



Advanced Sales and Use Tax Topics

City of Wheat Ridge
June 12, 2012



This Class

- Review the basics
- Business licenses in-depth
- More of what's taxable
- Industry-specific information
- Numerous example use tax calculations
- Line-by-line return



Review

- Intro Class
 - Sales tax is an excise tax due on the sale of all goods and select services in the City.
 - The total rate is 7.5%, 3% of it being City sales tax.
 - Exemptions are allowed with documentation.



Review, too

- Use tax may be due on business purchases.
- Use tax complements sales tax.
- All businesses must license; some require additional special licenses.
- Returns are due the 20th of the month.



Types of Business Licenses

- Business and Sales and Use Tax License
 - \$20 each year
 - Application process:
 - Complete forms
 - Zoning and Buildings review
 - Phone calls
 - Visits
 - May condition or deny

Types of Business Licenses, 2

- Application process, continued
 - Full ownership and contact information
 - Frequency to select for filing returns
 - Average tax > \$100/month ▶ monthly
 - Average tax \$20 to \$100/month ▶ quarterly
 - Average tax < \$20/month ▶ yearly
 - Reviewed approximately bi-annually
 - Time frame – start early
 - Post the license where easily viewed

Types of Business Licenses, 3

- Special additional licenses for high-risk businesses
 - Pawn shops
 - Establishments selling or serving alcohol
 - Sexually oriented businesses
 - INQUIRE with the City about requirements and fees



Contractors

- Required to license through Buildings
- General business license
 - If located in City or
 - If acting as a retailer
 - No additional cost



Pawnbroker Licenses

- Via the Police Department
- Additional to business license
- Application fee may vary by year
- Financial, criminal, experiential background
- Insurance required
- Bond required



Alcohol Establishments

- State liquor license required
- Thorough process
 - Personal, criminal and financial info
 - Liquor Authority (local) hearings
 - Subject to City inspection
- Additional to business license
- Cost varies by type of establishment

Sexually Oriented Businesses

- Subject to thorough police backgrounding
- Restricted as to location
- \$500 to apply (first year)
- \$250 and renewal application subsequent years
- Subject to conduct standards



State-licensed businesses

- State licensing rather than City special licensing
 - Personal care
 - Medical or dental
 - Massage therapy
- There may be county health department requirements.
- Always be sure to check before opening or adding functions to your business.
- City business license is still required in addition.



Select Services

- The City imposes sales or use tax on certain services.
 - Telecommunications
 - Service charges (minutes, add-ons)
 - Franchise fees
 - Any charge for two-way transmissions
 - Alarm services
 - Monitoring
 - Installation
 - Whole price of repairs if parts are NOT separately stated



Select Services, cont'd 1

- Music services
 - Canned music (like at restaurants)
 - Satellite/pay radio
 - Others that may evolve
- Pay television
 - Cable
 - Satellite
 - Digital
 - Others that may evolve



Select Services, cont'd 2

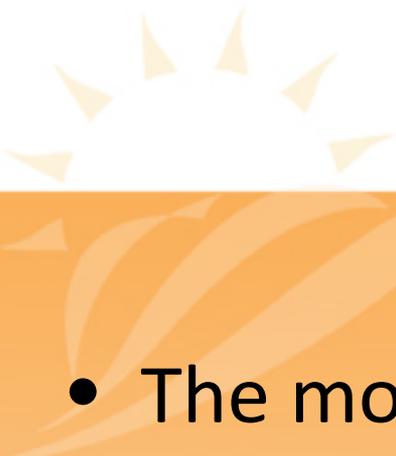
- Data services
 - Used to be print publications
 - Marketing databases
 - Credit bureau reports
 - Mailing lists

- Linen, mat and uniform services
 - Element of rental of tangible property
 - Not taxable if the customer owns the goods.



Industry Specifics

- Many similarities between industries
- The differences require special attention



Retail Shops

- The most common business type with local tax concerns.
- Sales tax on sales
 - Code section 22-21, def. purchase price
 - All add-on charges
 - Customization
- Documenting exemptions



Retail Shops, cont'd

- Use tax if your vendor didn't charge local tax
 - (Code sec. 22-68)
 - Supplies and equipment
 - Uniforms
 - Displays
 - Promotional give-aways
 - Select services



Retail Recordkeeping

- Everything that validates sales
 - Hand tickets
 - Register tapes
 - Returns and exchange documentation
 - Exemption documentation
 - Colorado form DR 0563 or a standard multi-jurisdictional form
- Purchases documents, even inventories



Restaurants and Bars

- All food and beverage is taxable.
 - Alcohol beverages may be sold “tax included”
- Delivery fees are taxable.
- Party room rental is taxable.
- Catering within the City is taxable.



