

The G2 Solution

G2 Solutions Dealer Support Corner
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June 2006

INDUSTRY UPDATE . . .

Taxes coming and Going

IT&T News 6/21/2006

Federal Excise Tax is Going

The U.S. Treasury will end collection of the 3 percent excise tax on long-distance telephone calls beginning next month. The decision ends a tax created in 1898 to fund the Spanish American War effort. Consumers and businesses will be eligible for refunds going back three years and will be able to claim them on their 2006 tax returns, using actual records or a standard refund that has yet to be determined. The advent of the flat-rate, bundled local and long-distance calling plans complicated collection of the tax, which legally applied only to the long-distance portion of the bills.

USF Tax is Coming to VOIP

The FCC increased the amount of money that the government can now tax wireless and VOIP operators for the Universal Service Fund (USF). Legacy telcos pay 10.9% of their interstate and international revenues to the USF to subsidize phone service to rural homes, the poor, schools and libraries. The FCC now ruled that 64.9% of VOIP revenues are "interstate" and therefore are subject to the USF. That's the same rate at which wireline carriers pay into the USF. The FCC also ruled that 37.1% of wireless revenues are interstate and subject to USF contributions, up from 28.5%. The FCC ruling might also lead to state-level taxation as well, as the states might soon say that if 65% of the calls are interstate, then 35% must be intrastate.

The FCC needed to come out with this ruling because the time period to tax DSL service is going to expire July 31 and there will then be a \$350 million hole in the Universal Service Fund. The FCC ruled in 2005 that broadband should be considered an "information service," not a telecommunications service. This effectively put broadband out of bounds for USF contribution.

IMPORTANT INFORMATION

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G2 Corner...

Wiretapping, Data-Mining and VPN's

We now know that the National Security Agency has been compiling a massive database of domestic phone calls. Officials of the government assert that the program is limited to Call Records only and that no actual listening to calls has occurred under this program. The government says that the program is limited to long-distance calls targeted to geographic areas of interest, places to which calls were believed to have come from al-Qaeda affiliates and from which calls were made to al-Qaeda affiliates. At&t and MCI have turned over records to the NSA, but Qwest, Verizon and BellSouth have so far decline to participate. Since not all carriers are cooperating, there are concerns that the gaps in the database will undercut its usefulness in identifying terrorist cells. One way to secure your phone calls against such intrusiveness might be to consider the use of Virtual Private Networks (VPN). A VoIP call often takes place outside the network where the wiretap is placed, making it difficult to determine where a call originates and ends. Use of end-to-end VPN's would further frustrate such efforts because even if intercepted, the VPN traffic is encrypted.

G2 as Your Single Source

PRI, Local T1 (SuperTrunk) & Integrated Circuits (Voice & Data) are available from multiple providers.

LET'S TALK!

G2 Solutions works hard behind the scene to add and integrate additional services and providers aiming at becoming a true *Single Source for Telecommunications!*

To that end, we have developed two parallel tracks of services:

- A complete suite of services for which G2 Solutions provides the implementation, billing, and support. These services include:
 - Local – Business Lines, Centrex, PRI, Local T1 (SuperTrunk) and Integrated Voice & Data circuits.
 - Long Distance – Switched and Dedicated
 - Private Lines – P2P, FR, etc.
 - Data – Dedicated Internet Access (DIA)
- Since not all providers offers a wholesale program, G2 has established an agency relationships with ALL major and regional service providers where services can be placed to supplement and extend G2's coverage. These services include:
 - Local – lines, PRI, T1 (SuperTrunk) and Integrated Voice & Data circuits.
 - Private Lines – P2P, FR, etc.
 - Data – ADSL, SDSL, DIA.