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Tax Guide

The City of Englewood is a home rule city that has the authority to administer and collect its own taxes.

This guide provides general information regarding the City of Englewood's sales and use taxes. Included is a general description of each tax, types of transactions, what is taxable or exempt, and procedures for remitting taxes.

This guide is not all-inclusive and its contents in no way supersede or amend the Englewood Municipal Code (EMC) section Title 4, Chapter 4 Sales and Use Tax.

For additional questions or clarification please contact the **Revenue Division** by email at RevenueDiv@englewoodco.gov.

Who is required to have a City of Englewood Sales and Use tax license? (EMC 4-4-1)

Effective January 1, 2020, all Englewood businesses must hold a Sales and Use tax License. This includes all non-traditional and traditional businesses.

Examples of non-traditional businesses include, but is not limited to, selling digital products, bloggers, gig workers, housekeepers, odd job workers, online sales and/or services, etc. Traditional businesses include, but is not limited to, store fronts, medical offices, insurance offices, fitness centers, etc..

A Sales and Use tax license is proof that a business is registered with the City of Englewood. A business issued a State of Colorado resale certificate is authorized to make tax-free purchases of merchandise for resale.

If you need to apply for a City of Englewood sales and use tax license, please access the MUNIREvs system via <https://englewood.munirevs.com>. Sales and Use tax licenses are valid for two years from issuance.

What is the City of Englewood sales tax? (EMC 4-4-4)

It is a local sales tax to be collected and remitted by the seller. The tax is imposed upon the purchase price of all retail sales and purchases of tangible personal property when delivery takes place within the boundaries of the City.

The term "sale" includes but is not limited to: the acquisition for any consideration by any person of tangible personal property or taxable services that are purchased, leased, rented, sold, used, stored, distributed or consumed. These terms include capital leases, installment and credit sales. It excludes a bona fide gift of property or services.

The purchase price includes: 1) Money received or due in cash and credits; 2) Property at fair market value in exchange but not for resale; 3) Any consideration valued in money, whereby the manufacturer or someone else reimburses the retailer for part of the purchase price and other media of exchange; 4) The total price charged on credit sales including finance charges which are not separately stated at the time of sale. An amount charged as interest on the unpaid balance of the purchase price is not part of the purchase price unless the amount added to the purchase price is included in the principal amount of a promissory note; except the interest or carrying charge set out separately from the unpaid balance of the purchase price on the face of the note is not part of the purchase price. An amount charged for insurance on the property sold and separately stated at the time of sale is not part of the purchase price; 5) Installation, applying, remodeling or repairing the property, delivery and wheeling-in charges included in the purchase price and not separately stated; 6) Transportation and other charges to effect delivery of tangible personal property to the purchaser; 7) Indirect federal manufacturers' excise taxes, such as taxes on automobiles, tires and floor stock; 8) The gross purchase price of articles sold after manufacturing or after having been made to order, including the gross value of all the materials used, labor and service performed and the profit thereon.

Please Note: Sales tax is a retail point-of-purchase tax that is paid by the purchaser for taxable goods and services and collected by the seller. It is considered a **trust-fund tax**. A trust-fund tax is a special type of tax where the seller, the person or entity who is liable for the tax, obtains it from another party (purchaser). The seller holds the tax until it is due to the particular government. A trust-fund tax is a type of tax or debt where the management or

responsible employees of a corporation or other entity with limited liability can be held **personally liable** for its non-payment.

What is the City of Englewood use tax? (EMC 4-4-5)

Use tax is similar to the City's sales tax. Use tax is imposed when the following four conditions are met:

- 1) The item purchased is tangible personal property stored, used or consumed within the boundaries of the City. In other words all items subject to the City's sales tax.
- 2) The buyer is the final buyer.
- 3) The item would be subject to sales tax.
- 4) The seller did not collect Englewood sales tax or its equivalent rate at the time of sale.

A credit will be granted against the City's use tax for any lawfully imposed municipal sales tax paid at the time of purchase. The amount of the credit shall not exceed 3.8% (.038) and shall not include any county or special district taxes.

Tax Base and Rate / Computation of the Tax

The City of Englewood sales and use tax rate is 3.8% (.038). This rate is applied to all taxable retail purchases as previously defined.

What is the City of Englewood Lodger's/ Short Term Rental tax? (EMC 4-4-4-1C and 4-4-4-2B2)

Lodger's Tax is 2% (.02) of the rental fee, price, or other consideration paid or received upon the short-term (less than 30 days) rental or lease of any room, rooms or mobile homes for lodging purposes made available to the public in any hotel, motel, lodge, resort, club, rooming house, apartment building or other establishment. Lodger's Tax is in addition to Sales Tax 3.8% (.038), both taxes should be collected on rentals of less than 30 days.

