

# City and County of Denver, Colorado

## TAX GUIDE

### *Topic No. 45*

## LEASED DEPARTMENTS

When a store leases space or departments within the store to other persons or businesses for the retail sale of tangible personal property, each person or business is required to complete its own sales/use tax return and remit the tax to Denver.

When a store leases space or departments within the store and keeps the books for the leased department, the store may include the sales and use tax liability of the leased departments on its own sales/use tax return. If the lessor does not file proper sales/use tax returns for the lessee or fails to remit the taxes due, the liability for any such taxes will remain the responsibility of the lessee.

### EXAMPLES

1. SellAll Department Store leases its shoe department to Shoes Express. SellAll keeps the books for Shoes Express and includes Shoes Express' portion of sales and use tax on its return. Because SellAll keeps the books for Shoes Express, it is responsible for remitting sales and use tax for Shoes Express. However, if SellAll fails to, or refuses to remit the sales and use tax for Shoes Express, Shoes Express ultimately is responsible for filing its own sales/use tax return and remitting the tax.
2. Shop Mart Company leases its cosmetic department to Custom Cosmetics. Custom Cosmetics keeps its own set of books and is therefore responsible for filing its own sales/use tax return and remitting the tax.

- \* DRMC Section 53-24(27). Definitions.
- \* DRMC Section 53-25(1). Imposition of tax.
- \* DRMC Section 53-28. Retailer responsible for payment of tax.
- \* DRMC Section 53-30. Duty to keep books and records.
- \* DRMC Section 53-95(31). Definitions
- \* DRMC Section 53-96(1). Imposition of tax.
- \* DRMC Section 53-99. Retailer responsible for payment of tax.
- \* DRMC Section 53-101. Duty to keep books and records.

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.

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