



DENVER
THE MILE HIGH CITY

City and County of Denver

Introduction to
Sales & Retailer's Use Tax
Part Two of Two

FOR CITY SERVICES VISIT | CALL
DenverGov.org | **311**

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

www.colorado.gov/tax

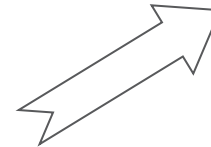
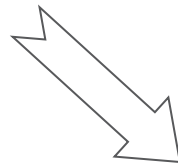
for current state wide tax rates.

Sales Tax – 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

Sales Tax - Retail price example

*"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.***





Manufacturing or Fabrication Labor

Purchase price includes fabrication labor. Even if the fabrication labor is separately stated, it is still taxable.



Total Animal experience Company, Inc.		INVOICE	
1436 Bob St.	DATE:	February 15, 2021	
Denver, CO 80842	INVOICE #	160	
Phone 303.555.0190	DELIVERY METHOD	CPU	
Bill To:	Ship To:		
Jane Doe			
456 Miller St.			
Denver, CO 80202			
DESCRIPTION		AMOUNT	
15 lb. Bag of Total Animal Dog Food	T	\$	30.00
<u>Dog House</u>			
Materials	T	\$	100.00
Fabrication Labor	T	\$	400.00
SUB TOTAL		\$	530.00
TAX (8.81%) on \$530		\$	46.69
TOTAL		\$	576.69
THANK YOU FOR YOUR BUSINESS!			

Purchase Price

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



Freight

Total Animal experience Company, Inc.

1436 Bob St.
Denver, CO 80842
Phone 303.555.0190

DATE:
INVOICE #

February 15, 2021
185

INVOICE

DELIVERY METHOD

Shipped

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

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

DESCRIPTION		AMOUNT
15 lb. Bag of Total Animal Dog Food	T	\$ 25.00
Ball - Dog Toy	T	\$ 5.00
2 lb. Dog Treats	T	\$ 15.00
Dog Bones	T	\$ 25.00
Freight charge	T	\$ 5.00
Fuel surcharge	T	\$ 5.00
SUB TOTAL		\$ 80.00
TAX (8.81%) on \$80		\$7.05
TOTAL		\$ 87.05

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
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 - Shipping and handling
- ❖ Without any discount from the price
- ❖ Any other expense whatsoever



Cash Discount

Total Animal experience Company, Inc.		INVOICE	
1436 Bob St. Denver, CO 80842 Phone 303.555.0190		DATE: INVOICE #	February 15, 2021 185
		DELIVERY METHOD	<i>Shipped</i>
Bill To: Jane Doe 456 Miller St. Denver, CO 80202	Ship To: Jane Doe 456 Miller St. Denver, CO 80202		
DESCRIPTION		AMOUNT	
15 lb. Bag of Total Animal Dog Food	T	\$	25.00
Ball - Dog Toy	T	\$	5.00
2 lb. Dog Treats	T	\$	15.00
Dog Bones	T	\$	25.00
SUB TOTAL		\$	70.00
TAX (8.81%) on \$70			\$6.17
TOTAL		\$	76.17
If paid by March 7 th take a 10% discount. Invoice total will be \$65.36			
THANK YOU FOR YOUR BUSINESS!			

Cash discounts do not reduce the taxable purchase price.

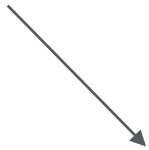


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www.denvergov.org



Trade Discount

Trade or quantity discounts **do** reduce the taxable purchase price.



Total Animal experience Company, Inc.		INVOICE	
1436 Bob St.	DATE:	February 15, 2021	
Denver, CO 80842	INVOICE #	240	
Phone 303.555.0190	DELIVERY METHOD	<i>Shipped</i>	
Bill To:	Ship To:		
Fido's Day Care	Same		
759 Vine St.			
Denver, CO 80202			
DESCRIPTION		AMOUNT	
15 lb. Bag of Total Animal Dog Treats (50 bags)	T	\$	250.00
Trade discount (10%) for ordering over 10 bags	T	\$	(25.00)
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

Not included in the Purchase Price

Exempt Labor

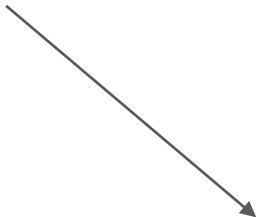


The consideration received for labor or services used in **installing, applying, remodeling or repairing** the property sold if the consideration for such services is separately stated from the consideration received for the tangible personal property in the retail sale.