RECORD KEEPING (EMC 4-4-4-6)

You must keep records of all of your business transactions to enable both you and the City to determine the sales and use taxes for which you are liable. The records need to be retained and available for at least three years from the transaction date for timely filed tax returns and for seven years for non-filed returns. These records must include (not an all inclusive list):

- ✓ complete, accurate beginning and ending inventories

- ✓ purchase receipts
- ✓ sales receipts
- ✓ invoices
- ✓ dated delivery acceptance receipts showing location
- ✓ bills of lading
- ✓ lease agreements
- ✓ fixed assets and depreciation schedules
- ✓ all other account books and documents pertaining to the business

If you make **nontaxable sales** to other retailers, wholesalers or exempt organizations, please retain copies of their sales tax license or exemption certificate.

RETAIL SALES TAX (EMC 4-4-4)

Examples of Taxable Transactions

Sales tax is calculated on:

- ▶ The purchase price paid or charged on all retail sales, purchases or rental of tangible personal property and taxable services sold within and delivered within the City boundaries. Taxable items include non-custom computer software, upgrades to non-custom computer software and the sale or furnishing of telecommunications services, electricity, steam heat or gas.
- ▶ The amount paid for all meals, including cover charges, if any, furnished in any restaurant, eating house, hotel, drugstore, club, resort or such place at which meals or food are sold to the public.
- ▶ Electronic subscriptions
- ▶ The rental fee, price, or other consideration paid or received for the rental or lease of any room, rooms, or mobile home for lodging purposes in any establishment making such available to the public.
- ▶ Sales by tax exempt organizations to the public are not considered tax exempt.
- ▶ Dyed Diesel used in off road vehicles.
- ▶ Food, drinks & confections when purchased for business consumption.

Exemptions to City of Englewood Sales Tax (EMC 4-4-4-3)

The City of Englewood does not issue exemption certificates. The City honors exemptions issued by the State of Colorado for government, religious and charitable organizations (EMC 4-4-4-3B) and the Standard Municipal Home Rule Affidavit of Exempt Sale form completed by the organization. The City

does NOT have an exemption for building materials, supplies or manufacturing equipment. Building materials may be exempt from sales tax if a building permit and receipt of city use tax paid is provided to the vendor.

- Nontaxable Sales
- Goods shipped outside the City limits by common carrier or by the **conveyance of the seller** or by mail
- Sales to licensed resellers for resale in the normal course of business
- Certain medical supplies dispensed by prescription or written directive:
For specific examples, please refer to Section 4-4-4-3 (4): - Exemptions to Sales Tax.
- Motor fuel (gasoline, propane, etc.) for internal combustion engines. (Dyed diesel is not tax exempt)
- Newspapers, periodicals & magazines in a hard copy
- Food, food products, drinks & confections, **for home consumption**, when sold in the same form, condition, quantities and packaging as is commonly sold by grocers. Food items purchased for business use are taxable.
- Purchases by religious, charitable and eleemosynary organizations made for regular functions and activities are not taxable. The organization must have a valid **state exemption certificate**, fill out a Standard Affidavit of Exempt Sale and pay for the purchase with organization funds.
- Sales to the United States government; to the State of Colorado, its departments or institutions and to the political subdivisions thereof, in their governmental capacity only; in all sales to the City; providing that no commercial, industrial or other banking institution, organized or chartered by the United States government, any agency or department thereof, or by the State of Colorado, shall be considered a governmental institution for the purpose of this exemption.

Please Note: sales of building materials or supplies to be used by a contractor for the construction of an improvement to any of the above exempt institutions or agencies are **not exempt**.

SPECIAL SITUATIONS

Selling at Retail and Performing a Service

When sales of tangible personal property and services are listed separately on a bill, the sales tax does not apply to the service portion. If the items are not listed separately, the sales tax applies to the full amount of the invoice.

Example: A repair job includes labor charges and replacement parts. If stated separately on the bill, only the amount charged for parts is taxable. If the job is billed as one amount with everything included, the entire amount is taxable.

Maintenance Contracts (Equipment & Appliances)

Mandatory Maintenance Agreements: For maintenance agreements which are mandatory and part of the purchase price of the item, the vendor must collect sales tax on the total purchase price paid. No additional sales or use tax is due on the materials being used in performing the maintenance agreement.

Optional Maintenance Agreements: If parts are covered and not stated separately, the entire invoice is taxable. If the optional maintenance agreement includes consumable supplies as part of the overall price of the maintenance agreement, the vendor must charge Englewood sales tax on the full purchase price of the maintenance agreement.

