City and County of Denver

Introduction to Sales and Retailer’s Use Tax

Part One of Two
The tax rates used during this presentation were valid and correct at time of recording. Rates may have changed since the recording, please visit

www.denvergov.org/treasury for Denver’s tax rates and

The Denver Revised Municipal Code (DRMC) Chapter 53 imposes tax on the purchase price paid on retail sales, leases and rentals of tangible personal property and certain services.

The tax collected by retailers for the City and County of Denver is public money. The retailer must hold and pay the tax to Denver on the sales tax returns when due.

Sales tax is also known as a “trust” tax.

Section 53-70 & 53-120
Am I required to collect sales tax?

Yes, if you are engaged in business in Denver (performing any activity in connection with selling, leasing or delivering).

- **Sales Tax License** – for businesses located inside Denver making taxable retail sales in Denver.
- **Retailers Use Tax License** – for businesses located outside of Denver but engaged in business in Denver.

Tax Guide # 22
Section 53-70 & 53-120

www.denvergov.org/treasury
**Tax Rates**

### General Rate
- 4.81%
- 4.00%
- **8.81%**

### Special Rates

#### Food & Beverage Rate
- 4.00%
- **8.00%**

#### Short-Term Vehicle Rental Rate
- 7.25%
- 4.00%
- **11.25%**

#### Lodger’s Rate*
- 10.75%
- 4.00%
- **14.75%**

#### Aviation and Rail Fuel Rate
- **$.04/gallon**

For Current Tax Rates Visit [www.colorado.gov/revenue/tax](http://www.colorado.gov/revenue/tax)

Section 53-56
Sales tax is imposed on the six following categories:

1. Tangible Personal Property (TPP)
2. Telephone & Telecommunications Services
3. Coal, Petroleum, Electricity, Gas, etc.
4. Prepared Food & Drink
5. Informational and Entertainment Services
6. Digital Products and Software
Sales Tax – Tangible Personal Property

corporeal personal property

Section 53-53(23)
INVOICE

Total Animal experience Company, Inc.
1436 Bob St.
Denver, CO 80842
Phone 303.555.0190

DATE: February 15, 2021
INVOICE # 102
DELIVERY METHOD CPU

Bill To:
Jane Doe
456 Miller St.
Denver, CO 80202

Ship To:

DESCRIPTION AMOUNT
15 lb. Bag of Total Animal Dog Food T $30.00
Beagle T $300.00
2 lb. Dog Treats T $15.00
Lab Tests on Beagle $50.00

SUB TOTAL $395.00
TAX (8.81%) on $345 $34.80

TOTAL $429.80

THANK YOU FOR YOUR BUSINESS!

www.denvergov.org/treasury
any **two-way interactive** electromagnetic communications including, but not limited to, voice, image, data and any other information, by the use of any means but not limited to wire, cable, fiber optical cable, microwave, radio wave or any combinations of such media.

Section 53-53(36) & 53-103(40)
Utility Services

Coal, Petroleum, Electricity, Gas etc.

Upon the purchase price or charge for coal, petroleum, liquid petroleum, electric, steam and natural gas services, and any other products used for energy-producing purposes, whether furnished by municipal, public or private corporations or associations, furnished and sold for domestic, commercial or industrial consumption and not for resale.

Section 53-54(4) & 53-104(4)
Prepared Food and Drink is **Taxable**

- Restaurants, Cafes, Lunch Counters, etc.
- Prepared food purchased at a grocery store

Food purchased for domestic home consumption is **Non-Taxable**

- Grocery Store

### Food & Beverage Rate

- 4.00%
- 4.00%
- 8.00%
Miscellaneous charges related to the sale of items applicable to the Food or Drink tax

Mandatory Gratuity

Cover Charge

Employee Meals

Section 53-54(5)
Informational & Entertainment Services

• Entertainment and Informational services, include, but are not limited to, the right to access databases, digital products, digital images, audio works, audio-visual works, digital books, internet subscription services, sound system services, and electronic or internet purchases of data, data research, data analysis, data filtering, or record compiling.
• Sales of cable television services
• Sales of music or sound system services
• Includes Tangible or Intangible
• delivered through any medium (via disks, online, email, etc.)

Section 53-54(6) & 53-104(6)
## INVOICE

Total Animal experience Company, Inc.
1436 Bob St.
Denver, CO 80842
Phone 303.555.0190   Fax 303.555.0191

**DATE:** February 15, 2021

**INVOICE #** 115

**Ship To:**
Jane Doe
456 Miller St.
Denver, CO 80202

**Bill To:**
Jane Doe
456 Miller St.
Denver, CO 80202

**DELIVERY METHOD**
Shipped

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Subscription about Beagles</td>
<td>$200.00</td>
</tr>
<tr>
<td>&quot;All You Need to Know About Beagles&quot; Book</td>
<td>$25.00</td>
</tr>
</tbody>
</table>

**SUB TOTAL** $225.00

**TAX (8.81%) on $225** $19.82

**TOTAL** $244.82

THANK YOU FOR YOUR BUSINESS!

Delivered online and still taxable.
Data processing equipment and data processing programs

Section 53-54(7) & 53-104(7)

www.denvergov.org/treasury
Types of Software

Pre-Written Software
- Prepared for multiple users
- “Off-the-shelf,” “shrink-wrapped,” or “canned”
- Typically purchased at a store or downloaded online
- Annual license renewal

Custom Software Program
- Software prepared for a single customer

Terms:
“Data Processing program” and “software” are used interchangeably and includes:
- Updates
- Upgrades
- Patches
- User exits
- Apps

www.denvergov.org/treasury
Software Taxability

Elements to determine taxability
• Sale/storage/use/distribution or consumption must occur in Denver
• Must be a retailer and retail purchaser
• Transfer of title or possession or both
• Consideration must be given for transfer of title or possession

Taxability includes:
• Mandatory service charges

Taxability does not include:
• Wholesale Sales
• Non-mandatory service charges
• Sale of Personal Services

Refer to Tax Guide 18, Software for more info.
Software – Invoice example

Separately stated tech support is a service and is non-taxable. Initial software purchase is taxable. Annual maintenance agreement is taxable.

Total Animal experience Company, Inc.
1436 Bob St.
Denver, CO 80842
Phone 303.555.0190 Fax 303.555.0191

INVOICE

DATE: February 15, 2021
INVOICE # 117
CPU

DELIVERY METHOD

Bill To: Jane Doe
456 Miller St.
Denver, CO 80202

Ship To: [Image]

DESCRIPTION AMOUNT

"Monitor Your Dog's Health" Software T $1,500.00
Annual Software Maintenance (2/8/15-2/7/16) T $750.00
Tech Support - 10 hours phone support $100.00

SUB TOTAL $2,350.00
TAX (8.81%) on $2,250 $198.23

TOTAL $2,548.23

THANK YOU FOR YOUR BUSINESS!

www.denvergov.org/treasury
THIS CONCLUDES OUR PRESENTATION FOR SALES/RETAILER’S USE TAX PART ONE

CONTINUE WITH SALES/ RETAILER’S USE TAX TAX PART TWO

www.denvergov.org/treasury