City and County of Denver

Introduction to
Sales & Retailer’s Use Tax
Part Two 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](http://www.denvergov.org/treasury) for Denver’s tax rates and [www.colorado.gov/tax](http://www.colorado.gov/tax) for current state wide tax rates.
The gross value of all materials, labor and services, inclusive of profit

- Manufacturing labor

Transportation and delivery charges

- Freight
- Fuel surcharge
- Shipping and handling

Without any discount from the price

Any other expense whatsoever

Section 53-53(21) & 53-103(23)
"Manufacturing" means the operation or performance of an integrated series of operations which places a product, article, substance, commodity, or other tangible personal property in a form, composition or character different from that in which it was acquired whether for sale or for use by a manufacturer. The change in form, composition or character must result in a different product having a distinctive name, character or use from the raw or prepared materials.

Section 53-53(16) & 53-103(17)
Purchase price includes fabrication labor. Even if the fabrication labor is separately stated, it is still taxable.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Food</td>
<td>$30.00</td>
</tr>
<tr>
<td>Dog House</td>
<td>$100.00</td>
</tr>
<tr>
<td>Fabrication Labor</td>
<td>$400.00</td>
</tr>
<tr>
<td><strong>SUB TOTAL</strong></td>
<td>$530.00</td>
</tr>
<tr>
<td><strong>TAX (8.81%) on $530</strong></td>
<td>$46.69</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$576.69</td>
</tr>
</tbody>
</table>
Purchase Price

- The gross value of all materials, labor and services, inclusive of profit
  - Manufacturing labor
- Transportation and delivery charges
  - Freight
  - Fuel surcharge
  - Shipping and handling
- Without any discount from the price
- Any other expense whatsoever

Section 53-53(21) & 53-103(23)
Total Animal experience Company, Inc.
1436 Bob St.
Denver, CO 80842
Phone 303.555.0190

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

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

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
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</tr>
</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Food</td>
<td>T</td>
</tr>
<tr>
<td></td>
<td>$ 25.00</td>
</tr>
<tr>
<td>Ball - Dog Toy</td>
<td>T</td>
</tr>
<tr>
<td></td>
<td>$ 5.00</td>
</tr>
<tr>
<td>2 lb. Dog Treats</td>
<td>T</td>
</tr>
<tr>
<td></td>
<td>$ 15.00</td>
</tr>
<tr>
<td>Dog Bones</td>
<td>T</td>
</tr>
<tr>
<td></td>
<td>$ 25.00</td>
</tr>
<tr>
<td>Freight charge</td>
<td>T</td>
</tr>
<tr>
<td></td>
<td>$ 5.00</td>
</tr>
<tr>
<td>Fuel surcharge</td>
<td>T</td>
</tr>
<tr>
<td></td>
<td>$ 5.00</td>
</tr>
</tbody>
</table>

SUB TOTAL $ 80.00
TAX (8.81%) on $80 $ 7.05
TOTAL $ 87.05

THANK YOU FOR YOUR BUSINESS!

www.denvergov.org/treasury

Freight & fuel charges are taxable by Denver
Purchase Price

- The gross value of all materials, labor and services, inclusive of profit
  - Manufacturing labor
- Transportation and delivery charges
  - Freight
  - Fuel surcharge
  - Shipping and handling
- Without any discount from the price
- Any other expense whatsoever

Section 53-53(21) & 53-103(23)
Cash discounts do not reduce the taxable purchase price.

<table>
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<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Food</td>
<td>$25.00</td>
</tr>
<tr>
<td>Ball - Dog Toy</td>
<td>$5.00</td>
</tr>
<tr>
<td>2 lb. Dog Treats</td>
<td>$15.00</td>
</tr>
<tr>
<td>Dog Bones</td>
<td>$25.00</td>
</tr>
</tbody>
</table>

**SUB TOTAL** $70.00

**TAX (8.81%) on $70** $6.17

**TOTAL** $76.17

If paid by March 7th take a 10% discount. Invoice total will be $65.36

THANK YOU FOR YOUR BUSINESS!

www.denvergov.org/treasury
Trade or quantity discounts do reduce the taxable purchase price.

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**INVOICE**

**Total Animal experience Company, Inc.**

1436 Bob St.
Denver, CO 80842
Phone 303.555.0190

**DATE:** February 15, 2021

**INVOICE #** 240

**DELIVERY METHOD** Shipped

**Bill To:**
Fido's Day Care
759 Vine St.
Denver, CO 80202

**Ship To:** Same

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Treats (50 bags)</td>
<td>$250.00</td>
</tr>
<tr>
<td>Trade discount (10%) for ordering over 10 bags</td>
<td>$(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!**
Purchase Price

- The gross value of all materials, labor and services, inclusive of profit
  - Manufacturing labor
- Transportation and delivery charges
  - Freight
  - Fuel surcharge
  - Shipping and handling
- Without any discount from the price
- Any other expense whatsoever

Section 53-53(21) & 53-103(23)
The consideration received for labor or services used in **installing, applying, remodeling or repairing** the property sold if the consideration for such services is separately stated from the consideration received for the tangible personal property in the retail sale.