Restaurant and Bar Use Tax Issues

- Common oversights if the vendor hasn't charged sales tax:
 - Bags for carrying contained food or storage
 - Cup carriers
 - Cup sleeves
 - Stirrers and straws
 - Disposable flatware
 - Napkins
 - Wraps, etc., used in prep or to separate foods on plates



More Restaurant and Bar Use Tax

- Other items:
 - Equipment, furnishings, decor
 - Select services
 - Promotional items
 - *Cost to company* of employee meals and beverages
 - *Cost to company* of complimentary meals and beverages

Restaurant Recordkeeping

- Everything that validates sales
 - If manual: all ticket copies, register z tapes
 - Log all tickets by number and user
 - Note anomalies, attach documentation
 - If electronic: preserve front of house and back of house interface results, know how to explain end of day and end of month procedures
- Purchase records, even inventories



Service Businesses

- Often don't see the need to license let alone think about tax.
- Select services subject to sales tax
 - Sales tax not collected and remitted is seller's and buyer's liability until paid by one.
- All services may have use tax if in City
 - Equipment, furnishings
 - Items used in providing service but not resold to customer (overhead items)

Service Business Recordkeeping

- Sales invoices or electronic detail of invoices if select services
 - Retain all service addresses
 - Retain any shipping addresses that might differ
 - Other services may be asked to prove that no goods are sold with a few invoice examples.
- Purchases invoices for all services



Construction

- Special issues
- No sales tax in most cases
 - May opt to act as a retailer-contractor and charge sales tax on itemized materials and supplies
 - Letter of permission from City required



Construction, cont'd

- Use tax on jobs
 - Paid in advance at time of permit on 60% of project value unless a retailer-contractor
 - May request a project audit to obtain a refund of overpayment; might owe additional; law does not allow credit for tax paid to other cities
 - Not a lawfully imposed tax
 - Large projects are almost certain to be audited

Construction, cont'd 2

- Use tax on construction equipment
 - Large items: cranes, backhoes, earthmovers, etc.
 - Even if company outside City
 - If no local tax or a lesser local tax paid
 - In City > 30 days, use tax on total price
 - In City < 30 days, use tax on 8.3% of price
 - Equipment Declaration form

Equipment Declaration Form

City of Wheat Ridge
Sales Tax Division

(303) 235-2820

CONTRACTOR NAME _____
 CONTRACTOR ADDRESS _____
 CITY STATE ZIP _____
 BUILDING PERMIT NO. _____ ORIGINAL
 ACCOUNT NO. _____ AMENDED
 JOB START DATE _____
 JOB ADDRESS _____

**Construction Equipment Declaration
For Proration Of Municipal Use Tax**

Use Tax is due on tangible, personal property that is used, stored or consumed in the City on which no municipal sales tax was paid or on which the municipal tax was paid at a rate less than 3.0%.

TO ALLOW PRORATION, this declaration must be signed and filed on or before the job start date.

Equipment Description (a)	Serial Number (b)	Number of days in City (c)	Purchase Price (d)	Municipal Credit (e)	Net Price (f)	Taxable Amount (g)
1	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____	_____
5	_____	_____	_____	_____	_____	_____
6	_____	_____	_____	_____	_____	_____
7	_____	_____	_____	_____	_____	_____
8	_____	_____	_____	_____	_____	_____
9	_____	_____	_____	_____	_____	_____
10	_____	_____	_____	_____	_____	_____

INSTRUCTIONS: (Attach Additional Sheets if Necessary) TOTAL _____

- I. Report all equipment for a single location on one Declaration prior to first date in City.
- II. Report all Declarations for a single reporting period on one Sales/Use Tax Return.
 - a. Equipment Description: list one item per line.
 - b. Serial Number: list equipment identification.
 - c. Number of days in City: list number of consecutive days from first date through last date in City.
 - d. Purchase Price: list purchase, rental or lease price, if LESS THAN \$2,500.00, exclude.
 - e. Municipal Credit: (attach invoice or municipal use tax return)
 - i. if paid municipal sales or use tax of 3.0% or more, list taxable purchase price.
 - ii. if paid municipal sales or use tax of less than 3.0%, list following amount: city tax \$ paid (excluding state, RTD/CD/BD, county) divided by .03.
 - f. Net Price: list Purchase Price less Municipal Credit.
 - g. Taxable Amount: (report on Sales/Use Tax Return)
 - i. if number of Days in City is more than 30 days, list full Net Price.
 - ii. if number of Days in City is 30 days or less, list Net Price divided by 12.

