

The State of Colorado imposes sales tax on intrastate telephone and telegraph services. Taxable telephone services include mobile telecommunications services if the service is provided to a customer whose place of primary use is within Colorado. The service provider must charge and collect the sales tax from customers, along with any applicable state-administered local sales taxes.

Interstate telephone and telegraph services are **not** subject to the Colorado sales tax.

This publication is designed to provide general guidance regarding sales tax on intrastate telephone and telegraph services and to supplement guidance provided in the *Colorado Sales Tax Guide*. Nothing in this publication modifies or is intended to modify the requirements of Colorado's statutes and regulations. Retailers and consumers are encouraged to consult their tax advisors for guidance regarding specific situations.

The information in this publication applies to state and local sales taxes administered by the Department. The information in this publication does not apply to the sales taxes of any home-rule cities that the Department does not administer. Please contact any applicable home-rule city directly for information about their sales and use taxes.

## Intrastate telephone & telegraph services

Intrastate telephone and telegraph services are subject to Colorado sales tax, regardless of whether such service is furnished by public, private, mutual, cooperative, or governmental corporations or agencies. Communication by telephone or telegraph is considered intrastate and subject to Colorado taxation if it originates and terminates within Colorado, regardless of the path over which the provider routes the transmission. Telephone services subject to taxation include both transmission over circuitry as well as call conferencing, routing, and switching.

Forms of telephone service subject to taxation include Voice over Internet Protocol (VoIP), phone cards, and mobile telecommunication services, which are discussed below. Telephone services subject to taxation also include the following charges, which may appear separately on a customer's bill:

- private line services;
- additional listings;
- information charges;
- joint-user service;
- non-talking circuits;
- leased circuits and facilities;
- local exchange service (whether on a flat or measured basis); and
- service connection charges.

Taxable charges also include any other charges assessed or passed on to the consumer with the exception of charges for installation or repair.

## Bundled services

When nontaxable services are aggregated with and not separately stated from taxable services, the provider of such services must collect the tax only on the taxable intrastate telephone and telegraph services. The provider of such services must maintain for three years documentation of the services provided that are taxable and nontaxable. Such documentation is subject to audit and the service provider is liable of any uncollected tax. The service provider must notify the Department of Revenue of the percentages of taxable and nontaxable services in a package of aggregated services within 30 days of use on any invoice.



## Mobile telecommunication services

Mobile telecommunication services, such as cellphone services and paging services, are taxable if the customer's primary place of use is within Colorado. A customer's place of primary use is the street address representative of where the customer's use of the mobile telecommunications service primarily occurs. The address must be the residential street address or the primary business street address of the customer. Please see 4 U.S.C. § 122 for assistance in determining the place of primary use.

### *Local sales tax on mobile telecommunication services*

Any local government in Colorado, including cities, counties, towns, and special districts, can impose sales tax on mobile telecommunication services only if the customer's primary place of use is within the geographical boundaries of the local government.

## Nontaxable services and charges

Several services that may be commonly associated with telephone and telegraph services are not taxable. The following services are not subject to Colorado sales tax:

- charges for the installation or repair of lines or equipment used to provide telephone or telegraph services;
- interstate telephone and telegraph services;
- faxing services, although intrastate telephone and telegraph services used to transmit faxes are taxable;
- voicemail services, although intrastate telephone service used to access voice mail is taxable;
- internet access services, although any intrastate telephone services packaged or bundled with internet access services are taxable; and
- e-mail services.

A bill for telephone service may also include certain governmental surcharges. The following surcharges, which may appear on a bill for telephone service, are not subject to Colorado sales tax:

- 911 charges and surcharges
- 988 charges and surcharges
- Telecommunications Relay Services (TRS) surcharges
- Universal Services Fund (USF) surcharges

## Additional resources

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The following is a list of statutes, regulations, forms, and guidance pertaining to sales tax on interstate telephone and telegraph services. This list is not, and is not intended to be, an exhaustive list of authorities that govern the tax treatment of every situation. Individuals and businesses with specific questions should consult their tax advisors.

### Statutes and regulations

- § 24-79-102, C.R.S. Limitations on sources of revenue.
- §§ 27-64-101, et seq., C.R.S. 988 crisis hotline enterprise.
- § 29-1-1002, C.R.S. Mobile telecommunication services - taxation by local governments.
- § 29-2-105, C.R.S. Contents of sales tax ordinances and proposals.
- §§ 29-11-101, et seq., C.R.S. Emergency telephone service.
- § 39-26-104, C.R.S. Property and services taxed.
- § 39-26-706, C.R.S. Miscellaneous sales tax exemptions - internet access.
- §§ 40-17-101, et seq., C.R.S. Telecommunications relay service for telephone users with disabilities.
- §§ 40-17.5- 101, et seq., C.R.S. 988 surcharge and prepaid wireless 988 charge for the 988 crisis hotline.
- Rule 39-26-104-4. Telephone, Telegraph and Mobile Telecommunications Services
- 4 U.S.C. §§ 116, et seq. Mobile Telecommunications Sourcing Act
- 47 CFR Part 20 - Commercial Mobile Services

### Court decisions

- *AT & T Com. v. Dept. of Rev.*, 778 P.2d 677 (Colo. 1989).

### Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Tax.Colorado.gov/sales-use-tax](https://tax.colorado.gov/sales-use-tax)
- [Colorado Sales Tax Guide](#)
- [Tax.Colorado.gov/miscellaneous-taxes-fees-guidance-publications](https://tax.colorado.gov/miscellaneous-taxes-fees-guidance-publications)
- [Special Topics: Prepaid Wireless Charges](#)
- [Tax.Colorado.gov/sales-use-tax-letter-rulings](https://tax.colorado.gov/sales-use-tax-letter-rulings)
- PLR-16-014 - Web collaboration services.
- PLR-15-001 - Electronic messaging services.
- PLR-15-003 - Electronic messaging services.
- GIL-15-003 - Cloud services plans.
- GIL-14-018 -Colocation services.
- PLR-13-006 - Hardware and software used in the provision of intrastate telephone services.
- GIL-09-030 - Voice over internet protocol (VoIP).