



Telephone and Telecommunications

GENERAL INFORMATION

Intrastate telephone, telegraph services (service beginning and ending within Colorado) are subject to City of Loveland sales tax. Private line and cellular telephone services that operate for the transmission of data are also taxable. The company providing the service must charge and collect the sales tax from customers at the rate applicable for the service address.

Interstate telephone, telegraph and telecommunications services are not subject to Loveland sales tax.

PHONE CARDS

The purchase or sale of a pre-paid phone card is generally a taxable sale in Loveland because the telephone service being provided is subject to sales tax. The only exceptions where a pre-paid phone card is not subject to sales tax are:

- ◆The telephone service will be provided by a telephone company registered to collect Loveland sales tax and the card is denominated in dollar amounts rather than call time. In this case using the card is like putting coins in a pay phone; the sales tax will be taken from the amount of the card received by the phone company at the time a taxable telephone call is placed.
- ◆The pre-paid phone card cannot be used to make calls originating and terminating within Colorado. (At this time, cards that meet these criteria are not available for sale in Loveland.)

On the sale of a pre-paid phone card that is subject to sales tax, the local tax rate where the sale takes place must be collected.

BUNDLED SERVICES

City of Loveland sales tax applies to intrastate telephone services and not to interstate long distance and non-telephone services such as one way paging and one way cable TV. However, if taxable and nontaxable charges are bundled together and sold under one price, the taxable portion of the bundled charge must be determined to compute the sales tax that is due on the sale. The service provider must provide to the Loveland Revenue Department an estimated value of each of the bundled service elements (subject to audit) and receive an approval to charge sales tax based on these estimates. If this is not done, the entire price will be subject to sales tax.

INTERNET ACCESS

Loveland does not tax Internet access services. Internet access, e-mail services, Web site hosting and domain name registration are nontaxable services. However, if an Internet Service Provider (ISP) is located in Loveland and sells tangible personal property, for example a cable modem, to customers within the Loveland city limits, then sales tax must be charged on those items.

WHOLESALE SALES OF TELEPHONE SERVICES

Wholesale sales of telephone services by a local telephone company to another company who retails these services as intrastate telephone service are not subject to sales tax. Purchases of telephone services at wholesale by companies using such services exclusively to provide a local dial tone service to customers at retail are not subject to sales tax because the retail sale of the telephone service is taxable. The company requesting a resale exemption must be able to document that such exemption will be used only for resale of taxable services.

ACCESS CHARGES

Purchases of local access for interstate long distance calling are taxable because the access is used to provide an exempt interstate call. Purchases of access for intrastate calls are exempt because the intrastate call is taxable.

MOBILE TELECOMMUNICATION SERVICES

Sales tax on mobile telecommunication services will be assessed using the local tax rate of the customer's place of primary use. This will usually be the customer's residence or billing location. For example, if your primary residence is within the City of Loveland, your cellular phone services will be taxable at the local Loveland sales tax rate.

PAGING SERVICES

One-way paging service is not considered telephone service and is not subject to Loveland sales tax. Any rental charge or sale of the pager is subject to the sales tax on the sale or rental of tangible personal property. Two-way paging is taxable the same as telephone or telegraph services.

TAXABLE MISCELLANEOUS CHARGES

Additional Listings: These charges are subject to Loveland sales tax.

◆Business and Occupational Fees: These charges are taxable and passed to the customer from the service provider.

◆Call Waiting: These charges are subject to Loveland sales tax.

◆Faxing Services: Local telephone services used to access faxing services and any equipment used is taxable.

◆Information charges: These charges are subject to Loveland sales tax.

- ◆Joint-User Service: These charges are subject to Loveland sales tax.
- ◆Non-Talking Circuits: These charges are subject to Loveland sales tax.
- ◆Leased Circuits and Facilities: These charges are subject to Loveland sales tax.
- ◆Local Exchange Service: These charges are taxable whether on a flat or measured basis.
- ◆Service Connection Charges: These charges are subject to Loveland sales tax.
- ◆Subscriber Line Charges (SLC): These charges are subject to Loveland sales tax.

TAX EXEMPT MISCELLANEOUS CHARGES

- ◆TDD Charges: These charges are exempt from Loveland sales tax.
- ◆Teleconferencing Charges: Teleconferencing services are exempt. However, the local telephone services used to access the service and any equipment used is taxable.
- ◆Voice Mail Charges: Voice mail/ answering services are exempt. However, the local telephone services used to access the service and any equipment used is taxable.
- ◆900 Telephone Service: These charges are only taxable if both parties are located within the City of Loveland.
- ◆911 Charges: These charges are exempt from Loveland sales tax.
- ◆Installation or Repair Charges: These charges are exempt from Loveland sales tax.
- ◆Faxing Services: Faxing services themselves are exempt. However, the local telephone services used to access the service and any equipment used is taxable.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT LOVELAND TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LMTC (LOVELAND MUNICIPAL TAX CODE) AND APPLICABLE RULES AND REGULATIONS.