

# City and County of Denver, Colorado

## TAX GUIDE

### *Topic No. 43*

# INSURANCE COMPANIES AND AGENCIES

Insurance companies and agencies must pay sales/use tax on tangible personal property purchased for use, storage, distribution or consumption in Denver. This includes tangible personal property purchased for the benefit of a third party in the satisfaction of a claim. Also included are the purchases of tangible personal property delivered into Denver for subsequent use outside Denver.

Insurance companies making retail sales to their local agencies or independent agents are required to collect and remit sales tax.

#### EXAMPLES

- 1 The local agency of the XYZ Insurance Company orders forms and supplies through its home office which is located out-of- state. The home office then purchases the forms and supplies from a vendor. Initial delivery and storage of the forms and supplies takes place in Denver. Even though some of the forms and supplies are intended for use at sales offices outside Denver, all are taxable to Denver because delivery and storage takes place in the City.
2. Mrs. Wells, a Denver resident, insured by the XYZ Insurance Company, purchases six, 5-piece place settings of sterling silverware from ABC Jewelry for \$5,000. Mrs. Wells' home is subsequently burglarized, and the silverware is stolen. As the silverware is a specialty item and difficult to replace, the insurance company has the store handle the matter. ABC Jewelry delivers a replacement set to Mrs. Wells and bills XYZ Insurance Company for the replacement of the merchandise including sales tax. If ABC Jewelry were located outside of Denver and did not collect the sales tax, XYZ Insurance Company must then self-remit the use tax to the City.

- \* DRMC Section 53-54(a)(1). Imposition of tax.
- \* DRMC Section 53-56. Retailers to collect tax.
- \* DRMC Section 53-57. Retailer responsible for payment of tax.
- \* DRMC Section 53-104(a)(1). Imposition of tax.
- \* DRMC Section 53-106. Retailers to collect tax.
- \* DRMC Section 53-107. Retailer responsible for payment of tax.

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.