Exempt Labor

The separately
stated
installation
labor is non-
taxable



Total Animal experience Company, Inc.

INVOICE

1436 Bob St.

DATE:

February 15, 2021

Denver, CO 80842
Phone 303.555.0190

INVOICE #

240

DELIVERY METHOD

Shipped

Bill To:
Fido's Day Care

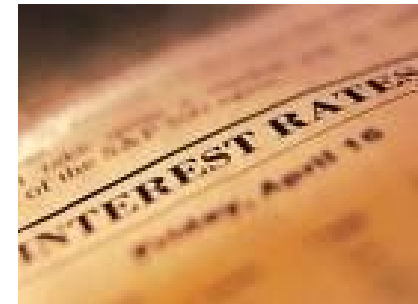
Ship To:
Same

759 Vine St.
Denver, CO 80202

DESCRIPTION		AMOUNT
15 lb. Bag of Total Animal Dog Treats (50 bags)	T	\$ 250.00
Installation		\$ 75.00
SUB TOTAL		\$ 325.00
TAX (8.81%) on \$250		\$ 22.03
TOTAL		\$ 347.03

THANK YOU FOR YOUR BUSINESS!

Not Included in the Purchase Price



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



Finance Charges

The separately stated finance charge is non-taxable

Total Animal experience Company, Inc.		INVOICE	
1436 Bob St.	DATE:	February 15, 2021	
Denver, CO 80842	INVOICE #	240	
Phone 303.555.0190 Fax 303.555.0191	DELIVERY METHOD	<i>Shipped</i>	
Bill To:	Ship To:		
Fido's Day Care	Same		
759 Vine St.			
Denver, CO 80202			
DESCRIPTION		AMOUNT	
15 lb. Bag of Total Animal Dog Treats (50 bags)	T	\$	250.00
Finance charge for late payment		\$	25.00
SUB TOTAL		\$	275.00
TAX (8.81%) on \$250		\$	22.03
TOTAL		\$	297.03
THANK YOU FOR YOUR BUSINESS!			

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

Total Animal experience Company, Inc. 1436 Bob St. Denver, CO 80842 Phone 303.555.0190		DATE: February 15, 2021	INVOICE
		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		\$	30.39
TOTAL		\$	425.39
THANK YOU FOR YOUR BUSINESS!			

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



Delivered to purchaser's location

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

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

DESCRIPTION		AMOUNT
15 lb. Bag of Total Animal Dog Food	T	\$ 25.00
Ball - Dog Toy	T	\$ 5.00
2 lb. Dog Treats	T	\$ 15.00
Dog Bones	T	\$ 25.00
Freight charge	T	\$ 5.00
Fuel surcharge	T	\$ 5.00
SUB TOTAL		\$ 80.00
TAX (8.81%) on \$80		\$ 7.05
TOTAL		\$ 87.05

THANK YOU FOR YOUR BUSINESS!

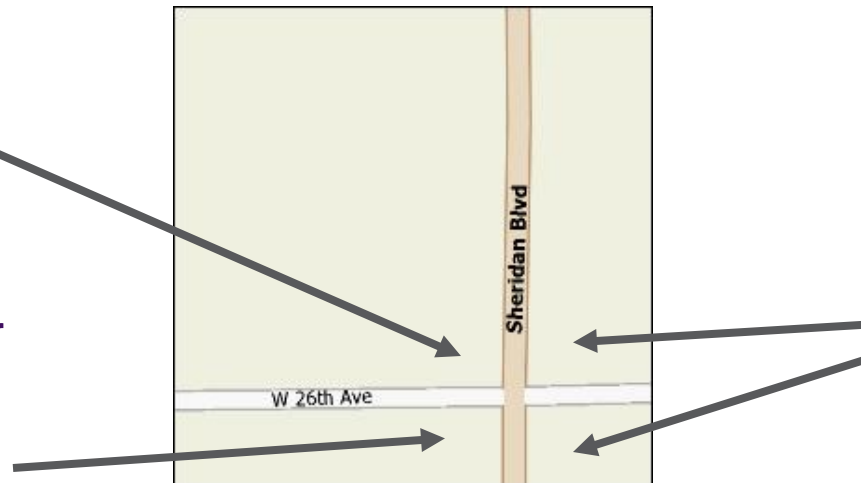
Sales Tax – jurisdiction issues

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>

EXCEPTION!

