

Sales and Use Tax - (Consumer Use Tax)

What is Consumer Use Tax?

Use tax is a complement to sales tax. The consumer use tax rate in Colorado is 2.9 percent and is paid by businesses and individuals who purchase goods when the seller did not collect state sales tax. State Sales or Use tax is required to be paid on all non-exempt tangible personal property sold, leased or delivered in Colorado for use, storage, distribution or consumption in Colorado.

Because sales tax is imposed only on retail sales, which are defined by regulation as sales to the user or consumer of property or services sold, use tax does not apply to the storage, use or consumption of tangible personal property purchased by a licensed retailer for resale within the regular course of a business.

The primary purpose of the "use tax" is to impose a tax upon the privilege of storing, using or consuming any tangible personal property purchased at retail. The "use tax" is complementary to the sales tax in situations where a sales tax cannot be collected, or has not, for any reason, been collected in the course of the retail transaction. A sale by any licensed or unlicensed vendor to a user or consumer and not for resale is a retail sale.

The obligation for the payment of the tax is upon the user whether the tax is called a "sales" tax or a "use" tax.

There are specific exemptions from sales and use tax in Colorado.

See Regulation (39-)26-202