City and County of Denver

Introduction to
Sales & Retailer’s Use Tax
Part Two of Two
The tax rates used during this presentation were valid and correct at time of recording. Rates may have changed since the recording, please visit www.denvergov.org/treasury for Denver’s tax rates and www.colorado.gov/tax for current state wide tax rates.
Sales Tax – Purchase Price

Purchase Price

- The gross value of all materials, labor and services, inclusive of profit
  - Manufacturing labor
- Transportation and delivery charges
  - Freight
  - Fuel surcharge
  - Shipping and handling
- Without any discount from the price
- Any other expense whatsoever

Section 53-24(21) & 53-95(24)
"Manufacturing" means the operation or performance of an integrated series of operations which places a product, article, substance, commodity, or other tangible personal property in a form, composition or character different from that in which it was acquired whether for sale or for use by a manufacturer. The change in form, composition or character must result in a different product having a distinctive name, character or use from the raw or prepared materials.
Purchase price includes fabrication labor. Even if the fabrication labor is separately stated, it is still taxable.

Manufacturing or Fabrication Labor

Total Animal experience Company, Inc.
1436 Bob St.
Denver, CO 80842
Phone 303.555.0190

DATE: February 15, 2015
INVOICE # 160

DELIVERY METHOD CPU

Bill To: Ship To:
Jane Doe 456 Miller St.
Denver, CO 80202

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Food</td>
<td>$30.00</td>
</tr>
<tr>
<td>Dog House Materials</td>
<td>$100.00</td>
</tr>
<tr>
<td>Fabrication Labor</td>
<td>$400.00</td>
</tr>
</tbody>
</table>

SUB TOTAL $530.00
TAX (8.31%) on $530 $44.04
TOTAL $574.04

THANK YOU FOR YOUR BUSINESS!

www.denvergov.org/treasury
Purchase Price

- The gross value of all materials, labor and services, inclusive of profit
  - Manufacturing labor
- Transportation and delivery charges
  - Freight
  - Fuel surcharge
  - Shipping and handling
- Without any discount from the price
- Any other expense whatsoever
Freight

Total Animal experience Company, Inc.
1436 Bob St.
Denver, CO 80842
Phone 303.555.0190

DATE: February 15, 2015
INVOICE # 185
DELIVERY METHOD Shipped

Bill To: Ship To:
Jane Doe Jane Doe
456 Miller St. 456 Miller St.
Denver, CO 80202 Denver, CO 80202

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Food T</td>
<td>$ 25.00</td>
</tr>
<tr>
<td>Ball - Dog Toy T</td>
<td>$ 5.00</td>
</tr>
<tr>
<td>2 lb. Dog Treats T</td>
<td>$ 15.00</td>
</tr>
<tr>
<td>Dog Bones T</td>
<td>$ 25.00</td>
</tr>
<tr>
<td>Freight charge T</td>
<td>$ 5.00</td>
</tr>
<tr>
<td>Fuel surcharge T</td>
<td>$ 5.00</td>
</tr>
</tbody>
</table>

Freight & fuel charges are taxable by Denver

SUB TOTAL                                      $ 80.00
TAX (8.31%) on $80                             $6.65

TOTAL                                          $ 86.65

THANK YOU FOR YOUR BUSINESS!

www.denvergov.org/treasury
Purchase Price

- The gross value of all materials, labor and services, inclusive of profit
  - Manufacturing labor
- Transportation and delivery charges
  - Freight
  - Fuel surcharge
  - Shipping and handling
- Without any discount from the price
- Any other expense whatsoever

Section 53-24(21) & 53-95(24)
Cash discounts do not reduce the taxable purchase price.

<table>
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<tr>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Food</td>
<td>T $ 25.00</td>
</tr>
<tr>
<td>Ball - Dog Toy</td>
<td>T $ 5.00</td>
</tr>
<tr>
<td>2 lb. Dog Treats</td>
<td>T $ 15.00</td>
</tr>
<tr>
<td>Dog Bones</td>
<td>T $ 25.00</td>
</tr>
</tbody>
</table>

SUB TOTAL $ 70.00
TAX (8.31%) on $70 $5.82
TOTAL $ 75.82

If paid by March 7th take a 10% discount. Invoice total will be $65.36

THANK YOU FOR YOUR BUSINESS!
Trade or quantity discounts do reduce the taxable purchase price.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Treats (50 bags)</td>
<td>$250.00</td>
</tr>
<tr>
<td>Trade discount (10%) for ordering over 10 bags</td>
<td>$225.00</td>
</tr>
</tbody>
</table>

SUB TOTAL $225.00
TAX (8.31%) on $225 $18.70

TOTAL $243.70

THANK YOU FOR YOUR BUSINESS!
Purchase Price

- The gross value of all materials, labor and services, inclusive of profit
  - Manufacturing labor
- Transportation and delivery charges
  - Freight
  - Fuel surcharge
  - Shipping and handling
- Without any discount from the price
- Any other expense whatsoever

Section 53-24(21) & 53-95(24)
Not included in the Purchase Price

Exempt Labor

The consideration received for labor or services used in installing, applying, remodeling or repairing the property sold if the consideration for such services is separately stated from the consideration received for the tangible personal property in the retail sale.