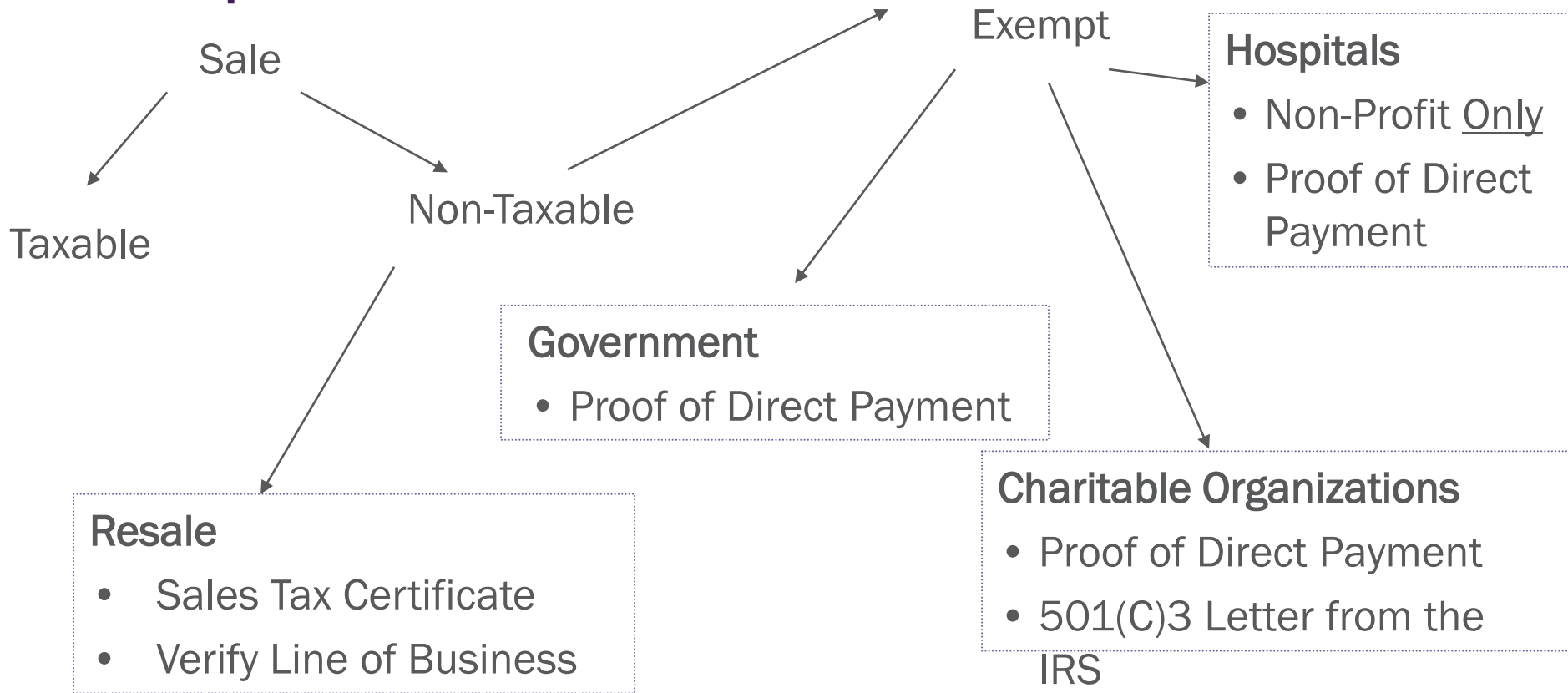
Sales Tax on Business Vehicles



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



Exemptions



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



Check

- Affidavit of Exempt Sale
- copy of check

Credit Card

- Affidavit of Exempt Sale
- Do not copy credit card



**THIS CONCLUDES OUR PRESENTATION ON
SALES/RETAILER'S USE TAX**

**CONTINUE YOUR DENVER TAX EDUCATION BY
VIEWING OUR OTHER TAX TUTORIALS**

