

# ***FYI – For Your Information***

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## ***Special Regulation: Tools, Jigs, Dies, Patterns, Molds, Etc.***

A person who makes and sells tools, jigs, dies, patterns, molds, and similar items to a customer for use in his manufacturing or processing, is making retail sales of the articles and is required to collect and remit the sales tax. After using such items the purchaser may resell them (as to the customer for whom he is manufacturing articles); however, such resale does not exempt the sale first described above because that customer purchased the article primarily for use and not for resale. If an article is sold to a customer after use by the seller, the sale is taxable.

Tools, jigs, dies, patterns, molds or other similar items that qualify as manufacturing machinery, parts thereof or machine tools are exempt from tax (See, §39-26-114(11), C.R.S. for the general sales tax exemption and §39-30-106, C.R.S. for exemptions of such items in enterprise zones). Molds or similar machine tools are exempt when held and used by a subcontract parts producer if the tools would have been exempt in the hands of the manufacturer. Special districts, municipalities and counties have an option to exempt machines and machine tools from their local taxes. See Department publication DRP 1002 for a complete listing of local jurisdictions that exempt these items.



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Assistance:  
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