I DECLARE UNDER PENALTY OF PERJURY THAT THE INFORMATION CONTAINED ON THIS FORM IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

NAME _____ PHONE _____

SIGNATURE _____ TITLE _____ DATE _____

**Mail completed Declaration to: City of Wheat Ridge, Sales Tax Division, 7500 W. 29th Ave., Wheat Ridge, CO 80033-8001

Construction Recordkeeping

- We  job files!
 - Customer invoices
 - Purchases invoices
 - Permits
 - Sub-contractor contact sheet
- If in City, purchases for office use

Construction: CRS 29-2-105

Source: Colorado Statutes : TITLE 29 GOVERNMENT - LOCAL : [GENERAL PROVISIONS](#) : [ARTICLE 2 COUNTY AND MUNICIPAL SALES OR USE TAX](#) : 29-2-105. Contents of sales tax ordinances and proposals.

(2) No sales tax of any statutory or home rule city, town, city and county, or county shall apply to the sale of construction and building materials, as the term is used in section 29-2-109, if such materials are picked up by the purchaser and if the purchaser of such materials presents to the retailer a building permit or other documentation acceptable to such local government evidencing that a local use tax has been paid or is required to be paid.



Medical, Dental, Veterinary

- Complex and ever-evolving
- For-profit organizations
- Non-profits must obtain the City exemption
- Sales and use taxes apply to same items



M/D/V, cont'd 1

- Taxable:
 - Supplies
 - Medical equipment and tools
 - Uncontrolled substances even if prescribed
 - Office supplies
 - Furnishings and décor
 - Select services
 - Office equipment



M/D/V, cont'd 2

- Exempt medical items
 - Prescription drugs (controlled substances)
 - Humans and animals
 - If an otherwise taxable item is sold *containing* a controlled substance, such as pre-dosed syringes, palliative gauze pads or medicated sutures, it's exempt.

M/D/V, cont'd 3

- Exempt medical items
 - Insulin, insulin syringes and glucose treatments
 - Medical oxygen and equipment
 - Prosthetic devices



What Are Prosthetic Devices?

- Items which replace or support bodily functions of humans or animals:
 - Prosthetic limbs and organs
 - Custom orthotics and prescription shoes
 - Ostomy supplies
 - Corrective eyeglasses and contacts
 - Pacemakers and similar devices
 - Hearing aids and their batteries
 - Crutches, temporary braces, walkers and wheelchairs by prescription
 - More, see Regulation A-470 or ask for an opinion.
 - Written opinion provided upon request.



M/D/V Recordkeeping

- HIPA and sales data
 - Patient invoices or electronic data must be “blind”
 - customer numbers, no names
 - City confidentiality
- Purchases invoices



Automotive and Equipment Repair

- Sales tax:
 - Parts
 - Storage fees (short term rental)
 - Materials and supplies itemized on customer billing
 - Core charges if no trade is given

Automotive and Equipment Repair,2

- Use tax if no local tax paid on purchase:
 - Shop supplies (unless charged to customer and taxed)
 - Select services
 - Office supplies, furnishings, equipment and décor
 - Customer comfort supplies: coffee, etc.

Automotive Repair Recordkeeping

- Sales invoices or electronic data
- Work orders to match invoices
- If repaired vehicle is delivered and paid up elsewhere, no City tax, but it must be documented with delivery order signed by driver and customer.
- Purchases invoices for everything



Exempt Organizations

- City license required for exemption from City taxes
- Most religious and charitable organizations
- Most 501(c) 3 organizations
- Application requires:
 - Articles of incorporation
 - Bylaws
 - Financial information
- Subject to City review and approval

Exempt Organizations, cont'd

- Sales *to* City licensed exempt organizations are exempt
 - For exempt activity
 - Channeling of purchases through exempt organization for non-exempt will disqualify and be subject to audit and assessment
- Sales *by* them are not exempt
 - Business license, tax collection and reporting required
 - Temporary license available



Recordkeeping

- Subject to audit
- All transactions and all invoices
- Fundraising sales records
 - Inventories
 - Sales documents
 - Dispensation of unsold inventories



How to Calculate Use Tax

- A few examples
- Takes time to learn but is fairly easy once you understand and have a routine.
- How to keep up?
 - Establish a routine!
 - After AP run cycles
 - A certain day of the week or month
 - Whatever works for your business



Why Bother?

- Why?
 - It's the law that you pay use tax.
 - It reduces audit assessments and their impact.
 - penalty
 - interest
 - bunching of liability

Example 1

**Internet purchase of equipment, no
tax charged.**





Note

The following examples were created prior to 2012 and contain an old total tax rate that includes the Football Stadium District tax collected by the State of Colorado. These are for illustration only. As of January 2012 the total rate in Wheat Ridge is 7.5%.

eStuff.com

INVOICE

"Stuff is us"

Example 1

123 Skidoo St.
Pumpkin Corners, KS 12345

DATE: 03/21/06
INVOICE # 100

Bill To: Accounts Payable
A Wheat Ridge Company
7500 W. 29th Ave.
Wheat Ridge, CO 80033

Ship To: Manager
A Wheat Ridge Company
7500 W. 29th Ave.
Wheat Ridge, CO 80033

Comments or Special Instructions: none

SALESPERSON	P.O. NUMBER	SHIP DATE	SHIP VIA	F.O.B. POINT	TERMS
Bea Hapi	12345	9/10/2005	Common	Destination	Net 30

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
10	Really neat computer gadget	\$ 70.00	\$ 700.00

No tax was paid;
Wheat Ridge tax
is due.

