

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, private line services, and Voice over Internet Protocol (VoIP). The service provider must charge and collect the sales tax from customers, along with any applicable local sales taxes.

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

INTRASTATE TELEPHONE AND 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, if the customer's primary place of use is within Colorado, mobile telecommunication services such as cellphone services and paging services. Telephone services subject to taxation also include the following charges, which may appear separately on a customer's bill:

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

Bundled services

For telephone and telegraph 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 intrastate telephone and telegraph services. The provider of such services must maintain for three years documentation (subject to audit) of the services provided that are taxable and nontaxable. The service provider is required to notify the Department of Revenue of the percentages of taxable and nontaxable services in a package of aggregated services within thirty days of use on any invoice.

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 telephone and telegraph services used to transmit faxes are taxable
- voicemail services, although 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
- 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:

- Enhanced 911 (E911) surcharges
- Telecommunications Relay Services (TRS) surcharges
- Universal Services Fund (USF) surcharges

ADDITIONAL RESOURCES (RELATED TO THIS ISSUE)

- *Colorado statutes and regulations*
 - § 39-26-104(1)(c), C.R.S. Property and services taxed
 - 1 CCR 201-4, Reg. 26-104.1(c)(I). Telephone, Telegraph and Mobile Telecommunications Services
 - §§ 29-1-1002 and 29-2-105(1.5), C.R.S. - regarding local taxation of mobile telecommunications
 - §§ 39-26-706(2) and 24-79-102, C.R.S. - regarding internet access
 - §§ 29-11-100.5, et seq. and 40-17-101, et seq., C.R.S. - E911 and TRS surcharges
- *Colorado court cases*
 - *AT & T Com. v. Dept. of Rev.*, 778 P.2d 677 (Colo. 1989). - regarding access services
- *Colorado forms, publications, and guidance*
 - FYI General 21 - E911 and TRS Surcharges
 - PLR 13-006 - regarding call routing services
 - PLRs 15-001 & 15-003 - regarding taxability of various electronic messaging and email services
 - GIL 15-003 - cloud services and cellular data plans
 - PLR 16-014 - regarding web collaboration and teleconferencing services
 - GIL 09-030 - regarding Voice over Internet Protocol (VoIP)
 - GIL 14-018 - direct private lines used in colocation and hosting services
- *Federal laws*
 - 4 U.S.C. §§ 116, et seq. Mobile Telecommunications Sourcing Act
 - 47 CFR Part 20 - Commercial Mobile Services

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.