

(b) *Amounts paid.* (1) The tax in respect of toll telephone service is imposed on the total amount paid for the service, including any charge, in addition to the basic toll charge, made for "overtime" in connection with a telephone or radio telephone message or conversation.

(2) The tax attaches to the total charge made to a hotel or similar subscriber for toll telephone service furnished 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 relating to toll telephone messages communicated through the use of coin-operated telephones, see section 4253(a) and § 49.4253-1. For other provisions relating 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 telegraph message shall be added to the basic charge for the transmission of the telegraph message for the purpose of determining the amount subject to tax. In such case, the telegraph company 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 purpose 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 office.

(c) *Cross reference.* For provisions relating to telegraph messages communicated through the use of coin-operated telephones, see section 4253(a) and § 49.4253-1. For other provisions relating to telegraph service, see § 49.4252-4.

§ 49.4252-4 Provisions common to telephone and telegraph services.

(a) *In general.* The tax applies to all amounts paid for services rendered which are incidental to the transmission of a message or conversation. Where dispatches, messages, or conversations are transmitted by telephone, radio telephone, telegraph, cable, or radio free of any charge whatsoever, no tax attaches, but where the carrier in fact makes some charge for the transmission, either in money, service, or other valuable consideration, 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