SUBTOTAL	\$ 700.00
internet sale TAX RATE	0.00%
SALES TAX	-
SHIPPING & HANDLING	300.00
TOTAL	\$ 1,000.00

Make all checks payable to **eStuff.com**
If you have any questions concerning this invoice, contact Bea Hapi, (123)456-7890
beahapi@estuff.com

THANK YOU FOR YOUR BUSINESS!

Calculation

Goods	\$700
S/H	<u>\$300</u>
Taxable base	\$1,000
Times rate	<u>x .03</u>
Equals tax due	\$ 30

Example 2

Purchase and pick up items outside Wheat Ridge where local tax is lower or non-existent or certain goods aren't taxed.



Lakewood Retailer

INVOICE

Example 2

456 Pickupstix Lane
Lakewood, CO 80226

Notice, in Jefferson County!

DATE: 03/21/06
INVOICE # 100

Bill To: Accounting
An Office in Wheat Ridge
7500 W. 29th Ave.
Wheat Ridge, CO 80033

Ship To: counter sale

Comments or Special Instructions:

SALESPERSON	P.O. NUMBER	SHIP DATE	SHIP VIA	F.O.B. POINT	TERMS
Kidat Kownter	none	9/15/2005	pickup	origin	credit card

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
1	Forms, carton	\$ 100.00	\$ 100.00
5	Executive pens	100.00	500.00
4	Double espresso latte, case 50	100.00	400.00

The retailer charged the correct tax for his location in Lakewood for the year 2006, but it's less than the 7.6% total you'd pay in Wheat Ridge. The difference of 1% is due to Wheat Ridge.

SUBTOTAL	\$ 1,000.00
TAX RATE	6.60%
SALES TAX	66.00
SHIPPING & HANDLING	-
TOTAL	\$ 1,066.00

Calculations

Total Wheat Ridge rate 7.6%
Rate paid 6.6%
Rate difference 1.0%

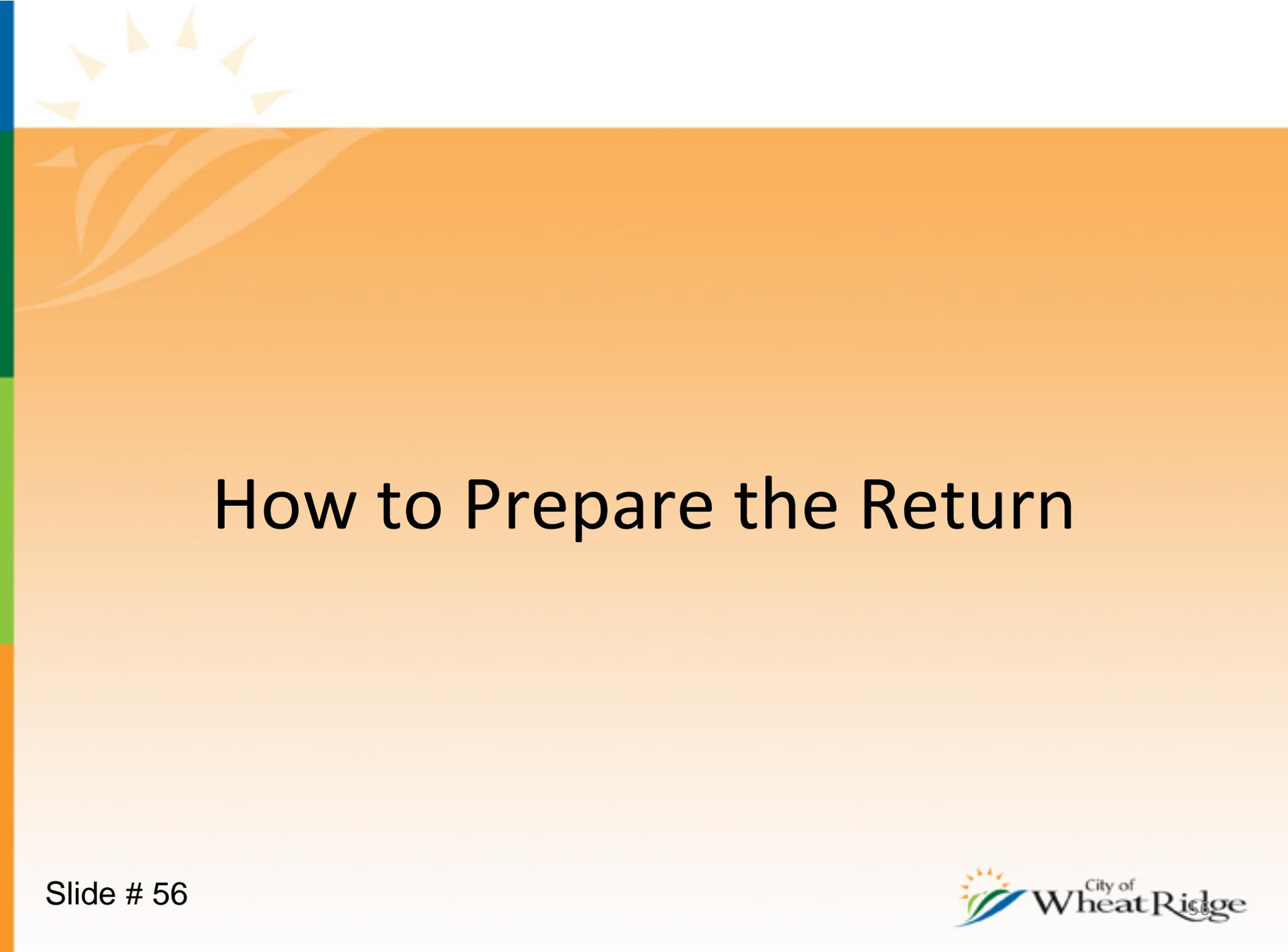
Taxable base \$1000
Times rate difference $\times \underline{.01}$
Equals tax due \$ 10

