

# City and County of Denver, Colorado

## TAX GUIDE

### *Topic No. 22*

## ENGAGED IN BUSINESS IN THE CITY

Those who are engaged in business in the city or who have economic nexus with the city are required to obtain a Denver sales or retailer's use tax license.

The Denver Revised Municipal Code ("DRMC") defines "engaged in business in the city" as performing or providing services or selling, leasing, renting, delivering or installing tangible personal property, products, or services for storage, use or consumption, within the city. Engaged in business in the city includes, but is not limited to, any one of the following activities:

(1) directly, indirectly, or by a subsidiary maintains a building, store, office, salesroom, warehouse, or other place of business within the taxing jurisdiction;

(2) sends one or more employees, agents or commissioned sales persons into the taxing jurisdiction to solicit business or to install, assemble, repair, service, or assist in the use of its products, or for demonstration or other reasons;

(3) maintains one or more employees, agents or commissioned sales persons on duty at a location within the taxing jurisdiction;

(4) owns, leases, rents or otherwise exercises control over real or personal property within the taxing jurisdiction; or

(5) makes retail sales sufficient to meet the definitional requirements of economic nexus as set forth in section 53-53(a)(10.3).

The DRMC defines "economic nexus" as the connection between the city and a person not having a physical nexus in the State of Colorado, which connection is established when the person or marketplace facilitator makes retail sales into the city, and:

- a. In the previous calendar year, the person, which includes a marketplace facilitator, has made retail sales into the state exceeding the amount specified in C.R.S. § 39-26-102(3)(c), as amended; or
- b. In the current calendar year, 90 days has passed following the month in which the person, which includes a marketplace facilitator, has made retail sales into the state exceeding the amount specified in C.R.S. § 39-26-102(3)(c), as amended.

Sales and retailer's use tax license applications may be obtained by registering online through Denver's eBiz Tax Center at [www.denvergov.org/ebiztax](http://www.denvergov.org/ebiztax), from [www.denvergov.org/treasury](http://www.denvergov.org/treasury), or from the Taxpayer Service Unit of the Treasury Division at 720-913-9400.

## EXAMPLES

1. ABC Draperies is located outside of Denver but has employees performing sales, installation, and delivery services in Denver in connection with retail sales. ABC Draperies is engaged in business within Denver and is required to be licensed to collect and remit Denver Retailer's Use Tax.
2. Alice's Appliances sells stoves, refrigerators and microwave ovens at its stores located in Arvada and Thornton. Alice advertises in the Denver Post and Rocky Mountain News. It also advertises on television commercials broadcast in Denver. Alice uses its own trucks to deliver and retrieve merchandise sold to its Denver customers. Alice's Appliances is engaged in business in Denver and is required to collect the applicable Denver taxes from its customers and remit them to the City.
3. Lana's of Beverly Hills operates a mail order business from a location outside of Colorado. Lana's sells merchandise throughout the United States including Denver. Lana's only connection with its Denver customers is by common carrier or the United States Postal Service. Lana's is not required to collect the Denver taxes on sales to its Denver customers. However, Lana's later builds a showroom in Denver where customers can attend fashion shows and place orders. The merchandise will continue to be shipped from its Beverly Hills store. Lana's is now required to become licensed and to collect and remit Denver taxes on all its sales to Denver customers.
4. XYZ auction house is an online vendor located outside of Colorado and makes sales delivered into Colorado exceeding the amount specified by the state and has economic nexus with the State. They are required to be licensed to collect and remit Denver's sales/use tax on any sales made to customers located in Denver. .

- \* DRMC Section 53-53(a)(10.3). Definitions – Economic nexus - Sales.
- \* DRMC Section 53-53(a)(10.5). Definitions – Engaged in Business in the City - Sales
- \* DRMC Section 53-53(a)(26). Definitions – Retail Sale – Sales.
- \* DRMC Section 53-70. Retail License - Required – Sales.
- \* DRMC Section 53-71. Retail License – Exemption - Sales.
- \* DRMC Section 53-101(b). Legislative Intent – Use.
- \* DRMC Section 53-103(a)(12). Definitions – Engaged in Business in the City – Use.
- \* DRMC Section 53-103(a)(29). Definitions – Retail Sale – Use.
- \* DRMC Section 53-120. Retail License - Required – Use.

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.