



FYI Sales 62

Guidelines for Determining When to Collect State-Collected Local Sales Tax

GENERAL INFORMATION

The Colorado Department of Revenue is responsible for collecting and administering local sales taxes for all statutory cities, counties and special districts that impose a sales tax. Sales taxes collected by vendors in such areas are to be filed and paid through Revenue Online, www.Colorado.gov/RevenueOnline. If the taxpayer cannot file online, the taxes may be reported on the Sales Tax Return (DR 0100) and remitted to the Department of Revenue.

In some cases, home-rule city sales tax is administered and collected locally rather than by the state. The Colorado Department of Revenue has no jurisdiction over sales and use taxes imposed by home-rule cities. Taxes collected for such areas must be remitted directly to the home-rule jurisdiction. **This FYI does not address the local taxes of self-administered home-rule cities. You must contact a home-rule jurisdiction directly to obtain its tax regulations.** For detailed information about local sales tax rates in cities and counties where the state collects the tax, see Revenue Online or see publication Colorado Sales/Use Tax Rates (DR 1002). If you are a firm with multiple locations, see publication FYI Sales 58, Requirements for Sales Tax Remittance for Multiple Location Filers.

SALES TAX ON TANGIBLE PERSONAL PROPERTY

A retailer of tangible personal property with a business presence in a city, county, and/or special district must collect **all** applicable local sales taxes on transactions consummated within the boundaries of that area. This does not include the sale or purchase of motor vehicles. See "Sales Tax on Motor Vehicles" section in this FYI.

DELIVERIES OF GOODS

Local city and county **sales** taxes are **not** collected when the retailer or his agent delivers tangible personal property, via the retailer's vehicle, to a destination outside the boundaries of the vendor's local taxing jurisdiction(s) or to a common carrier for delivery outside the boundaries of the vendor's local taxing area(s). Delivery of the tangible personal property into another local taxing area does **not** require the vendor to collect the local **sales** taxes of the delivery area if the vendor does not have a business presence there. However, use taxes are due for deliveries made into special districts that impose a use tax. The use tax should be reported on the Retailers Use Tax Return (DR 0173). See DR 1002, Sales/Use Tax Rates to determine which special districts have a use tax.

Goods sold that are turned over to a contractor/subcontractor or other agent who is not primarily a common carrier for delivery outside the local taxing jurisdiction (for example, a carpet store turning over sold carpet to an independent installer who then installs the carpet for the purchaser) does **not** constitute delivery to another taxing jurisdiction under this rule. The goods are taxable in the local jurisdiction where the contractor/subcontractor picks up the goods.

Vendors making retail sales which are exempt from local sales tax due to the delivery location bear the burden of proving that delivery took place outside the taxing area. For audit purposes, retailers should maintain invoices showing specifics of such deliveries by common carriers. For deliveries with the retailer's own vehicle, the Department of Revenue recommends maintaining delivery invoices signed by the purchaser upon delivery which show date, time, place, and vehicle used.

REGIONAL TRANSPORTATION DISTRICT/SCIENTIFIC CULTURAL FACILITIES DISTRICT TAX (RTD/CD)

Because the RTD/CD has a use tax, businesses that are not located in the RTD/CD but make regular shipments into the district or have otherwise established a nexus (business presence) in the district should collect the RTD/CD tax and remit it on the Retail Sales Tax Return (DR 0100). If the RTD/CD tax is not collected by the vendor, the consumer located within the district must pay the tax on the Consumer Use Tax Return (DR 0252).

RURAL TRANSIT AUTHORITY (RTA)

Rural Transit Authority use tax must be paid if the sales are made to businesses located within the boundaries of the District. The RTA sales tax is remitted on the Sales Tax Return (DR 0100) in the special district column. The RTA consumer use tax is reported on the RTA Consumer Use Tax Return (DR 0251). The Colorado purchaser can file their consumer use tax return online at www.Colorado.gov/RevenueOnline. The online system has built-in rates for the jurisdictions applicable to the business or residence address. The system calculates the amount of tax owed based on the purchase total. See the publication Sales/Use Tax Rates (DR 1002) for RTA boundaries and amounts.

