

City and County of Denver, Colorado

TAX GUIDE

Topic No. 44

INTERMINGLED SALES OF TAXABLE AND NON-TAXABLE ITEMS

It is not uncommon for a purchase to include a combination of taxable tangible personal property, products, and services, as well as non-taxable services. As a general rule, if the taxable and non-taxable portions of the purchase are not separated, the entire price of the purchase is subject to Denver's sales or use taxes. If, however, the taxable and non-taxable portions of the purchase are clearly separated, Denver's sales or use tax is calculated only on the taxable portions of the purchase.

EXAMPLES

1. Joe's Garage performs oil changes and invoices their customers for \$19.95: \$11.95 for oil and the oil filter, and \$8.00 for labor. Joe's Garage is required to collect sales tax on \$11.95 from their customers.
2. Bob's Garage charges a flat \$19.95 for a standard car oil change. Bob's Garage must collect sales tax on \$19.95 from their customers.
3. Polly's Shelving sells a shelf and agrees to install it to the wall for \$200.00 at the customer's location. The labor is not separately stated from the purchase of the shelf. The entire amount is taxable. If the customer's invoice separately stated \$20.00 for the installation and \$180.00 for the shelf, then only the \$180.00 would be subject to tax.

RELATED TAX GUIDE TOPIC

Rentals & Service Charges
Combined Maintenance Contracts

REFERENCES

- * DRMC Section 53-24(21). Definitions - Purchase Price.
- * DRMC Section 53-25(1). Imposition of tax.
- * DRMC Section 53-95(24). Definitions - Purchase Price.
- * DRMC Section 53-96(1). Imposition of tax.

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.

