

City and County of Denver, Colorado

TAX GUIDE

Topic No. 37

GAS, ELECTRIC, AND HEATING SERVICES

Sales and purchases of electricity, steam, natural gas, coal, fuel and firewood for any purposes are subject to Denver sales and use tax unless for resale. Sales to government or charitable corporations for their own use are exempt.

Sales of energy producing fuels to companies involved in processing, manufacturing, mining, refining, irrigation, building construction or any industrial use are subject to Denver sales and use tax. The State of Colorado, however, exempts the sales of electricity, coal, gas, fuel oil, and coke when used for industrial purposes. (This exemption does not include persons performing services, office buildings, stores or other commercial users.) In addition, there is a State of Colorado Sales and Use Tax Special Regulation concerning "Gas and Electric Services" which provides acceptable methods to determine the State of Colorado credit allowed for gas and electricity used in restaurant operations. Such gas and electricity is taxable for Denver.

Sales of electricity, steam, natural gas, coal, fuel and firewood to residences are subject to Denver sales and use tax. It does not matter whether any of the above are furnished by a municipal, public or private corporation. The State of Colorado also provides an exemption for the above when purchased for residential use.

EXAMPLE

ABC Buffet is a fast food restaurant chain located in Denver. The restaurants consumed \$10,000 of electricity. The State of Colorado will allow a credit for the tax paid on the electricity used to prepare meals, however, the electricity used to light the restaurant is taxable. Denver allows no such credit or exemption for energy producing fuels, electricity, etc.; thus, this transaction is fully subject to Denver tax.

- * DRMC Section 53-25(4). Imposition of tax.
- * DRMC Section 53-96(4). Imposition of tax.
- * CRS 39-26-102(21). Definitions.
- * CRS 39-26-715.1(a)(II). Exemptions.
- * State of Colorado Sales and Use Tax Regulation 36-26-102.21. Excluded sales and purchases of fuels.
- * State of Colorado Sales and Use Tax Special Regulation - Gas and Electric Services.

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.