

STATE OF COLORADO

DEPARTMENT OF REVENUE

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Bill Ritter, Jr.
Governor

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GIL-2007-12

XXXXXXXXXXXXXX
Attn: XXXXXXXXXXXX
XXXXXXXXXXXXXX
XXXXXXXXXXXXXX

December 4, 2007

Re: local sales tax liability

Dear XXXXXXXXXXXX,

This letter is in response to your letters to the Colorado Department of Revenue, dated June 11, 2007, re: the taxability of products and services. We apologize for the time it has taken to respond to your inquiry.

Issue

Under what circumstances must [Company] collect local sales taxes?

Background

[Company] Building Products is registered with the department to collect and remit sales and use taxes. [Company] has one store located in Colorado and it is located within the city limits of the [Colorado city]. [Company] also ships products into the state from locations outside the state. The company uses both common carriers and its own vehicles to make deliveries of its products, and that these deliveries included destinations outside [Colorado city]'s limits, including locations that are within other counties and within special districts that levy sales and use taxes administered by the department.

Discussion

You ask a series of questions regarding your responsibilities to collect local sales and use taxes. As an initial matter, it is important to understand that the Department does not administer city or county use taxes on building materials and supplies, nor the sales and use taxes of home-rule cities and counties. You should contact those jurisdictions for information about your responsibilities for collecting those taxes.

The responses below are premised on the assumption that your business activities within the other cities, counties, special districts are limited to making deliveries, and that you do not engage in any other activity in those jurisdictions related to the sale, such as construction, repair, maintenance. If your activities are more than what is presumed here, you likely have sufficient contacts with the special districts to be required to collect their use tax.

1. *In addition to state sales tax, which state-administered local sales or use taxes should [Company] collect from its customers?*

For deliveries within [Colorado city] limits, [Company] must collect [Colorado] county sales tax. The department does not administer [Colorado city]'s sales tax. For deliveries into a state-administered city, [Company] is not required to collect the city sales tax. Please note that state administered cities often levy a use tax on building

materials and supplies, but the department does not administer the cities' use tax. You should contact the city for information about your collection responsibilities. For deliveries into a special district (e.g., RTD, SCFD, Football District, Pikes Peak Rural Transportation Authority), [Company] is not required to collect sales tax of the special district. However, special districts also levy use tax on the same property and services that are subject to sales tax, including building materials and supplies. Therefore, if [Company] regularly makes deliveries into a special district, then [Company] should collect the special district's use tax.

You can read more about your collection responsibilities for local jurisdictions in the department's FYI Sales 62. You can view and download this publication by visiting our web site at: www.revenue.state.co.us (go to Taxation > FYIs > Sales Tax).

2. *On which returns should the taxes collected be remitted upon?*

Sales taxes are reported on DR 0100.

3. *How many locations should the Taxpayer show on their return(s) from question 2?*

Sales tax for special districts will be a separate branch with its own DR 0100.

The Department offers a variety of easy-to-use services related to your collection responsibilities. These include:

Sales Tax Information System – an electronic system, accessible both on the web and by telephone, that lists the sales tax rates for every city, county, and special district in Colorado. See, www.revenue.state.co.us (go to Taxation > Online Services > Local Tax Rates).

Local Tax Rates by Address – an electronic system, accessible on the web, that identifies the city, county, and special district(s) in which any address is located. Please note that this service is offered by private companies (which are linked to the department's web site) and a small charge may apply. Go to Taxation > Online Services > Local Tax Rates by Address.

DRP 1002 – This department publication lists all cities, counties, special districts, and their sales tax, use tax, and exemptions. Go to Taxation > Forms > Businesses > Sales and Use Tax.

Call Center – talk to a live agent who can assist you on tax questions, forms, and other tax issues. (303)238-7378.

Finally, the Department makes a good faith effort to provide accurate and complete answers to questions posed to it by taxpayers. However, the information and answers provided here are not binding on the Colorado Department of Revenue, nor do they replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved this response.

Respectfully,

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