1Stream

A 1STREAM GUIDE FOR MSPs

The Hidden Tax Trap of Reselling *Voice.*

In the eyes of the FCC, if you rebuild dial tone in the United States you are a carrier. Here is the liability nobody tells you about, and how to avoid stepping on it.

THE DISCLOSURE NOBODY MAKES

Buy a house and the seller has to tell you what happened in it. Your voice provider does not.

When you buy a home, the seller is legally obligated to disclose certain things, a death in the house, known defects, the history you would want to know before you sign. It is a protection built into the transaction. Now consider adding voice to your MSP. The provider selling you trunks or a platform has no such obligation. They do not have to warn you about the legal and tax liability you take on the moment you start reselling dial tone. That research, and that exposure, is entirely on you.

In the eyes of the FCC and state and local governments, if you rebuild dial tone in the United States, you are a carrier. That single fact triggers a stack of obligations most MSPs never see coming, and nobody in the sales process is required to mention it.

> *Cross a street and the tax can change. Nobody is going to tell you that before you sign.*

WHAT BEING A CARRIER MEANS

The obligations you quietly inherit

Reselling voice can pull you into categories of responsibility that look nothing like the rest of your MSP business. The specifics vary and change, so treat these as categories to investigate with a professional, not a checklist:

- Federal obligations, including universal service contributions and regulatory fees tied to telecom revenue.
- State and local telecom taxes and surcharges, which are layered, jurisdiction-specific, and unlike ordinary sales tax.
- Registration and recurring filings that come with being treated as a provider of telecommunications.
- 911 and E911 obligations, where the stakes are safety and liability, not just paperwork.

THE COMPLEXITY IS THE TRAP

US telecom tax is uniquely brutal

The reason this catches so many MSPs is not that the rules exist. It is that they are almost impossible to eyeball. Telecom tax is layered across federal, state, county, and municipal levels, and dial tone and communications services are among the most complex categories in the entire code. The result is a map so granular that crossing a single street can change what you owe.

A vivid example: in New York City, part of a telephone bill goes toward funding the subway. That is not a quirk you would ever guess from a spreadsheet, and it is one line in one city. Multiply that kind of hyper-local rule across every jurisdiction your clients sit in, and the idea that you can estimate your exposure by hand falls apart quickly.

The cheap-trunk-from-abroad trap

We see this constantly: an MSP chases the lowest SIP trunk rate and buys from outside the country, Canada included, assuming the tax picture comes with the price.

It does not. A cheaper trunk from a jurisdiction that does not carry US telecom obligations does not remove your US liability. It just hides it until it surfaces. You saved a few dollars per trunk and inherited a compliance problem you cannot see.

> *A cheaper trunk from the wrong jurisdiction does not lower your liability. It hides it.*

YOUR OPTIONS

Three honest ways to handle it

Once you understand the exposure, there are really three paths, and only you can decide which fits your business:

- Use a third-party telecom tax service or tool to calculate, apply, and remit the right taxes and fees. Effective, but it is one more system to own and keep current.
- Build the capability in-house, with the accounting staff and filing discipline it takes to stay compliant. Real control, real ongoing cost, and real risk if it slips.
- Partner with someone who carries the burden for you, through a full resale, referral, or hybrid arrangement, so the compliance weight sits with a party built to handle it.

WHERE 1STREAM FITS

A model where the landmine is not yours to step on

1Stream is channel-only communications built for MSPs, and part of what that model absorbs is exactly this burden. Depending on the arrangement you choose, full resale, referral, or a hybrid, the telecom tax and compliance responsibility can sit with 1Stream rather than landing on you. You get to offer communications to your clients without quietly signing up to be a carrier, and without discovering the obligations the hard way.

Do not find out you were a carrier the expensive way.

Talk to 1Stream about a resale, referral, or hybrid model that keeps the telecom tax and compliance burden off your plate, and confirm your specific exposure with a telecom tax professional.

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