

City and County of Denver, Colorado

TAX GUIDE

Topic No. 71

SALES TO EMPLOYEES

Denver licensed retailers that sell tangible personal property or taxable services at retail to their employees must collect and remit sales tax on such sales. This applies even if the employer makes sales at retail only to employees and not to the general public. The sales are taxable whether paid for in cash or deducted from the employee's wages. The tax is calculated on the net price to the employee after discounts.

EXAMPLES

1. Fairway, Inc., a supplier of golf equipment and accessories, sells merchandise to its employees at retail less 20%. On a \$1,000 set of golf clubs sold to an employee, sales tax is due on the net price paid (\$800).
2. National Oil and Gas, Inc., purchases new furniture and computer equipment for the regional office located in Denver. All items being replaced are offered for sale to employees at book value. National Oil and Gas, Inc., has been issued a consumer use tax account by the Denver Department of Revenue. Sales tax must be collected on all sales made to employees and remitted with the company's next monthly use tax return. A letter describing the sale should also be included, since the total monthly remittance will include sales tax as well as use tax.

RELATED TAX GUIDE TOPIC

Occasional Sales and Rentals

* DRMC Section 53-24(21),(23). Definitions.

* DRMC Section 53-25(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.