Sales and Use Tax Return Filing Guide

GENERAL QUESTIONS

How often must I file?

Depending on your filing schedule, your business will receive a sales and use tax form on a regular basis.

- Average tax due is more than $100/month: at the end of each month.
- Average tax due is between $20 and $100/month: at the end of each quarter.
- Average tax due is less than $20/month: at the end of each year.

Why is filing required?

- It's the law: City Code section 22-40.
- Sales taxes collected by retailers are public funds held in trust – they NEVER belong to the collector.

Complete returns are important!

Gross sales data aids in determining the City's gross production for economic analysis and development purposes.

- Deductions data tells us more about the makeup of the City's economy.
- Based on this information and other input, the City determines projects, programs and service needs.

Hey, I don't sell things!

Everyone is familiar with sales tax, which is recognized as public money that must be paid to the City. However, use tax is also required

- City Code section 22-66(a)
- Service businesses might have a use tax liability, which is a tax paid on items used in business or rendering services if no local sales tax was paid on their purchase.
- Use Tax Made Simple: The City offers via email, web, CD, hard copy or classes, instruction on use tax as it applies to businesses in Wheat Ridge.
- Watch for notice of classes or contact us for a copy of the material if you don't use the web:
    - 303-235-2820
    - WRTax@ci.wheatridge.co.us

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

Where do I file?

- Please see the City's website for the current mailing address for returns. The address on the form in this guide may not be current!
- Or, try online filing!
- https://salestax.ci.wheatridge.co.us
    - User ID: first five digits of the tax account number
    - Password: skip first digit, four digits, "-", first five characters and spaces of company as it appears on the return; OR
- www.salestaxonline.com
    - Follow the instructions to set up to file.

The Wheat Ridge Tax Form

A copy of the form as mailed follows this page. The sales and use tax return form is also available in Excel format for easy linking to your worksheets.

City of Wheat Ridge

PO BOX 912758, DENVER, CO 80291-2758 (303)235-2820
ONLINE - PAY WITH CARD: https://salestax.ci.wheatridge.co.us/sts1
ONLINE - PAY WITH VIRTUAL CHECK: https://secure.salestaxonline.com

PERIOD COVERED

DUE DATE

ACCOUNT NUMBER

1	GROSS SALES AND SERVICES (all revenue)		.00	5	CALCULATE CITY SALES TAX - LINE 4 x .035			.00
2A	ADD: BAD DEBTS COLLECTED		.00					.00
2B	TOTAL SALES ACTIVITY - ADD LINES 1 AND 2A		.00	6	ADD: EXCESS TAX COLLECTED			.00
3	A	NON-TAXABLE SERVICES	.00	7	ADJUSTED TAX – ADD LINES 5 AND 6			.00
DEDUCTIONS	B	SALES TO OTHER LICENSED DEALERS	.00	8	DEDUCT VENDOR FEE: LESSER OF 2% OR $100			.00
	C	SALES SHIPPED OUT OF CITY/STATE	.00	9	TOTAL SALES TAX – LINE 7 MINUS LINE 8			.00
	D	BAD DEBTS CHARGED OFF, TAX PAID	.00	10	CITY USE TAXABLE AMOUNT			.00
	E	TRADE-INS FOR TAXABLE RESALE	.00	11	CITY USE TAX – LINE 10 x .035			.00
	F	SALES OF GASOLINE/CIGARETTES	.00	12	TOTAL SALES AND USE TAX DUE – ADD LINES 9 AND 11			.00
	G	SALES TO LICENSED EXEMPT, FEDERAL AND COLORADO GOVERNMENTS	.00	13A	LATE FILING CHARGES IF RETURN IS FILED AFTER DUE DATE ADD	PENALTY	LARGER OF .10 X LINE 12 OR $15	.00
	H	RETURNED GOODS	.00	13B		INTEREST	.01 x MONTHS LATE x LINE 12	.00
	I	PRESCRIPTION DRUGS, PROSTHETICS	.00	14	TOTAL TAX, PENALTY, AND INTEREST DUE – ADD LINES 12, 13A AND 13B			.00
	J	FOOD STAMPS/SNAP/WIC	.00	15	BUSINESS LICENSE RENEWAL FEE DUE BY JANUARY 31 TO AVOID LATE FEE			.00
	K	OTHER EXEMPT:	.00	16A	PRIOR PERIOD ADJUSTMENTS	DEBIT ON ACCOUNT - ADD		
	L	OTHER EXEMPT:	.00	16B		CREDIT ON ACCOUNT - SUBTRACT		
3	TOTAL DEDUCTIONS – ADD LINES 3A THRU 3L		.00	17	TOTAL AMOUNT DUE			.00
4	TOTAL CITY NET TAXABLE LINE 2B MINUS LINE 3		.00	18	TOTAL AMOUNT PAID - PLEASE COMPLETE			

MESSAGES SECTION - TO OR FROM THE CITY

FILE ONLINE FOR CONVENIENCE AND ACCURACY! ADDRESSES ARE AT THE TOP OF THE PAGE.

