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INTERNET TAX FREEDOM ACT - CALIFORNIA

j2 Global Communications, Inc. v. City of Los Angeles

**Court of Appeal, Second District, Division 4, California - July 26, 2013 - Cal.Rptr.3d - 13
Cal. Daily Op. Serv. 8040**

Taxpayer ran a service which converted customers' incoming faxes to e-mails and their outgoing e-mails to faxes. Taxpayer filed claim against city for unlawful collection of Internet access tax under Internet Tax Freedom Act provision imposing a moratorium on the collection of taxes by state and local governments on purchases of telecommunications by providers of "Internet access."

The Court of Appeal held that:

- Taxpayer's service did not allow customers to "connect to the Internet" under Internet Tax Freedom Act;
- Taxpayer's service did not provide a "homepage" or "electronic mail" under Internet Tax Freedom Act; and
- Taxpayer's purchase of Direct Inward Dial (DID) telephone numbers was not a purchase of "Internet access."