

Exemptions from Tax

The City of Wheat Ridge offers many exemptions from City tax. However, there are differences from the State exemptions. The following is information about the most common City tax exemptions, in order of prevalence. For further detail or more specific inquiries, please [contact tax staff](#). A written auditor's opinion will be provided upon detailed written request. Suggested reading: [City Code](#) section 22-58.

Sales for resale

Goods purchased by a retailer or intermediary wholesaler for resale to customers in the ordinary course of business are not subject to the sales or use tax. The State's multi-jurisdictional resale exemption form, [DR 0563](#), or any other containing the same information, is acceptable if completed in full and accepted in good faith. Good faith requires a minimum use of diligence in ensuring that the goods the customer wishes to purchase without tax make sense given their stated business activity. Common sense must prevail because any sales tax exempted frivolously becomes a liability as both an uncollected sales tax to the seller or a use tax to the buyer until paid by one of them. Suggested reading: [City Code](#) section 22-58.

Sales on which local tax was paid

When goods are bought and taken into possession outside the City any local tax paid at the time of purchase is credited against the City tax. If the local tax paid is lower than the City's, use tax will be owed to the City for the difference in rate.

Building materials and supplies

A copy of a valid permit on which advance use tax was paid, issued by any city, must be presented for exemption at the time of sale. Receipts and invoices on which the City tax was paid and a permit copy along with a letter requesting a refund are required for a refund of City tax paid in error on materials for a permitted job.

Sales to City-licensed exempt organizations

All religious, charitable and non-public educational organizations must bear a City exemption license in order to be exempt from any City tax on sales directly to them. Lodging and admissions taxes are subject to the same requirements.

Sales to government

Included are all direct sales to agencies, departments and institutions of the Federal government; and direct sales to agencies, departments and institutions of the State of Colorado and its political subdivisions for use in their governmental capacities. All City taxes are included: sales, admissions and lodging.

Prescription drugs for humans and animals

All controlled substances listed on the FDA formulary and sold under prescription by a medical or veterinary professional are exempt from the City sales and use taxes. Items commonly available for sale without a prescription are *not* exempt from the sales or use tax even if sold under a prescription. Examples of non-exempt items sometimes prescribed by a medical professional are: over-the-counter vitamins, over-the-counter cold remedies and over-the-counter ointments.

Prosthetic devices for humans and animals

Articles which replace or support bodily functions are exempt from the City sales and use taxes. This includes, but is not limited to, ostomy supplies and equipment; artificial limbs; pacemakers; custom orthotics; prescription shoes; hearing aids and hearing aid batteries; dentures and dental implants; and corrective eyeglasses and lenses. Similar items applied for aesthetic purposes alone are *not* exempt.

Orthotics

Insulin and insulin pumps and glucose preparations for treating insulin reactions

Medical oxygen and equipment

Medical supplies sold containing controlled substances

Included in this category are medicated sutures and pre-dosed syringes.

Cigarettes

Motor fuels bearing non-refundable gasoline or special fuels taxes

Newspapers

Legal publications

Raw materials or ingredients sold to manufacturers, or those who compound for sale, who will sell the resulting product(s)

Containers, shipping cases and labels

These items sold to manufacturers, or those who compound for sale, are exempt from City tax if the items are sold with the purchaser's product and are not returned by customers for reuse.

Trade-ins

Agricultural items

Poultry, livestock, livestock and poultry feed and drugs, seed, machinery and machinery parts for use outside the City and sold to persons or entities regularly engaged in commercial agricultural production are exempt from City tax. Agricultural producer status must be supported by a completed State agricultural exemption form, [DR 0511](#).

Foreign Diplomatic Exemption

22 USC 4301, et seq., requires the City to allow exempt sales to foreign diplomats bearing cards issued by the State Department. A yellow-striped card bears a minimum purchase amount within the stripe on the face of the card. A blue-striped card permits full exemption. More detailed information is available from the Office of Foreign Missions within the US State Department by visiting this link: <http://www.state.gov/ofm/tax/>. Examples of the cards are available on the State Department's [printable flyer](#). For documentation of a one-time use of the exemption, please photocopy the card and attach it to the sales documents or hotel folio. If the diplomat is a regular customer, you may request although you may not demand it because of the Federal law, that your customer complete the exemption form DRP 0563 for the convenience of three-year retention.

Help for the Retailer

Occasionally a retailer will encounter a customer who insists that they're entitled to a tax exemption although the retailer, upon due consideration of the law and the situation, truly believes they are not. With the exception of the presentation of a valid building permit at the time of the sale of building materials and supplies, a retailer is not required to accept an exemption form or to allow a tax exemption that doesn't make sense. As stated above, the retailer becomes liable for inappropriately exempted sales tax until either he or the customer pays it.

Ultimately, a customer who believes that they are entitled to a disputed exemption from sales tax may always seek a refund of sales tax from the levying jurisdiction.