INFORMATION SECTION

a) Please notify about changes using the online tools on the filing websites, a phone call, or email to WRTAX@ci.wheatridge.co.us
b) City Hall walk-in or direct mail: 7500 W. 29TH AVENUE, WHEAT RIDGE, CO 80033-8001
c) Website: WWW.CI.WHEATRIDGE.CO.US/TAXINFO
d) Tax Division Phone: (303)235-2820

THIS IS A LEGAL DOCUMENT – A SIGNATURE IS REQUIRED

I hereby certify under penalty of perjury that the statements made herein are true and correct to the best of my knowledge.	
Signed:	**Date:**
Title:	**Phone:**
Company:	

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)
    - <u>Currently: gross sales = gross receipts x .97</u>
    - Tax = (gross receipts – gross sales) *or* (gross sales x 3%)

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

- Taxable services include: 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 steak in the ordinary course of business; don't make an exempt sale of steaks 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.

Line 3G: Sales to Governments, Religious and Charitable Organizations

- Governments
  - Federal government
  - State of Colorado and its subdivisions
  - Paid with a government check or credit card or accompanied by an exemption letter or form if paid in cash.
- Charitable organizations
  - Goods to be used in the conduct of the organization's regular religious, charitable or educational functions and activities.
  - City of Wheat Ridge exempt institutions located in and licensed with the City may buy all items exempt of 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 3I: Prescription Drugs and Prosthetic Devices

- For both humans and animals
- Prescription drugs are only those listed as "prescription required" 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 (SNAP) Sales

- The exemption includes foods purchased with SNAP cards/vouchers 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 MUST BE DESCRIBED BY THE FILER

- “Lodging” - Rooms and accommodations let for less than 30 days, for which a special filing is required.
- “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.
- “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.
- Lottery
- Newspaper

Line 3: Total Deductions

Sum the deductions listed on lines 3A through 3L.

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
        - State's share = tax collected x .60 (.045/.075)
    - If your business is not in Jefferson County, Colorado
        - State's share = all tax collected x .57 (.04/.07)
    - City's share = all tax collected – State's share
- 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 8: Vendor Fee

- The vendor fee (commission you keep) is available only if the return is postmarked by the due date.
- The vendor fee is 2 percent of adjusted sales tax only, including excess sales tax collected.
- The vendor fee is limited to $100 per return.

Line 9: Total City Tax

Subtract line 8 (vendor fee) from line 7.

Line 10: City Use Taxable amount

- Sum up all items for use in business, not for resale, that were purchased without local tax having been paid. Place the total on this line.
- Use tax is covered in detail in resources on the City's website. A small primer is at the back of this booklet.

Line 11: City Use Tax

- Multiply the amount on Line 10 by the current tax rate (check the website as the form in this guide may be out of date). This is the use tax owed to the City. Place the amount on this line.

Line 12: Total Sales and Use Tax Due

- Add Lines 9 and 11.

Line 13A: Late Filing Penalty

- If your return is late and you won't be able to postmark or deliver by the due date, penalty is due.
- Penalty is the *greater* of 10% of the total tax due on Line 11 *or* $15.

Line 13B: Late Filing Interest

- If your return is late and you won't be able to postmark or delivery by the due date, interest is due.
- Interest = Line 11 x .01 x (number of days late/30 rounded up to the full month)

Line 14: Total Tax, Penalty and Interest Due

- Sum Lines 12, 13A and 13B.

Line 15: License renewal fee

- This appears on the December return, due in January
- $20 annual business/tax license maintenance fee
- Fee may be paid with return or separately, but becomes delinquent on January 31st.

Line 16A: Debit on Account

If you find an error on a previously filed return, file an amended return. DO NOT use this section (Lines 16A and 16B) to correct it. This section is for pre-populated charges and credits.

- 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 match up a debit with your records or don't recognize the debit, please call; it could be an error that we'd be happy to correct.

Line 16B: Credit on Account

- Credits may be:
    - Tax overpaid on a previous return.
    - Penalty and interest paid on a return received within the grace period.
    - ALWAYS research a credit before taking it by calling us.

Line 17: 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.

Changes and closure

You are encouraged to use the online forms accessible on the main Tax page on the City's website. These forms generate an email to the Tax Division. Enclosures and notes on returns may be missed or lost, despite our best efforts to attend to them all.

- 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. A business/tax license is required.
- Provide the name of the new owner.
- If a seasonal business, please indicate the months within your "season."
- If you've moved your location in the City, please provide the address and highlight it.
    - A new license application will be required so that Community Development inspections approvals may be obtained.
- 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.

Wheat Ridge Return Filing Addresses

- If the return is a zero return (having no tax due), or you wish to hand-carry it:

  City of Wheat Ridge
  Sales Tax Division
  7500 W. 29th Ave.
  Wheat Ridge, CO 80033-8001

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

  City of Wheat Ridge
  c/o First Bank Data
  PO Box 151654
  Lakewood, CO 80215-8639

Resources

- Wheat Ridge
  - www.ci.wheatridge.co.us
  - Tax Supervisor (303) 235-2825
  - Tax Auditor (303) 235-2818
  - Tax Technician (303) 235-2820 (Main Tax Division Number)
- State of Colorado
  - www.revenue.state.co.us
  - (303)238-7378
- Other localities and counties may be found in the phone book, via internet search or through the State's website.