The Denver Revised Municipal Code (DRMC) exempts sales to charitable organizations from sales, use, lodger’s and facilities development admission taxes when the sales are: (1) billed to the charitable organization; (2) are paid directly from funds of the charitable organization; and (3) are used exclusively for the charitable organization’s organizational or operational purposes.

DEFINITION OF CHARITABLE ORGANIZATION
A “charitable organization” means any organization that has been exempted from federal income tax as a nonprofit organization in good standing under section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended.

DOCUMENTATION REQUIRED
To properly document exempt sales, vendors should retain a copy of the charitable organization’s 501(c)(3) determination letter, a screen shot of the IRS Charitable Organization search page showing the organization’s exemption is still valid, and documentation showing direct payment from the charitable organization. The “Standard Municipal Home Rule Affidavit of Exempt Sale” found on the Denver Treasury website www.DenverGov.org/Treasury is recommended to document that a sale to a charitable organization qualifies for Denver tax exemption.

CHARITABLE TRANSACTIONS
To be exempt, purchases made by a qualifying charitable organization must be billed to the organization and paid directly from the funds of the organization. A "petty cash" purchase must be authorized by an official purchase order of the exempt organization. The purchase order must be maintained by the vendor as a basis for exempting the sale.

The following transactions are not exempt:

A. Sales between the exempt organization and its members;
B. Sales of tangible personal property, products, or services to the public, even though the property, products, or services sold was acquired by the charitable corporation as a gift or donation or that the proceeds of the sale are to be used for charitable purposes;
C. Banquets or other activities where the participants buy a ticket or reimburse the organization for the meal or lodging;
D. Purchase of a taxable item, such as a room or meal, paid for with the personal funds of an individual (i.e., check, credit card, or cash), even though the funds may be reimbursed by the exempt corporation;
E. Purchases made by an exempt organization that are used outside of its regular organizational or operational purposes.

A construction contractor who performs a construction contract for a charitable organization is considered to be the ultimate user of the materials used to fulfill the construction contract. As a result, the materials used to fulfill the construction contract are subject to Denver’s sales and/or use tax taxes.
* DRMC Section 53-2(a)(1). Definitions.
* DRMC Section 53-54. Imposition of sales tax.
* DRMC Section 53-55(a)(2). Exemptions.
* DRMC Section 53-104. Imposition of use tax.
* DRMC Section 53-105(a)(2). Exemptions.
* DRMC Section 53-154. Imposition of Lodger’s tax.
* DRMC Section 53-155(a)(3). Exemptions.
* DRMC Section 53-304. Imposition of FDA tax.
* DRMC Section 53-305(a)(4). Exemptions

Rules Regarding the Assessment and Collection of Sales and Use Tax on Sales and Use of Tangible Personal Property Acquired by Construction Contractors.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT DENVER TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE DRMC AND APPLICABLE RULES AND REGULATIONS.

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