

# City and County of Denver, Colorado

## TAX GUIDE

### *Topic No. 87*

## GOVERNMENTAL EXEMPTION

The DRMC provides exemption from the sales, use, lodger's and facilities development admission tax on sales to governments, when purchased in their governmental capacities.

GOVERNMENT, within the terms of the DRMC, includes departments, institutions and political subdivisions of the United States government and the State of Colorado government

TRANSACTIONS: To be exempt, purchases made by a qualifying government must be billed to the government and paid directly from the funds of the government. A "petty cash" purchase must be authorized by an official purchase order of the government. The purchase order must be maintained by the vendor as a basis for exempting the sale.

The following transactions are not exempt:

- A. Sales of tangible personal property to the public;
- B. Banquets or other activities where the participants buy a ticket or reimburse the government for the meal or lodging;
- C. Purchase of a taxable item, such as a room or meal, paid for with the personal funds of an individual (i.e., check, credit card, or cash), even though the funds may be reimbursed by the government.

Construction contractors who perform a construction contract for a qualifying government are considered to be the ultimate user of the purchased material and thus subject to the Denver sales and use tax upon their acquisition of building materials used to perform the contract.

- \* DRMC Section 53-25. Imposition of sales tax.
- \* DRMC Section 53-26(1). Exemptions.
- \* DRMC Section 53-96. Imposition of use tax.
- \* DRMC Section 53-97(1). Exemptions.
- \* DRMC Section 53-171. Imposition of Lodger's tax.
- \* DRMC Section 53-172(2). Exemptions.
- \* DRMC Section 53-346 Imposition of FDA tax.
- \* DRMC Section 53-347(3). Exemptions.
- \* Rules Regarding The Assessment And Collection Of Sales And Use Tax On Sales And Use Of Tangible Personal Property Acquired By Construction Companies.

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.