

GIL-2008-19

September 23, 2008

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Re: Sales tax on printing and mailing

Dear XXXXXXXXXXXX,

This letter is in response to your letter, dated March 21, 2008 regarding the taxability of printing and mailing of marketing material. I apologize that it has taken so long to reply to your request. The department recently acquired the staff needed to respond to these types of requests.

The department also recently enacted a regulation governing requests for tax advice. We issue both private letter rulings and general information letters. See, §24-35-103.5, C.R.S. and Department regulation (24)-35-103.5. Private letter rulings are issued in response to tax questions addressed to specific factual settings and are binding on the department. General information letters are issued in response to general tax questions and are not binding on the department. You can view this regulation on-line at:

<http://www.revenue.state.co.us/taxstatutesregs/3921reg24-35-103.5.html>

I am treating your request as a request for a general information letter. However, if you would like a private letter ruling, please take a moment to review the regulation and resubmit your request with the necessary information.

Issue

1. What, if any, sales tax is due when the printer, which is located in another city:
 - a. Prints the material and ships the material to your company for mailing?
 - b. Prints and mails the material from the printer's location?

Background

Your company provides direct mail service and is located in [City and County A], Colorado. The company inserts marketing material into envelopes and mails the material to recipients who presumably are prospective customers of your clients. The marketing material is printed by another company located in another city and county. The printer has told you that local sales tax is not due if the printer prints and mails the material to the recipients, but

that local sales tax is due if the printer prints the material and ships the material to you for addressing and mailing to recipients.

Discussion

As an initial matter, I note that the department does not administer the sales or use taxes of home-rule cities and counties. Both cities mentioned in your letter are home-rule cities and/or counties. You may want to contact the revenue departments of these cities for more information about whether their city sales or use taxes apply to the transactions you describe. For a complete list of cities, counties and special districts administered by the department and a list of home rule cities and counties, see our publication DR 1002, which you can view on our web site at www.revenue.state.co.us and click on Taxation > Forms > Businesses > Sales and Use.

The department administers sale tax of counties (except for home-rule counties, such as Denver). The printer is located in the [City B], which straddles two counties ([County C and D]) whose sales taxes are administered by the department. Therefore, this response is limited to the sales tax imposed by those two counties.

Both counties impose sales tax on the sale of tangible personal property. For a general discussion of applicability of sales and use taxes on the sale of printed material by printers, see DOR FYI Sales 47, which you can view by visiting our web site at www.revenue.state.co.us and click on Taxation > FYIs > Sales Tax > FYI Sales 47.

However, Colorado law states that a retailer, who delivers its goods to a consumer in another county, should not collect sales tax of the county in which the retailer resides. §29-2-105(1)(b), C.R.S. (“[A]ll retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to a destination outside the limits of the local taxing entity or to a common carrier for delivery to a destination outside the limits of the incorporated town, city, or county.”). For a general discussion of a retailer’s obligation to collect local sales taxes administered by the department, see FYI Sales 62.

You should be aware that the [City and County A] may impose a tax on goods delivered to consumers located within its municipal boundaries. Also, the [City B] may impose a sale or use tax for goods delivered outside its municipal boundaries. As noted above, the department does not administer sales or use taxes of these home-rule cities and you may wish to contact them for more information about their taxes.

Pursuant to state law, the Department is required to make publish redacted responses to requests for general informational letters. Your letter requesting this informational letter is not made public. See, §24-35-103.5(13), C.R.S. The regulation governing informational letters is available on our web site at:

<http://www.revenue.state.co.us/taxstatutesregs/3921reg24-35-103.5.html>

I enclose a proposed redacted version of this letter. Please contact me within 60 days from the date of this letter if you have any questions, comments or concerns about the redacted letter.

I hope this is helpful. Please feel free to contact me if you have any questions.

Sincerely,

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