

City and County of Denver, Colorado

TAX GUIDE

Topic No. 50

LIQUOR

Exempt sales of food do not include fermented malt beverages, malt, vinous or spirituous liquors. The sales of these items do not qualify for exemption. Any food or beverages, such as liquor, that do not qualify as exempt purchases and that are not purchased with Food Stamps are taxable at 4%.

Since November 1, 1987 sales of liquor have been taxed at 4%, .5% higher than the general sales tax rate of 3.5%. The additional .5% tax is legally pledged to retire the Convention Center bonds and must be separately reported on Line 5D of the sales tax return.

Any retailer selling malt, vinous, or spirituous liquor by the drink may include the 4% tax in the sales price of the drink. This is an exception, specifically allowed by law, to the general requirement that sales tax be explicitly added to the selling price as a distinct amount.

Cooking wine, wine vinegar, and nonalcoholic cocktail mixes when purchased for domestic home consumption are exempt from taxation.

EXAMPLE

Marge goes to the local liquor store and purchases the following: 2 six packs of beer, 3 bottles of tequila, 3 bottles of triple sec, a packet of margarita mix, 2 limes, a bag of ice, and a six pack of pop. Per the DRMC, Marge pays sales tax on the beer, tequila, and triple sec. The margarita mix, limes, and pop are not subject to tax. The ice, for human consumption, is not taxed.

RELATED TAX GUIDE TOPIC

Food and Drink

- * DRMC Section 53-53(a)(13). Definitions.
- * DRMC Section 53-54. Imposition of tax.
- * DRMC Section 53-55(a)(8). Exemptions.
- * DRMC Section 53-57(b)(3). Retailers to collect tax.
- * DRMC Section 53-103(a)(14.3). Definitions.
- * DRMC Section 53-104. Imposition of tax.
- * DRMC Section 53-105(a)(8). Exemptions
- * DRMC Section 53-107(b)(3). Retailers to collect tax.
- * Rules Implementing The Exemption For Certain Food And Drink Under The City Retail Sales And City Use Tax Articles Of The Denver Revised Municipal Code

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.