MOBILE VENDORS

Those retailers who carry their inventory with them and make sales from that inventory directly to customers are classified as mobile vendors, and all local taxes must be collected. If you have not made sales in a particular taxing area previously, email your account number, and identify the city and/or county to dor_multilocations@state.co.us

OUT-OF-STATE RETAILERS

Out-of-state retailers who file Retailer Use Tax Returns (DR 0173) are responsible for collecting state sales/use taxes (and RTD/CD/RTA taxes, if applicable) but are not required to collect sales taxes for any state-collected city or county, provided the retailer has no place of business in such state-collected city or county. Retailers that sell through a separate division over the Internet should collect local taxes for customers living in jurisdictions where they have a physical location if the customer can go to the local store to make returns, exchanges or receive service. For further information see publication, FYI Sales 5, General Sales Tax Information for Out-of-State Businesses.

BUILDING MATERIALS

Local sales tax is not due on building materials if the purchaser presents a building permit or other documentation acceptable to the local jurisdiction where the materials are purchased showing that a local use tax has been paid or is required to be paid to another local entity [§29-2-105(2), C.R.S.]. City and county use taxes on building materials are remitted directly to the local jurisdiction, not to the Department of Revenue.

INDEPENDENT DISTRIBUTORS

These distributors are not required to have a sales tax license if the company itself has a license and remits all applicable sales taxes. The local tax liability is determined by the address of the independent distributor. If you are within this category, you may contact the Department of Revenue for more information.

BOATS

Vendors of boats, boat motors and boat parts must collect all applicable state and local sales taxes as outlined above. The applicable sales and use taxes for boats are not determined the same way as they are for motor vehicles, whose taxes are based on where the vehicle is registered. However, the applicable taxes for boat trailers, which must be licensed and registered with the county clerk, are determined based on where the trailer is registered.

MOTOR VEHICLES

When the motor vehicle dealer and the purchaser reside in the same local taxing jurisdiction, the dealer **must** collect all applicable local sales taxes (special districts, county and city) in addition to the state sales tax. The state-administered taxes are to be paid to the Department on the Retail Sales Tax Return (DR 0100).

RTD/CD taxes apply to all purchasers living within the boundaries of this district. In order to facilitate titling procedures, dealers not located in the district should collect the tax from residents of the district and send the tax directly to the motor vehicle department of the purchaser's county of residence along with the title application. RTD/CD taxes are **not** applicable to purchasers buying within the district but not residing in the district.

Purchasers buying a motor vehicle outside the limits of the local taxing entity where they reside will be required to pay any locally-imposed use tax when registering the motor vehicle. As with RTD/CD tax, dealers should collect local use taxes and send them directly to the motor vehicle department of the purchaser's county of residence along with the title application.

Motor vehicles must be registered in the local jurisdiction of residence of the purchaser. For a private individual, this means the county and town where the purchaser is registered to vote. For a business purchaser, this means the business address from which the vehicle is principally operated and maintained. [§§1-2-102 and 31-10-201, C.R.S.]

Motor vehicle sales or trades between unlicensed, private individuals **are** subject to sales/use tax. The purchaser must pay the tax on the purchase price when registering and titling the vehicle.

EQUIPMENT AND OTHER TANGIBLE PERSONAL PROPERTY LEASES

Leased tangible personal property used in Colorado requires a sales tax license. The location of the delivery, use or storage of the tangible personal property determines in what local jurisdiction sales taxes will be collected. Vendors that lease tangible personal property, other than where the vendor is located, are required to collect the state and local taxes if the vendor delivers the tangible personal property or has other activity in connection with the leasing of the tangible personal property in the local jurisdiction. For additional information regarding leases, see publication FYI Sales 56, Sales Tax on Leases of Motor Vehicles and Other Tangible Personal Property.

