



## Tax Compliance Guide: Business & Occupation Tax

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### **Business & Occupation Tax (B&O)**

Providers of Basic Local Exchange Service, commonly referred to as telecommunication services, are subject to business and occupation tax for services provided to customers located in the City of Lakewood.

“Basic local exchange service” is the service that provides a) local dial tone; b) local usage necessary to place or receive a call within an exchange area; and c) access to emergency, operator, and interexchange telecommunications services.

Cellular, mobile radio or any wireless voice service of any kind to any person or entity is deemed a basic local exchange service to determine if B&O tax applies.

Voice Over Internet Protocol (“VOIP”) service is subject to the B&O tax.

B&O taxability is based on the billing address of the customer, and not the physical location of the provider.

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### **Tax Calculation**

“Line” means a separate telephone number, or its functional equivalent such as a unique locator, having a service address located within the City, except that to the extent basic exchange service is provided through trunks, a line shall mean a network access register or its functional equivalent.

The monthly B&O tax rate is adjusted each year by the prior year’s percentage change as reported in the August report of the U.S. Bureau of Labor Statistics Consumer Price Index (“CPI”) for Denver-Boulder, all items, and all urban consumers. The 2021 rate was \$4.26 per line; the 2022 rate was \$4.34; and the rate remains at \$4.34 for 2023 and 2024.

The amount of tax levied against each provider shall be the monthly per-line charge multiplied by the provider’s number of lines having a service address located within the City for the reporting period.

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### **Filing of B&O Tax Returns**

Basic local exchange providers are liable and responsible for the payment of this tax and shall, before the twentieth (20<sup>th</sup>) day of each month, make a return online and remit payment to the Finance

Director for the preceding calendar month. As this is a tax levied upon the provider, the return/payment remitted to the City shall be based on the line count of the preceding calendar month.

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### **Examples**

1. Company A purchases access services from Company B to provide telecommunication services to Company A’s customers. Company A bills its customers directly for the service. As the provider, Company A must remit B&O tax to the City of Lakewood at the rate of \$4.34 per line for all addresses sourced to Lakewood.
2. Company C chooses to pass the B&O tax through to its customers as an itemized fee (of some fixed amount or percentage). The total purchase price of the service, including fees, would be subject to sales tax. Company C would remit sales tax and B&O tax (at \$4.34/line) to the City of Lakewood for all addresses sourced to Lakewood.
3. Company D, a New York based company, provides telecommunications services to customers in Lakewood, CO. Company D must remit B&O tax to the City of Lakewood at the rate of \$4.34 per line for all addresses sourced to a Lakewood address.

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### **Related Topics**

Price and Purchase Price

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### **Citations**

*Lakewood Municipal Code*

§ 5.32 Utilities B&O Tax

§ 3.01.230 Definitions - “Price or Purchase Price” and “Telecommunications Service”

THIS GUIDANCE IS A SUMMARY IN LAYMEN’S TERMS OF THE RELEVANT LAKEWOOD TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LAKEWOOD MUNICIPAL CODE AND APPLICABLE RULES AND

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REGULATIONS. THIS GUIDE DOES NOT  
CONSTITUTE CITY TAX POLICY.

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**Contact Us**

For additional assistance, please contact us:

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