



# Sales and Use Tax 101

2017

# Sales Tax in Colorado

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## ▶ Sales Tax Authority

### ▶ City of Grand Junction

- ▶ City Council
- ▶ City of Grand Junction Municipal Code of Ordinance
- ▶ City of Grand Junction Revenue Division

### ▶ State of Colorado

- ▶ Colorado General Assembly
- ▶ Colorado Revised Statutes
- ▶ Colorado Department of Revenue

# Licensing Requirements

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- ▶ Engaged in Business: providing taxable services or selling, leasing, renting, delivering or installing tangible personal property for storage, use or consumption in the City.
- ▶ (1) Maintaining or using, directly, indirectly or by a subsidiary, a building, store, office, salesroom, warehouse, or other place of business within the City;
- ▶ (2) Sending one or more employees, agents or salespersons into the City to solicit business or to install, assemble, repair, service or assist in the use of its products, or for demonstration or other reasons;
- ▶ (3) Maintaining one or more employees, agents or salespersons at a location within the City;
- ▶ (4) Owning, leasing, renting or otherwise exercising control over real or personal property within the City; or
- ▶ (5) Making more than one delivery into the City within any 12-month period.

# Licensing Requirements

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- ▶ City of Grand Junction is HOME RULE
  - ▶ Collect and Administer City Sales Tax
- ▶ Sales Tax License Application
  - ▶ \$10 Application Fee
  - ▶ Never Expires
- ▶ Licensed Vendors Fee
  - ▶ Keep 3.333% of Sales Tax Collected if filed on or before the 20<sup>th</sup> of the month

# What is Sales Tax

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- ▶ Sale of ALL tangible personal property
  - ▶ Unless specifically exempt or exempt consumer.
- ▶ Services ONLY IF specifically identified.
  - ▶ Telecommunication Services
  - ▶ Lodging Services
  - ▶ Warranty Services

**Tangible Personal Property:** property (except real property) that can be seen, weighed, measured, felt or otherwise perceived by the senses.

## Sales Tax Rate

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- ▶ **Combined Rate = 7.65%**

- ▶ City of Grand Junction      2.75%

- ▶ Mesa County                      2.0%

- ▶ State of Colorado                2.9%

# Exemptions

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- ▶ Exemptions from Sales Tax
  - ▶ Exempt Items
  - ▶ Exempt Consumers
- ▶ Burden of Proof
  - ▶ Sales Tax- **VENDOR**
  - ▶ Use Tax- **CONSUMER**

# Exempt Items

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- ▶ Manufacturing Equipment and Fuel
- ▶ Essential Items
  - ▶ Food for Home Consumption
  - ▶ Electricity and Fuel for Residential Use
  - ▶ Prescription Drugs, Prosthetic Devices, Medical Supplies
- ▶ Gasoline and Cigarettes\* (regulated by FDA and subject to excise tax)
- ▶ Items Delivered Outside Grand Junction



# Deliveries

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- ▶ Goods Delivered Outside City Limits
  - ▶ Delivery must be sellers responsibility
  - ▶ Title must transfer outside city limits
  - ▶ Cannot be picked up inside city limits
  - ▶ Map on website for city limits

<http://arcgis-app.gjcity.org/City Limits Tax/City Limits Tax.html>

# Exempt Consumers

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- ▶ Resale and Manufacturers
- ▶ Not-for-Profit Agencies
- ▶ Governmental Entities

# What is Use Tax

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- ▶ Substitute Tax Based upon the following:
  - ▶ Use, Storage or Consumption of Tangible Personal Property
    - ▶ When NO PRIOR sales tax has been paid
    - ▶ Unless Exempt Customer or Exempt Item
  - ▶ Services
    - ▶ If Taxable, and
    - ▶ When NO PRIOR sales tax has been paid

# Use Tax

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- ▶ Building Materials
- ▶ Automobiles
- ▶ Business Assets
  - ▶ Initial Use Tax Return
  - ▶ Annual Use Tax Return
    - ▶ Exemption for first \$50 in liability

# Sales Tax v. Use Tax

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- ▶ Transaction:
  - ▶ Sale
  - ▶ Consumption or Use
- ▶ When is it Due:
  - ▶ At the time of sale
  - ▶ At the time of use
- ▶ Who is Liable:
  - ▶ Vendor
  - ▶ Consumer

# Lodging Tax

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- ▶ **Lodging Service:**
  - ▶ Furnishing rooms or accommodations by any person to another person in a...
  - ▶ Hotel, inn, bed and breakfast, residence, apartment, lodging house, motor hotel, guesthouse, guest ranch, trailer coach, mobile home, auto camp or trailer court and park or similar establishment
- ▶ **Taxability:**
  - ▶ Must charge 3% **Lodging** tax in addition to 2.75% **Sales** tax
- ▶ **Exemptions:**
  - ▶ 30 consecutive days or more are exempt
  - ▶ Government employees, educational & religious groups and charitable organizations

# Licensed Vendors

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▶ Responsibilities:

1. **Collect** Sales Tax from Customer
2. **Remit** Sales Tax to the City of Grand Junction
3. **Document** all sales

# Collection Responsibilities

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- ▶ Tax Added to Price
  - ▶ Separately Stated
  - ▶ Cannot be absorbed by retailer
- ▶ Trust Status
  - ▶ “shall hold such money in trust for the sole use and benefit of the City until paid to the City.”
- ▶ Excess Tax Collected
- ▶ Disputed Tax



