



FAQ #3— SALES TAX

Is Aspen a home rule city?

Yes, the City of Aspen is a home rule city. Neither the Colorado Department of Revenue nor any other taxing authority may collect taxes on behalf of the City. Any person who is engaged in business in the City of Aspen must obtain a City license and collect and remit Aspen taxes on all taxable transactions. Tax returns and remittances must be sent to the City of Aspen and not to the Colorado Department of Revenue. Payment to the wrong jurisdiction does not relieve a retailer of its liability to the City.

What does it mean to be a home rule city?

Colorado Home Rule Municipalities are self governing under Article XX of the Constitution of the State of Colorado. The Charter and the ordinances made pursuant to the Charter, becomes the city or town's law and extend to all local and municipal matters. In cases where these laws conflict with the laws of the State, the laws of the city or town supersede State law within territorial limits.

In the context of taxation, home rule cities administer and collect their own taxes. Tax ordinances, bases, rates, vendor fees, forms, and other rules and regulations may vary from city to city and may also be different from the State. Taxpayers must license separately with each home rule jurisdiction and remit taxes accordingly. In most cases, the point of delivery is the point of taxability, and will determine which tax ordinances apply to each transaction.



What is the purpose of the vendor's fee deduction?

The vendor's fee deduction is a credit to taxpayers who remit their sales tax return by the due date. This deduction is provided since the taxpayer is acting as an agent for the City by collecting and remitting sales tax on taxable sales. The deduction is 3.3% of total tax collected up to a maximum of \$50.

When preparing my sales tax return, what supporting documents for my deductions should I retain?

While there are a variety of deductions allowed on the sales tax return, common deductions include the following:

Non-taxable service sales: Invoice should clearly denote the type of service performed.

Sales to other licensed dealers for purposes of taxable resale: Certificate from buyer's home state documenting buyer is a wholesaler.

Sales shipped out of city: Shipping documents that can be traced to invoice. Shipping receipts should include individual/company where item was shipped, address and invoice number. Invoice should include purchaser's name and shipping address.

Sales to governmental, religious and/or charitable organizations: Valid exemption certificate from buyer's home state or a letter from IRS indicating exempt status, including name of organization and employer identification number ("EIN"). Note: In order for purchases to be tax exempt, the organization must be conducting regular religious, charitable, scientific, literary, or educational business. For example, a church that has tax exempt status would have to pay applicable sales and lodging taxes to a hotel if church members are on a ski vacation, even if the lodging services were paid with a church check.

I over collected sales tax on several transactions. How do I account for this excess tax on my return?

Excess tax is accounted for on line 6 of the sales tax return. No retailer may retain any tax collected in excess of the tax computed, and should report the excess collections on the return for the period in which it was collected and include it in the calculation of tax due.

My business does not have a physical location/office in the City of Aspen; however, the business routinely makes deliveries to customers within Aspen city limits. Should sales tax be collected on those transactions?

Yes, Aspen sales tax must be collected on all deliveries.

I am a subcontractor working on a project within Aspen city limits. Do I need to charge sales (or use) tax on construction materials purchased for the project by the general contractor?

The general contractor is responsible for paying use tax on all construction materials brought into the City unless the subcontractor already paid sales tax on those items. The general contractor should provide each subcontractor with a use tax exemption certificate. If this is provided, the subcontractor does not need to charge Aspen sales tax.

What do I do if a purchaser insists they are exempt from tax but cannot produce the appropriate documentation?

If a dispute arises between a retailer and a purchaser who claims a sale is exempt from tax, the retailer must collect and the purchaser should pay the tax. The purchaser can submit a claim for refund to the City within 60 days from the date of purchase. Any refund will be issued directly to the purchaser.

Will I ever get audited?

Possibly. Since 2009, the Finance Department has a sales and use tax audit program. The audit period includes all reporting periods with due dates which fall within the 36 month period preceding the date of the notice of audit.

Did you know?

If you'd like a list of transactions both taxable and exempt from sales tax you can find them in the Aspen Municipal Code, §§23.32.090 and 23.32.100.

The Municipal Code can be found online on the City Clerk's home page:
www.aspenpitkin.com/Departments/Clerk

Due Dates & Monthly Filing Requirements

Monthly returns are due on or before the 20th day following the end of the reporting period.

If monthly tax is less than \$10, taxpayer may file annually or monthly.

If monthly tax is \$10 or more, taxpayer must file monthly and continue to file monthly the rest of the calendar year.

If you have any questions about this FAQ, please contact the City of Aspen's Finance Department at (970) 920-5029 or email Aspen_sales_tax@ci.aspen.co.us

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