PRIOR USE OF PROPERTY

When tangible personal property is first distributed, stored, used or consumed in the City more than one (1) year after its retail sale, "purchase price" shall mean its market value rather than the acquisition cost. A credit is allowed for tax paid to another municipality. However, certain tangible personal property which has been owned and used for its intended purpose for more than one year before it is moved into Denver, is exempt from use tax. That exemption does not apply to: construction equipment, tools and machinery; construction materials; or automotive vehicles.

Book value for assets subject to taxation may be used as evidence to approximate market value as long as straight-line depreciation is being used. In the case of fully depreciated property, an approximation of salvage value is required.

EXAMPLE

ABC Construction Company moves its general offices and construction equipment garage to Denver from out of state. Included in the move were the following:

A) Computer equipment purchased 6 months earlier for $12,000 on which no municipal tax was paid. Tax is due at Denver’s general rate.

B) Office furniture purchased 18 months ago for $100,000 which was immediately put in use at ABC’s previous office location. No Denver tax is due on the furniture.

C) Miscellaneous office supplies were purchased in bulk over the last two years for $3,000 and placed in storage. No municipal tax was paid. Tax is due at Denver’s general rate. A backhoe was purchased 5 years ago for $20,000 on which a 1% municipal tax or $200 was paid. Present book value is $10,000. Tax is due at Denver’s general rate on $10,000, less $200 tax paid on the original purchase).

* DRMC Section 53-101(c). Legislative intent.
* DRMC Section 53-103(6) Definitions - Automotive Vehicle
* DRMC Section 53-103(8) Definitions - Construction Equipment
* DRMC Section 53-103(9) Definitions – Construction Materials
* DRMC Section 53103(25). Definitions – Purchase or Sale
* DRMC Section 53-105(17). Exemptions.
* DRMC Section 53-114. Application to certain construction equipment.

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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