# Collection Responsibilities

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- ▶ Purchase Price Includes:
  - ▶ Money received in cash or credits
  - ▶ Property at fair market value taken in exchange but not for resale
  - ▶ Coupons whereby the manufacturer reimburses the retailer for part of the purchase price

# Collection Responsibilities

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- ▶ Finance charges which are not separately stated
- ▶ Transportation, installation and delivery charges included in the purchase price but not separately stated
- ▶ Labor included in the purchase price but not separately stated

# Collection Responsibilities

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- ▶ Purchase Price DOES NOT Include:
  - ▶ Sales taxes
  - ▶ Fair market value of property exchanged for purposes of resale
  - ▶ Discounts

# Remittance Responsibilities

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- ▶ Filing Frequency
  - ▶ Annual (<\$15/Month)
  - ▶ Quarterly (\$15-\$300/Month)
  - ▶ Monthly (>\$300/Month)

# Remittance Responsibilities

CITY OF GRAND JUNCTION

CUSTOMER SERVICE DIVISION - SALES TAX

250 NORTH 5TH ST., GRAND JUNCTION, COLORADO 81501-2668

244-1521

DUE DATE 20TH OF MONTH FOLLOWING TAX PERIOD

RIOD VERED	DUE DATE	ACCOUNT NUMBER
GROSS SALES AND SERVICE <small>(TOTAL RECEIPTS FROM CITY ACTIVITY MUST BE REPORTED AND ACCOUNTED FOR IN EVERY RETURN INCL. ALL SALES RENTALS AND LEASES AND ALL SERVICES BOTH TAXABLE AND NON-TAXABLE)</small>		
ADD: BAD DEBTS COLLECTED		
TOTAL LINES 1 & 2A		
A.	NON-TAXABLE SERVICE SALES	<small>(INCLUDED IN ITEM 1 ABOVE)</small>
B.	SALES TO OTHER LICENSED DEALERS FOR PURPOSES OF TAXABLE RESALE	
C.	SALES SHIPPED OUT OF CITY AND OR STATE	<small>(INCLUDED IN ITEM 1 ABOVE)</small>
D.	BAD-DEBTS CHARGED OFF	<small>(ON WHICH CITY SALES TAX HAS BEEN PAID)</small>
E.	TRADE-INS FOR TAXABLE RESALE	
F.	SALES OF GASOLINE AND CIGARETTES	
G.	SALES TO GOVERNMENTAL, RELIGIOUS AND CHARITABLE ORGANIZATIONS	
H.	RETURNED GOODS	
I.	PRESCRIPTION DRUGS / PROSTHETIC DEVICES	
J.	OTHER DEDUCTIONS (LIST)	
K.		
L.		
M.		
3. TOTAL DEDUCTIONS		<small>(TOTAL OF LINES 3 A THRU M)</small>
TOTAL CITY NET TAXABLE SALES & SERVICE		<small>(LINE 28 MINUS TOTAL LINE 3)</small>



### COMPUTATION OF TAX

5. AMOUNT OF CITY SALES TAX:	2.75% OF LINE 4	
<b>Lodging Tax if applicable</b>		
6. ADD: EXCESS TAX COLLECTED:		
7. ADJUSTED CITY TAX: (ADD LINES 5 & 6)		
8. DEDUCT	3.3333% OF LINE 7 (VENDORS FEE IF PAID BY DUE DATE)	
9. TOTAL SALES TAX (ITEM 7 MINUS 8)		
10. CITY USE TAX - AMOUNT SUBJECT TO TAX	<small>(FROM SCHEDULE B)</small>	2.75% =
11. TOTAL TAX DUE: (ADD LINES 9 AND 10)		
12. LATE FILING IF RETURN IS FILED AFTER DUE DATE THEN	PENALTY: 10% OF LINE 11 OR \$15 MIN. INTEREST PER MONTH: 1.5% OF LINE 11	ENTER TOTAL →
13. TOTAL TAX, PENALTY AND INTEREST DUE: (ADD LINES 11 AND 12)		→
14. ADJUSTMENT PRIOR PERIODS ATTACH COPY OF OVER OR UNDERPAYMENT NOTICE	A - ADD: B - DEDUCT:	→
15. TOTAL DUE AND PAYABLE:	<small>(MAKE CHECK OR MONEY ORDER PAYABLE TO CITY OF GRAND JUNCTION)</small>	

FORM ON REVERSE SIDE

# Remittance Responsibilities

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The

**DANGER**

of Filing Late

- Loss of Vendors Fee
- Penalty for Late Payment
- Penalty for Repeat Enforcement
- Interest
- License Revocation

# Documentation Requirements

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- ▶ Duty to keep books and records
- ▶ Burden of proof for exemption
- ▶ Current year plus 3

# Filing On-line

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- ▶ Apply for a Sales Tax license
- ▶ File Sales Tax returns
- ▶ Pay late fees
- ▶ View Transaction History
- ▶ Pay for multiple accounts with one sign in
- ▶ Pay by e-Check or Credit Card
- ▶ <https://gjcity.force.com/TaxPortalHome>



# Resources

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- ▶ City of Grand Junction [www.gjcity.org](http://www.gjcity.org)
- ▶ [gjsalestax@gjcity.org](mailto:gjsalestax@gjcity.org)
  - ▶ Pam Coombs, Tax Support Specialist
    - ▶ 244-1536
    - ▶ [PamC@GJCity.org](mailto:PamC@GJCity.org)
  - ▶ Lisa Follett, Tax Compliance Officer
    - ▶ 256-4184
    - ▶ [LisaF@GJCity.org](mailto:LisaF@GJCity.org)