Example 3

Purchase of delivered supplies, only State collected taxes paid.

- Freight, shipping, delivery and handling are taxed by Wheat Ridge but not by the State.





How to Prepare the Return

The Wheat Ridge Tax Form

Slide # 57

CITY OF WHEAT RIDGE TAX DIVISION
 c/o FirstBank Data Corp., PO Box 151654 Lakewood, CO 80215-8654 (303)235-2820

PERIOD COVERED
 DUE DATE
 ACCOUNT NUMBER

1. GROSS SALES TOTAL MERCHISE PRECITY ACCOUNT VALUE OR SERVICE FEE (ACCUMULATED FOR IN REVENUE) INCL. ALL SALES, RENTALS AND SERVICES (LESS ALL SERVICES BY OTHER TAXABLE AND NON-TAXABLE)				COMPUTATION OF TAX									
2A. ADD: BAD DEBTS COLLECTED				5A. AMOUNT OF CITY SALES TAX: LINE 4	X2%								
2B. TOTAL LINES 1 & 2A													
D E D U C T I O N S	A. SALES TAX ON SALES OF REAL ESTATE			6. ADD: EXCESS TAX COLLECTED									
	B. SALES TAX ON SALES OF PERSONAL PROPERTY			7. ADJUSTED TAX									
	C. SALES TAX ON SALES OF SERVICES			8. DEDUCT VENDOR FEE: LESSER OF 2% OF LINE 7 OR \$100.00	()								
	D. SALES TAX ON SALES OF FOOD AND BEVERAGE			9. TOTAL TAX (ITEM 7 MINUS 8)									
	E. SALES TAX ON SALES OF OTHER SERVICES			10. CITY USE TAX - AMOUNT SUBJECT TO TAX:	X2%								
	F. SALES TAX ON SALES OF OTHER SERVICES			11. TOTAL TAX DUE: (ADD LINES 9 & 10)									
	G. SALES TAX ON SALES OF OTHER SERVICES			12. LATE FILING PENALTY OR FINE AFTER DUE DATE DATE	<table border="1"> <tr> <td>NO. OF DAYS LATE</td> <td>1.0% OF TAX DUE</td> <td>A.</td> <td></td> </tr> <tr> <td>NO. OF DAYS LATE</td> <td>1.0% OF TAX DUE</td> <td>B.</td> <td></td> </tr> </table>	NO. OF DAYS LATE	1.0% OF TAX DUE	A.		NO. OF DAYS LATE	1.0% OF TAX DUE	B.	
	NO. OF DAYS LATE	1.0% OF TAX DUE	A.										
	NO. OF DAYS LATE	1.0% OF TAX DUE	B.										
	H. SALES TAX ON SALES OF OTHER SERVICES			13. TOTAL TAX PENALTY AND INTEREST DUE: (ADD LINES 11 AND 12)									
	I. SALES TAX ON SALES OF OTHER SERVICES			13A. LICENSE RENEWAL FEE DUE JANUARY 31 OR FINE MAY BE IMPOSED									
	J. SALES TAX ON SALES OF OTHER SERVICES			14. ADJUSTMENT PRIOR PERIOD	<table border="1"> <tr> <td>A - ADD:</td> <td>DEBIT</td> <td>+</td> </tr> <tr> <td>B - DEDUCT:</td> <td>CREDIT</td> <td>-</td> </tr> </table>	A - ADD:	DEBIT	+	B - DEDUCT:	CREDIT	-		
A - ADD:	DEBIT	+											
B - DEDUCT:	CREDIT	-											
K. SALES TAX ON SALES OF OTHER SERVICES			14. TOTAL AMOUNT DUE	CHECK OR MONEY ORDER PAYABLE TO: CITY OF WHEAT RIDGE									
L. SALES TAX ON SALES OF OTHER SERVICES													
3. TOTAL DEDUCTIONS (TOTAL OF LINES 6 THROUGH 12)													
4. TOTAL CITY NET TAXABLE SALES & SERVICE													

