

City and County of Denver, Colorado

TAX GUIDE

Topic No. 2

AGENTS: Salespersons, Auctioneers, and Manufacturer's Representatives

The Denver Revised Municipal Code (DRMC) defines "retailer" as "...any person selling, leasing, renting, or granting a license to use tangible personal property, products, or services at retail." Specifically included in this definition are auctioneers, as well as salespersons and representatives who make taxable sales as an agent for another party (principal). An agent is a person authorized by another to act for him/her, one authorized to transact business of a principal. Examples of agents include but are not limited to salespeople, auctioneers, and manufacturer's representatives. An agent shall be responsible for the collection and remittance of the sales tax whenever the principal of the agent is not licensed to collect sales tax.

In some cases, the principal represented by an agent handles the shipping and billing of the goods sold. If said principal does not collect sales tax on goods shipped to a Denver address, then the agent has the responsibility of collecting the sales tax and remitting the tax to Denver.

The DRMC defines "engaged in business" as including sending agents into the city to solicit business, to install, assemble, repair, service or assist in the use of products, to demonstrate products or for other reasons.

EXAMPLE

John works out of his home as a sales representative for XYZ Company which is located outside the City of Denver. John makes sales calls on businesses throughout the City of Denver and takes orders for goods shipped from XYZ's warehouse to its customers, some of whom are located in Denver. XYZ Company handles the billing for these sales. If XYZ Company does not collect Denver sales tax, then John, acting as an agent of XYZ, would be required to do so.

- * DRMC Section 53-24(7),(27). Definitions.
- * DRMC Section 53-27. Retailers to collect tax.
- * DRMC Section 53-28. Retailer responsible for payment of tax.
- * DRMC Section 53-76. Retail License - Required.
- * DRMC Section 53-95(13),(31). Definitions.
- * DRMC Section 53-98. Retailers to collect tax.
- * DRMC Section 53-99. Retailer responsible for payment of tax.
- * DRMC Section 53-146. Retail License - Required.

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.