

CITY & COUNTY OF DENVER, COLORADO

DEPARTMENT OF FINANCE

TREASURY TAX RULE 006

RULES REGARDING PREVIOUSLY PAID SALES OR USE TAXES

EFFECTIVE 1/1/2015

The following rules and regulations are promulgated in accordance with the requirements of Sections 53-23 and 53-94 of the *Denver Revised Municipal Code* (“D.R.M.C.”) and by virtue of the authority vested in the Manager of Finance (“Manager”) by Articles II and III of Chapter 53 of the D.R.M.C.

1. As used in these Rules, the definitions in Chapter 53 of the D.R.M.C. shall apply, unless the context clearly requires a different meaning.
2. Sales taxes are imposed on all retail transactions in the City and County of Denver (“Denver”) subject to taxation under Article II (Sales Tax Article), Chapter 53 of the D.R.M.C. Use taxes are imposed on the privilege of use, distribution, storage or consumption (herein “use” or “uses”) within Denver after a retail sale (occurring anywhere) under Article III (Use Tax Article), Chapter 53 of the D.R.M.C. Denver allows a reduction in the amount of use taxes owed to it when a sales or use tax comparable to the Denver taxes has been lawfully imposed by and paid to another municipality for the same sale prior to the exercise of the privilege of taxable use in Denver. When a person pays a retail sales or use tax concerning the sale of a service or tangible personal property to another municipality in an amount less than the use tax imposed by Denver and then uses, stores, distributes or consumes the service or property in Denver, the tax to be paid Denver is measured by the difference between the tax amount imposed by Denver and the amount imposed by the other municipality. When the municipal sales tax lawfully imposed by and paid to another municipality is equal to or more than the use tax imposed by Denver, no use tax (or sales tax) is owed to Denver on the subsequent use in Denver. Taxes levied by a municipality, but collected by the state in which the municipality is situated, are considered as taxes paid to the municipality.
3. The amount of sales or use taxes owed to Denver will also be reduced by the amount of taxes that Denver is prohibited from collecting under the Constitution of the United States, federal law, or the Constitution of Colorado. When a reduction of taxes is required to comply with these constitutions or laws because sales or use taxes were

previously paid in another state, the sales and use taxes paid to jurisdictions other than municipalities shall first reduce the sales and use tax payable to the State of Colorado and special districts encompassing Denver. To the extent the sales and use taxes paid in another state exceed the sales or use tax payable to the State of Colorado and any special districts, the excess shall reduce the amount of use tax owed to Denver regarding the same sale.

4. Reductions are allowed only for paid taxes that are legally due from a taxpayer. The amount of sales or use taxes owed to Denver is not reduced by sales and use taxes incurred for uses in other states after the purchased property departs from Denver.
5. An article of personal property may be the subject of multiple retail sales. Every retail sale is subject to taxation unless the sale is tax exempt. A tax is due in the full amount when a retail sale occurs in Denver, regardless of what occurred previously.
6. The above rules supersede any conflicting rules previously issued by the Manager concerning this same topic.

BY ORDER OF THE MANAGER OF FINANCE

CARY KENNEDY
Manager of Finance

Approved by the City Attorney this 12th day of December, 2014

D. SCOTT MARTINEZ
City Attorney

By

CHARLES T. SOLOMON
Assistant City Attorney

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