SCHEDULE A - SPECIAL MESSAGE FROM/TO TOWN

SCHEDULE - B - CITY USE TAX				NOW BUSINESS DATE			1. If ownership has changed, give the date of change and the new owner's name.
The use tax ordinance (MIMC 22-68) imposes tax equal to the rate shown on Line 8 upon the privilege of using, storing, distributing or otherwise consuming in the City tangible personal property and select services purchased, rented or leased.				MO.	DAY	YR.	2. If business has been permanently discontinued, give date discontinued.
DATE OF PURCHASE	NAME OF VENDOR ADDRESS	TYPE OF COMMODITY PURCHASED	PURCHASE PRICE	DISCONTINUED DATE	MO.	DAY	YR.
(A) LIST OF ALL PURCHASES (IF ADDITIONAL SPACE IS NEEDED - ATTACH SCHEDULE IN SAME FORMAT)							3. If business location has changed, give new address.
			\$				4. Records are kept at what address?
			\$				5. If business is temporarily closed, give date to be closed.
			\$				6. If business is seasonal, give no other operation.
			\$				
(B) TOTAL PURCHASE PRICE OF PROPERTY SUBJECT TO CITY USE TAX ENTER TOTAL LINE (B) ON LINE 10 ON TOP OF RETURN							
SHOW BELOW CHANGE OF OWNERSHIP (AND/OR ADDRESS, ETC.)				I hereby certify under penalty of perjury that the statements made herein are to the best of my knowledge true and correct.			
				BY: _____			
				COMPANY: _____			
				PHONE: _____			
				TITLE _____ DATE _____			
<input type="checkbox"/> BUSINESS ADDRESS <input type="checkbox"/> MAILING ADDRESS							





Form available in Excel

- The sales and use tax return form is also available in Excel format for easy linking to your worksheets.
- This presentation uses the printed form that you'll receive in the mail, but the Excel form has the same basic layout.



Line 1

Gross Sales and Service

- On this line report the total sales by your business, even if they're not taxable:
 - Retail sales of tangible personal property;
 - Rentals of tangible personal property;
 - Leases of tangible personal property;
 - Service and labor sales;
 - Sales shipped or delivered out of the City;
 - DO NOT INCLUDE TAX COLLECTED.

Gross sales if coin operated

- Sales via vending machines are taxable, be they food, beverages or use of equipment such as games, vacuums, car wash equipment or laundry equipment.
- Gross sales/taxable sales is calculated by the gross receipts method:

Gross sales = Gross receipts X (1 – tax rate)

Currently: gross sales = gross receipts x .97

Tax due = Gross receipts – gross sales



Line 2 A

Bad Debts Collected

- This applies to businesses using accrual-based accounting.
- Because bad debts are allowed as a deduction, collections on them must be added back in to current business.
- If you didn't take a deduction previously, do not add bad debts back in.



Line 2B

Total Gross Sales

Sum Lines 1 and 2A



Line 3

These are the itemized deductions from gross sales to arrive at taxable sales as allowed by the City Code.

Line 3A

Non-Taxable Service Sales Included in Line 1

- *Exempt* services are all EXCEPT: alarm and security system services, internet, telecommunications, installation of any of these, advertising services, marketing or information agency services and credit bureau services.
- Allowed by City Code section 22-58(9).

Line 3B

Sales to Other Licensed Dealers for Resale Purposes

- City Code section 22-58(20)
- Good faith in allowing the exemption is required:
 - Example: an auto repair shop does not sell uniforms in the ordinary course of business; don't make an exempt sale of uniforms to an auto repair shop.
 - Items to be used *by* a reseller *in conducting his business* are subject to sales tax.



Line 3C

Sales Shipped Out of the City and/or State

- Code section 22-58(15)
- Keep shipping terms documentation to prove where title passed.
- Invoices must bear a “shipped to” address and method of delivery consistent with it.
 - Example: If an invoice indicates shipping address outside the City, but delivery is marked “customer pick up,” the exemption will be disallowed if no shipping documents prove delivery outside the City.
 - This can be a complex area; if in doubt, ask for City assistance.



Line 3D

Bad Debts Charged Off

- City sales tax was previously remitted.
- You use accrual basis accounting.
- Report the amount of uncollected accounts that was written off during the reporting period.