Exempt Labor

Not included in the Purchase Price

Section 53-53(21) & 53-103(23)
The separately stated installation labor is non-taxable.

---

**Total Animal experience Company, Inc.**

**INVOICE**

1436 Bob St.  
Denver, CO 80842  
Phone 303.555.0190

**DATE:** February 15, 2021  
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**Bill To:**  
Fido's Day Care  
759 Vine St.  
Denver, CO 80202

**Ship To:**  
Same

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<th>DESCRIPTION</th>
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</tr>
</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Treats (50 bags)</td>
<td>$250.00</td>
</tr>
<tr>
<td>Installation</td>
<td>$75.00</td>
</tr>
</tbody>
</table>

**SUB TOTAL**  
$325.00

**TAX (8.81%) on $250**  
$22.03

**TOTAL**  
$347.03

**THANK YOU FOR YOUR BUSINESS!**

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www.denvergov.org/treasury
Not Included in the Purchase Price

- Interest
- Finance charges
- Must be separately stated on the invoice

Section 53-53(21) & 53-103(23)
Finance Charges

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

DATE: February 15, 2021
INVOICE # 240
DELIVERY METHOD Shipped

Bill To: Fido's Day Care
Ship To: Same
759 Vine St.
Denver, CO  80202

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<tr>
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</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Treats (50 bags)</td>
<td>$250.00</td>
</tr>
<tr>
<td>Finance charge for late payment</td>
<td>$25.00</td>
</tr>
</tbody>
</table>

SUB TOTAL                                           $275.00
TAX (8.81%) on $250                                  $22.03

TOTAL                                                $297.03

THANK YOU FOR YOUR BUSINESS!

The separately stated finance charge is non-taxable
Which jurisdiction’s sales tax should I charge?

**Delivery**
If the item was delivered to the customer, the tax is due where the delivery took place.

**VS.**

**Pick-Up**
If the item was picked-up at the vendors location, the tax is due where the item was picked-up.
Customer Pick Up

These items were picked-up by the customer. Tax is due in the jurisdiction where the items were picked-up.

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

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

<table>
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<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Food</td>
<td>$30.00</td>
</tr>
<tr>
<td>Beagle</td>
<td>$300.00</td>
</tr>
<tr>
<td>2 lb. Dog Treats</td>
<td>$15.00</td>
</tr>
<tr>
<td>Lab Tests on Beagle</td>
<td>$50.00</td>
</tr>
</tbody>
</table>

SUB TOTAL $395.00
TAX (8.81%) on $345 $30.39

TOTAL $425.39

THANK YOU FOR YOUR BUSINESS!
Delivered to purchaser’s location

These items were delivered to the customer. Tax is due in the jurisdiction where delivery will take place.

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 # 185

DELIVERY METHOD Shipped

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

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

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<td>15 lb. Bag of Total Animal Dog Food</td>
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SUB TOTAL $ 80.00

TAX (8.81%) on $80 $  7.05

TOTAL $ 87.05

THANK YOU FOR YOUR BUSINESS!

www.denvergov.org/treasury
If the item is delivered, it is extremely important to verify the correct jurisdiction in which the delivery will take place.

Sheridan Blvd and 26th Ave.

City of Wheat Ridge
Jefferson County

City of Edgewater
Jefferson County

City and County of Denver
Hold Harmless Address Database
(Tax Guide #94)

- Retailers making sales in Denver are authorized to use a State Department of Revenue certified electronic address database to determine the proper jurisdictions to which tax is owed. If the retailer relied upon the certified database at the time of the sale, and, as a result of an error in the database, did not charge and collect Denver tax on a sale delivered to Denver, the retailer shall be held harmless for any tax, penalties, and interest due on the specific transaction.

- [https://colorado.ttr.services](https://colorado.ttr.services)
Sales Tax – Motor Vehicles

EXCEPTION!

Sales Tax on Business Vehicles

Sales tax should be assessed based upon where the vehicle is principally operated and maintained.

www.denvergov.org/treasury
Sales Tax – Exemptions

Exemptions

Sale
- Taxable
- Non-Taxable
- Exempt

Resale
- Sales Tax Certificate
- Verify Line of Business

Government
- Proof of Direct Payment

Hospitals
- Non-Profit Only
- Proof of Direct Payment

Charitable Organizations
- Proof of Direct Payment
- 501(C)3 Letter from the IRS

Section 53-55 & 53-105

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Sales Tax – Proof of Exemption

Proof of Direct Payment – suggestion to use Affidavit of Exempt Sale at time of transaction

Cash
- Affidavit of Exempt Sale
- copy of purchase order

Credit Card
- Affidavit of Exempt Sale
- Do not copy credit card

Check
-Affidavit of Exempt Sale
- copy of check

Section 53-55 & 53-105
THIS CONCLUDES OUR PRESENTATION ON SALES/RETAILER’S USE TAX

CONTINUE YOUR DENVER TAX EDUCATION BY VIEWING OUR OTHER TAX TUTORIALS

www.denvergov.org/treasury