

# City and County of Denver, Colorado

## TAX GUIDE

### *Topic No. 83*

## USE TAX

The Denver Revised Municipal Code (DRMC) imposes use tax upon the privilege of using, storing, distributing, or consuming within the City, tangible personal property, products and certain services purchased at retail when there has been no previous payment of a legally imposed sales or use tax equal to or greater than the Denver rate.

The purpose of the use tax is to raise funds for the payment of expenses of operating and improving the City and its facilities, and for the payment of the principal of and interest due upon any general obligation or special revenue bonds lawfully authorized and issued by and on behalf of the City.

Retailer's use tax is generally incurred when a non-resident vendor engages in business in the City by making retail sales and collects what would otherwise be termed sales tax from its Denver customers. Retailer's use tax is the same as sales tax except that it generally results from a sale delivered into Denver by a vendor located outside the City. A vendor license is required.

Consumer use tax is imposed upon the use, storage, distribution, or consumption of taxable tangible personal property, products and certain services purchased at retail within the City. When these items are first distributed, stored, used or consumed in the City more than one year after its retail sale, "purchase price" means its market value rather than the acquisition cost. A reduction to the amount of consumer use tax due may be allowed for a legally imposed sales tax paid to other taxing authorities for the same transaction.

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 building materials, and automotive vehicles. Consumer use tax is reported on Schedule B of the combined sales/use tax return. Use tax on special rate transactions is due at the special rates. There is no fee for a consumer use tax license.

Use tax license applications may be obtained by registering online through Denver's eBay 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.

### EXAMPLE OF RETAILER USE TAX

BYN Corporation is located outside of Denver and makes retail sales into Denver. Since BYN Corporation has no Denver outlet, it would collect, and remit retailer use tax on the purchase price.

### EXAMPLES OF CONSUMER USE TAX

1. Flux-Air Corporation purchases coffee at a grocery store which did not collect any sales tax. The company is required to pay consumer food and beverage use tax at the rate of 4.0%.
2. XYZ buys a new computer from an outlet in Chicago. The vendor does not collect any sales tax. XYZ

must pay Denver's rate of consumer use tax on the purchase of this item. If the vendor had properly collected a State of Illinois and Chicago municipal tax, XYZ could be allowed a reduction to the use tax due to Denver.

RELATED TAX GUIDE TOPICS

Reduction Allowed for Previously Paid Sales or Use Taxes  
Sale and Purchase of a Business  
Sales Tax

REFERENCES

- \* DRMC Sections 53-100 through 53-149. Use 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.

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