Line 3E

Trade-Ins for Taxable Resale

- The value allowed on trade-ins that will be sold in the ordinary course of business, including sale as scrap, is equivalent to a purchase for resale and is a deduction to gross sales.
- If a trade-in is later used in your business before being sold or otherwise disposed of, its trade-in value at the time it was traded is subject to use tax.



Line 3F

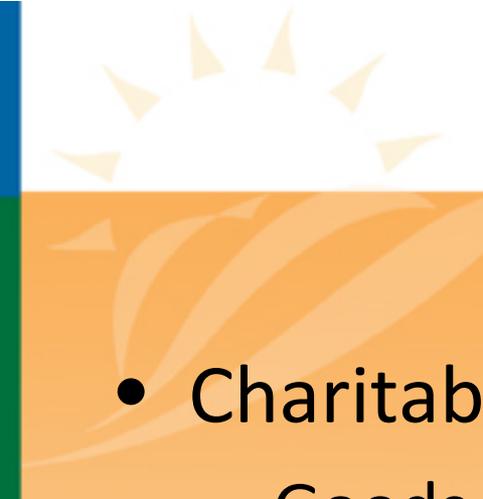
Sales of Gasoline and Cigarettes

- All motor fuels on which gasoline or special fuels tax has been paid or accrued under CRS 39-27-102 are exempt.
- Other tobacco products, such as chew and loose leaf tobacco, are taxable. Do not deduct sales of them.
- Note: It is illegal to sell unstamped cigarettes except under a State permit.

Line 3G

Sales to Governments, Religious and Charitable Organizations

- Governments
 - Federal government
 - State of Colorado and its subdivisions
 - *Those are it. Foreign governments are only exempt if they bear a Federally-issued exemption document.*
 - Paid with a government check or credit card or accompanied by an exemption letter or form if paid in cash.



Line 3G continued

- Charitable organizations
 - Goods to be used in the conduct of the organization's exempt functions and activities.
 - City of Wheat Ridge exempt institutions located in and *licensed by the City* may buy items exempt of City sales tax.
 - Document their exemption with either a copy of their license or via an exemption form which includes the exempt license number.



Line 3H

Returned Goods

The sales price of goods or taxable services *and* the sales tax must be refunded in cash or credit.

Line 31

Prescription Drugs and Prosthetic Devices



- For both humans and animals
 - Prescription drugs are only those listed as prescription or controlled substances on the Prescription Drug Formulary published by the FDA.
 - In Wheat Ridge, prosthetic devices are those which replace or support a bodily function permanently or temporarily.
 - Also in this category are insulin and insulin devices, glucose, and oxygen and oxygen equipment.
 - Medicated sutures and pre-dosed syringes are included.



Line 3J

Food Stamps

- The exemption includes foods purchased with food stamps or WIC vouchers.
 - Items that may be purchased under these programs are published and made known to food retailers.
 - You may also find the listings at:
www.fns.usda.gov/fsp/
www.fns.usda.gov/wic/



Line 3K-3L

Other Deductions

- “Sales to Permit Holders” - Construction materials and supplies on which tax has been paid via a permit.
- “Discounts and Coupons” - Discounts and coupons absorbed by the business, NOT promotions reimbursed by the manufacturer or supplier.



More other deductions

- “Prohibited” - Sales on which tax is prohibited by the Constitution or State or Federal law.
- “Legal pubs.” - Sales of legal publications are specifically not taxable under CRS 24-70-102.
- “Agricultural” - Farm equipment, parts, livestock, feed, fertilizer and animal drugs sold to an agricultural producer for use outside the City and evidenced by Colorado form DR 0511.



Line 3

Total Deductions

Sum the deductions from gross sales.

Line 4

Total Net Taxable Sales and Service

Line 2B minus Line 3



Line 5

Amount of City Sales Tax

- In the small box, place the amount from Line 4, net total taxable sales and service.
- Multiply it by the rate shown (3%).
- Place the result in the right-most box on this line.



Line 6

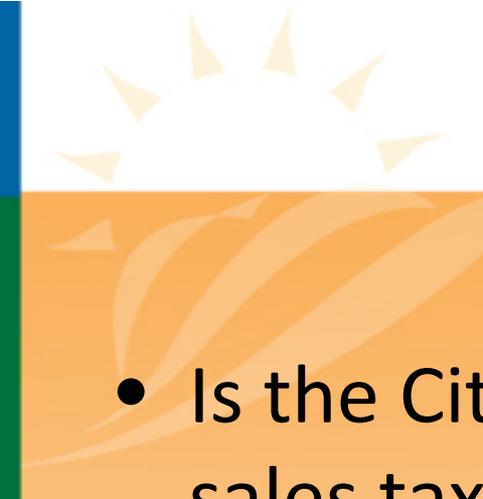
Add Excess Tax Collected

- All tax collected must be remitted.
- Add up all the tax you collected during the reporting period and allocate it between the State and City. Here's how:
 - If your business is in Jefferson County, Colorado
 - City's share = tax collected x .4 (.03/.075)



Excess tax, part II

- If your business is not in Jefferson County, Colorado
 - City's share = all tax collected x .43 (.03/.07)
- State's concern = all tax collected – City's share



Excess tax, part III

- Is the City's share amount larger than the sales tax you calculated on line 5?
 - Yes: subtract the amount on line 5 from this amount, the remainder is excess tax due to the City. Enter it on Line 6.
 - No: enter 0 on line 6
 - You must still pay what's owed even if you did not collect enough.



