.

§ 49.4252–4 Provisions common to tele-
phone and telegraph services.
(a) In general. The tax applies to all
amounts paid for services rendered
which are incidental to the trans-
mission of a message or conversa-
tion. Where dispatches, messages, or con-
versations are transmitted by tele-
phone, radio telephone, telegraph,
cable, or radio free of any charge what-
soever, no tax attaches, but where the
carrier in fact makes some charge for
the transmission, either in money,
service, or other valuable consider-
ation, such charge is subject to the tax
upon the basis of the amount of the
charge computed in money or money’s
worth. The tax is payable by the person
paying the transmission charge and is
to be collected by the person receiving the payment. If a message, dispatch, or conversation is transmitted “collect”, the person who pays the charge therefor is liable for the tax. All telephone and telegraph transmission services when rendered for hire are subject to tax whether or not the agency furnishing such services is a common carrier. For provisions relating to the computation of tax with respect to charges for telephone and telegraph services, see section 4254 and §§ 49.4254-1 and 49.4254-2.

(b) **When transmission begins and ends.** Transmission begins when the message is delivered by the sender to the carrier, or its agent, and continues until 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 4253 (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,