



**COLORADO**  
**Department of Revenue**

Taxation Division  
Office of Tax Policy  
P.O. Box 17087  
Denver, CO 80217-0087

DOR\_TaxPolicy@state.co.us

GIL-2007-17

XXXXXXXXXXXXX  
Attn: XXXXXXXXX  
XXXXXXXXXXXXX  
XXXXXXXXXXXXX

December 4, 2007

Re: taxability of call center services

Dear XXXXXXXXX,

This letter is in response to your letter to the Colorado Department of Revenue, dated July 6, 2007, re: taxability of call center services. We apologize for the time it has taken to respond to your inquiry.

**Issue**

Are call center services taxable in Colorado?

**Background**

You state that your client is a provider of outsourced contact center services or call center services. Your client provides these services to companies throughout the United States. Customers engage your client to serve as a "remote office" for bilingual contact center operations, providing customer care, technical support, customer acquisition and e-services for Spanish-language customers.

Your client is a [State A] company with administrative offices in [State B] and three call centers in [Country]. The [State B] office provides administrative functions and marketing. The call centers in [Country] have live agents who answer customer questions located in the United States. The client has telephone and computer equipment in [State B] and [Country]. The [State B] equipment encrypts all incoming calls and reroutes them to the call centers. Calls originate in the United States and from the call center to customers in the United States. Your client bills its customers based on the number of phone hours used in providing the service.

Your client is considering entering into a contract with an Internet and cable service provider. The client would handle Spanish-language telephone calls concerning billing matters and video technology support services on behalf of the provider. You ask whether the service provided by the client is subject to Colorado sales tax.

**Discussion**

*The company is providing services that are not taxable in Colorado.*

Based on the representations you have made, it does not appear that the services your client would provide to the Internet and cable service company are subject to sales tax. In general, Colorado sales tax does not apply to services. Although sales tax does apply to telephone service (§39-26-104(1)(c), C.R.S.), your client is a user

of telephone service, not the provider of telephone service. Therefore, the services provided by your client are not subject to sales tax.

The Department makes a good faith effort to provide accurate and complete answers to questions posed to it by taxpayers. However, the information and answers provided here are not binding on the Colorado Department of Revenue, nor do they replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved this response.

Respectfully,

Office of Tax Policy  
Colorado Department of Revenue