Line 7

Adjusted City Tax

- The sum of calculated tax and excess tax collected is adjusted City tax.
 - Add Lines 5 and 6
 - This ensures all money people paid as tax is remitted to taxing authorities.
 - Remember, funds collected as tax are never the property of the business!



Line 9

Total City Tax

(Line 8 is reserved for future use.)

Simply bring down the amount from Line 7.



Line 10

City Use Tax

- Go to Schedule B at the bottom of the return form and list, or attach a totaled list, of all items purchased for use in your business on which no or not enough local tax was paid.
- How-to on earlier slides.
- Place the Schedule B total in the small box on Line 10.
- Multiply the amount by the rate shown.
- The result is the use tax due; place the amount in the rightmost box on Line 10.



Line 11

Total Tax Due

Add Lines 9 and 10.



Line 12

Late Filing Fees

- If your return is late and you won't be able to postmark or deliver by the due date, penalty and interest are due.
- Penalty is the larger of 10% of the total tax due on Line 11 or \$15.
- Interest = Line 11 x .01 x (number of days late/30)
 - If over 30 days Line 11 x .01 x (# days late/360) x 12)
- Sum penalty and interest for the total late fee.

Line 13

Total Tax, Penalty and Interest Due

Sum Line 11 and Line 12.



Line 13A

- New!
- Tax/general business license renewal fee

Line 14

Adjustments to Prior Periods

- If you find an error on a previously filed return, file an amended return. DO NOT use this section to correct it.
- Debits may be:
 - Short-paid tax from a previous return.
 - Penalty and interest on a late previous return filed without these items.
- If you cannot validate with your records or don't recognize the debit, please call; it could be an error that we'd be happy to correct.



Line 14 continued

- Credits may be:
 - Tax overpaid on a previous return.
 - Penalty and interest paid on a return received within the grace period.
 - A business license fee overpayment.
- ALWAYS research a credit before taking it by calling us. There are software issues which cause inappropriate credits to appear at times.



Line 15

Total Due and Payable

- Sum Lines 13, 14 Debit and 14 Credit.
- Write a check or money order payable to the City of Wheat Ridge and deliver or mail.

To the lock box!!



Changes and Closure Section

- If you recently acquired this business and are using the old business license number or don't have a license please indicate the date business began. You will be required to license anew.
 - Provide the name of the new owner.
 - If a seasonal business, please indicate the months within your “season.”

Changes and Closure Section, 2

- If you've moved your location in the City, please provide the address and highlight it.
- If records are kept elsewhere, provide the address.
- If you've closed or sold the business and this is your last return, indicate the last day of business.



Signature Box

- Did you know that in many jurisdictions across the country an unsigned return is not considered valid and may result in a penalty or the return being deemed un-filed?
- Complete all sections of the signature box so we know who to contact with questions.

When is the return due?

- All sales and use tax returns and remittances are due on the 20th of the month after the end of the filing period:
 - Monthly: the 20th day after each month-end;
 - Quarterly: the 20th day after each calendar-quarter end;
 - Yearly: the 20th day after each calendar year-end.



Weekends and holidays

- When the sales and use tax due date is a weekend or holiday the due date is the next business day.



Postmark applies

- The City of Wheat Ridge observes the postmark rule:
 - A return postmarked on the due date is considered filed timely.

Where do I file the sales and use tax return?

- If the return is a zero return (having no tax due), please send it to City Hall:

Sales Tax Division
7500 W. 29th Avenue
Wheat Ridge, CO 80033

- If the return has an amount due, please send it to the lockbox:

City of Wheat Ridge
Sales Tax Division
P.O. Box 151654
Lakewood, CO 80216-8654



Resources

- Wheat Ridge: www.ci.wheatridge.co.us

Tax Technician	(303)235-2820
Auditor	(303)235-2825
Tax Supervisor	(303)235-2818

- State of Colorado: www.revenue.state.co.us
www.taxcolorado.com

(303)238-7378

- Jefferson County Property Taxes (only) inquiries
www.co.jefferson.co.us
(303) 271-8333 General Property Tax
(303) 271-8341 Business Personal Property Tax

- Other localities and counties may be found in the phone book, via internet search or through the State's website.