Section 53-24(21) & 53-95(24)
The separately stated installation labor is non-taxable.
Not Included in the Purchase Price

- Interest
- Finance charges
- Must be separately stated on the invoice

Section 53-24(21) & 53-95(24)
The separately stated finance charge is non-taxable.

<table>
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<tr>
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<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Treats (50 bags)</td>
<td>$250.00</td>
</tr>
<tr>
<td>Finance charge for late payment</td>
<td>$25.00</td>
</tr>
<tr>
<td>SUB TOTAL</td>
<td>$275.00</td>
</tr>
<tr>
<td>TAX (8.31%) on $250</td>
<td>$20.78</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$295.78</td>
</tr>
</tbody>
</table>

THANK YOU FOR YOUR BUSINESS!

www.denvergov.org/treasury
Sales Tax - jurisdiction

Which jurisdiction’s sales tax should I charge?

Delivery
If the item was delivered to the customer, the tax is due where the delivery took place.

VS.

Pick-Up
If the item was picked-up at the vendors location, the tax is due where the item was picked-up.
Total Animal experience Company, Inc.
1436 Bob St.
Denver, CO 80842
Phone 303.555.0190

DATE: February 15, 2015
INVOICE # 102
DELIVERY METHOD CPU

Bill To: Jane Doe
456 Miller St.
Denver, CO 80202

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 lb. Bag of Total Animal Dog Food</td>
<td>$30.00</td>
</tr>
<tr>
<td>Beagle</td>
<td>$300.00</td>
</tr>
<tr>
<td>2 lb. Dog Treats</td>
<td>$15.00</td>
</tr>
<tr>
<td>Lab Tests on Beagle</td>
<td>$50.00</td>
</tr>
</tbody>
</table>

SUB TOTAL $395.00
TAX (8.31%) on $345 $28.67
TOTAL $423.67

THANK YOU FOR YOUR BUSINESS!

These items were picked-up by the customer. Tax is due in the jurisdiction where the items were picked-up.
These items were delivered to the customer. Tax is due in the jurisdiction where delivery will take place.

Total Animal experience Company, Inc.
1436 Bob St.
Denver, CO 80842
Phone 303.555.0190 Fax 303.555.0191

DATE: February 15, 2015
INVOICE # 185

Bill To: Jane Doe
456 Miller St.
Denver, CO 80202

Ship To: Jane Doe
456 Miller St.
Denver, CO 80202

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<tr>
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SUB TOTAL $ 80.00
TAX (8.31%) on $80 $ 6.65

TOTAL $ 86.65

THANK YOU FOR YOUR BUSINESS!

www.denvergov.org/ treasury
If the item is delivered, it is extremely important to verify the correct jurisdiction in which the delivery will take place.

Sheridan Blvd and 26th Ave.

City of Wheat Ridge
Jefferson County

City of Edgewater
Jefferson County

City and County of Denver
Retailers making sales in Denver are authorized to use a State Department of Revenue certified electronic address database to determine the proper jurisdictions to which tax is owed. If the retailer relied upon the certified database at the time of the sale, and, as a result of an error in the database, did not charge and collect Denver tax on a sale delivered to Denver, the retailer shall be held harmless for any tax, penalties, and interest due on the specific transaction.

https://www.colorado.gov/pacific/tax/local-sales-use-tax-by-address
EXCEPTION!

Sales Tax on Business Vehicles

Sales tax should be assessed based upon where the vehicle is principally operated and maintained.
Exemptions

- **Sale**
  - Taxable
  - Non-Taxable

- **Resale**
  - Sales Tax Certificate
  - Verify Line of Business

- **Exempt**

- **Government**
  - Proof of Direct Payment

- **Hospitals**
  - Non- Profit Only
  - Proof of Direct Payment

- **Charitable Organizations**
  - Proof of Direct Payment
  - Exemption Letter on City and County of Denver letterhead.

Section 53-26 & 53-97

www.denvergov.org/treasury
Sales Tax – Proof of Exemption

Proof of Direct Payment – suggestion to use
Affidavit of Exempt Sale at time of transaction

Check
- Affidavit of Exempt Sale
- copy of check

Cash
- Affidavit of Exempt Sale
- copy of purchase order

Credit Card
- Affidavit of Exempt Sale
- Do not copy credit card

Section 53-26 & 53-97
THIS CONCLUDES OUR PRESENTATION ON SALES/RETAILER’S USE TAX

CONTINUE YOUR DENVER TAX EDUCATION BY VIEWING OUR OTHER TAX TUTORIALS