COUNTY LODGING TAX* (CLD)

A county lodging tax shall be collected, administered and enforced in the same manner as state collected local city and county taxes. [§30-11-107.5, C.R.S.] Tax is remitted quarterly on County Lodging Tax Return (DR 1485).

LOCAL MARKETING DISTRICT TAX* (LMD)

The Local Marketing District levies a tax on lodging services including hotels, motels, condominiums and camping spaces within specific areas in Colorado. The tax is remitted quarterly on the Local Marketing District Tax Return (DR 1490).

SHORT-TERM RENTAL TAX* (STR)

Douglas County has a tax of 1% on property rented for 30 days or less (excluding motor vehicle). [§30-11-107.7, C.R.S.] Tax is remitted monthly on Colorado Short-Term Rental Tax Return (DR 1480). **NOTE:** This tax was rescinded effective January 1, 2013.

LOCAL IMPROVEMENT DISTRICT TAX* (LID)

The Local Improvement District Tax is a sales tax collected within designated areas. This tax is remitted on the DR 0100 in the city/special district column.

MASS TRANSIT DISTRICT TAX* (MTS)

The Mass Transit District Tax is a sales tax collected by the state in designated counties. The tax is remitted on the DR 0100 in the county column combined with the county tax. Exemptions are the same as the county tax.

PUBLIC SAFETY IMPROVEMENT (PSI)

Montrose County has a Public Safety Improvements sales tax of .75% with no exemptions. There is a service fee deduction of 3 1/3 % for timely filed returns. Use tax is not allowed. The tax is reported in the special district column of the sales tax return, DR 0100. [§30-11-107.9, C.R.S.]

METROPOLITAN DISTRICT TAX (MDT)

The Metropolitan District Tax is a street improvement, safety protection or transportation services tax. The tax is a sales tax for specific locations. The tax is remitted on form DR 0100 in the special district column.

MULTI-JURISDICTIONAL HOUSING AUTHORITY TAX (MHA)

Summit County has a Multi-Jurisdictional Housing Authority Tax. This tax applies to all retail businesses within Summit County. The tax is computed in special district column, of the Retail Sales Tax Return (DR 0100). A use tax of .125% applies when registering a motor vehicle in Summit County purchased or leased by a resident from an out-of-area dealer or leasing company.

A NOTE ON USE TAX

Use tax must be paid by the purchaser of goods stored, used, or consumed by the purchaser where the seller did not or could not collect sales taxes. [§39-26-202, C.R.S.] This would include, for example, purchases by mail from an out-of-state business which is not collecting Colorado sales tax. It would also include goods and equipment purchased tax-exempt by a business and used by the business rather than being placed in inventory for re-sale.

Merchandise that is purchased tax free for resale but later removed from inventory and used by the business must be reported on the Retail Sales Tax Return (DR 0100) and all applicable state and local sales taxes remitted.

Except for certain special districts which levy a sales tax, state-administered local jurisdictions do not have a use tax except that, at local jurisdictions' election, they may impose a use tax on building materials and/or motor vehicles. The RTD/CD (a combined special district which levies a sales/use tax) and RTA (see RTA section within this FYI) require a use tax be paid on all taxable goods in situations where sales tax is not collected.

DIRECT PAY PERMITS

Direct Pay Permits cannot be used to pay county lodging tax and/or county short-term rental tax and must be collected by the retailer. [§§30-11-107.5 and 30-11-107.7, C.R.S.] See FYI Sales 78, Direct Pay Permit for Colorado Sales Tax and FYI Sales 1, How to Document Sales to Retailers, Tax-Exempt Organizations and Direct Pay Permit Holders. **Direct Pay Permits are not applicable to self-collected and administered municipal sales taxes. Contact these municipalities directly for their rules or direct pay procedures.**

*Designated areas and tax rates can be found in the publication Sales/Use Tax Rates (DR 1002).

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.