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## TELEPHONE OCCUPATION TAX

This tax guide is prepared and published for the information of the general public and all persons in business pursuits who would be required to make payment of Sales Tax or Use Tax under provisions of Chapter 25, Article III of the Code of the City of Fort Collins (the "Tax Code"), as well as for the guidance of the City employees whose responsibility it is to collect the taxes imposed by the Tax Code and the enforcement thereof. The following guide is exactly as it says, a GUIDE, and not to be relied upon as an official interpretation of the Tax Code applicable in all circumstances. Instead, specific reference should be made to the Tax Code and related ordinances for what is required in any particular circumstance.

The Telephone Occupation Tax is levied against every telephone utility company engaged in the business of furnishing local exchange telephone service within the City.

This tax is separate from and in addition to the City's general sales tax on telecommunications, which is imposed on the customer, collected by the provider, and applies to certain telecommunications services that originate and are charged to a telephone number or account located within the City.

- The Telephone Occupation Tax is imposed directly upon the telecommunications company, as opposed to being collected from its customers and held in trust.
- The Telephone Occupation Tax is imposed at the rate of \$0.70 per month for each of the telecommunications company's accounts within the City. Account is defined as a billing of a telephone utility company for a service to a customer.
- The tax is due on the 10th day of the month immediately following the month for which tax is levied. The telecommunications business is required to file a report indicating the number of accounts within the City and the calculation of tax due.

### EXAMPLES

1. Worldwide Telephone Company is authorized by the Public Utilities Commission (PUC) to provide local exchange service. Worldwide is required to pay the telephone occupation tax for the dial tone line it provides to its retail (general public) customers in Fort Collins.
2. Static Company sells cellular phone services. Static has an interconnection agreement with Worldwide Telephone Company, a provider of local exchange service. Worldwide is not required to pay the telephone occupation tax for its Static account because Static is not the general public; the sale to Static is a wholesale sale.
3. Static Company sells cellular phone services. Static is not required to pay the telephone occupation tax on the cellular services it provides because cellular service is not a local exchange service regulated by the PUC.
4. Quiet Telephone Company provides long-distance service to customers whose accounts are in Fort Collins. Quiet's customers directly receive local exchange service in Fort Collins from Worldwide Telephone Company. Quiet is not required to pay the telephone occupation tax because long-distance service is not a local exchange service regulated by the PUC.
5. Adventure Telephone Company provides long-distance service to customers whose accounts are in Fort Collins. Adventure also is authorized by the PUC to provide local exchange service in Colorado. Adventure purchases local exchange service from Worldwide Telephone Company, and resells it to Adventure's own customers in Fort Collins. Worldwide is not required to pay

the telephone occupation tax on the sale to Adventure because it is a wholesale sale. Adventure is required to pay the telephone occupation tax on all retail customer accounts for which it provides local exchange service in Fort Collins.

RELATED TAX GUIDE TOPIC

Telephone and Telecommunication Services

CITY OF FORT COLLINS SALES AND USE TAX ORDINANCE

Sec. 25-326. Levy of tax.

Sec. 25-327. Local purpose.

Sec. 25-328. Payment of tax.

Sec. 25-329. Failure to pay.

Sec. 25-330. Prior occupation tax.

Sec. 25-331. Effective date.

June 21, 2018