Maintenance Contracts (Software)

Software maintenance agreements commonly include updates and upgrades. The upgrade/update portion is taxable. If the upgrade/update portion is not stated separately, the whole invoice is taxable.

Renting/Leasing of Equipment

Leasing or rental of equipment is considered the same as a sale and the lessor shall collect sales tax on the rental fee paid.

Short Term Lodging/Short Term Rentals

Rental of short term living accommodations (less than 30 days) are subject to 3.8% (.038) sales tax **and** 2% (.02) lodgers tax. Examples are short term lodging/short term rentals at hotels, motels, mobile homes, Airbnb, and Vrbo.

For long term lodging (greater than 30 days), there should be a written rental agreement stating the rental period.

Manufacturing

Purchase of machinery, equipment and supplies used or consumed by manufacturers and fabricators are subject to the retail sales tax or the use tax.

Leasing Space in Your Store to Others/Consignment Sales

Occasionally businesses will lease some of their space for sale of taxable goods to another business or individual. When this occurs, the person or business collecting money on the sales is also responsible for collecting and remitting applicable sales taxes and obtaining a Sales and Use tax license.

Claim for Refund

To file a claim for refund please reach out to the Revenue Division at RevenueDiv@englewoodco.gov for a Claim for Refund form and requirements.

Amend a Tax Return

To amend a tax return please reach out to the Revenue Division at RevenueDiv@englewoodco.gov.

US POSTAL ZIP CODE

The US Postal Service assigns Zip Codes based on the US Postal Service’s sorting criteria.

The City of Englewood shares Zip Codes with other jurisdictions, including:

Zip Code	US Postal Service Area
80150 & 80151	City of Englewood’s Main Post Office and Annex Post Office
80110 & 80113	City of Englewood, City of Sheridan and City of Cherry Hills Village
80111 & 80112	Unincorporated Arapahoe County, Unincorporated Douglas County, City of Greenwood Village and City of Centennial

Please collect and remit sales tax for addresses with the following Zip Codes: **80110, 80113 (excluding the City of Sheridan and the City of Cherry Hills Village), 80150, and 80151.**

OTHER TAXES AND FEES

Basic Local Exchange Tax \$.55 per phone line (EMC Title 4 Chapter 5)

There is levied on and against each Provider operating within the City, a tax on the occupation and business of providing Basic Local Exchange Service at retail to Inhabitants of the City based on the line count.

This tax affects providers of but not limited to landlines, cellular/mobile phones, Interconnected Voice Over Internet Protocol (VOIP) service, etc.

"Basic local exchange service" or "basic service" means the telecommunications service that provides: (a) A local dial tone; (b) Local usage necessary to place or receive a call within an exchange area; and (c) Access to emergency, operator, and interexchange telecommunications services.

Pawn and Purchaser of Valuable Articles Transaction Fee \$.30 per transaction (EMC Title 5, Chapter 15 Pawnbrokers and Chapter 23 Purchaser of Valuable Articles)

Every Pawnbroker and Purchaser of Valuable Articles shall pay a fee for every transaction and submit to the City. This fee is imposed to offset the cost of administering this license. This fee shall be determined by the City and set by resolution.

Recreational Marijuana Sales Tax 6.5% (effective 1/1/2020) in addition to the base 3.8% Sales Tax

Businesses engaged in the selling of recreational marijuana must also collect the Colorado State 15% excise tax in addition to all other taxes. For more information please enter the following link in the web address bar:
<https://www.colorado.gov/pacific/sites/default/files/Excise23.pdf>

Medical Marijuana is subject to the base 3.8% Sales Tax

Lodging Tax 2% in addition to the base 3.8% Sales Tax (EMC 4-4-4-2(B)(2))

Rental of short term living accommodations (less than 30 days) are subject to 3.8% (.038) sales tax and 2% (.02) lodgers tax. Examples are short term lodging at hotels, motels, mobile homes, Airbnb, VRBO, etc. For long term lodging, there should be a written rental agreement stating the rental period.

Waste Transfer Surcharge \$.50 per cubic yard (EMC Title 4 Chapter 7)

The Waste Transfer Surcharge is levied on each person disposing trash at a waste transfer

facility. The surcharge is based on each cubic yard or portion thereof.

Building Permits

The Building Division issues Building Permits to contractors and Contractor Licenses for various trades.

Building Use Tax (3.8%) and Arapahoe County Open Space Tax (.25%) are included along with permit fees. The Building Use Tax and Arapahoe County Open Space Tax are calculated based on 50% of the Project Costs which represents the materials costs.

(Building Materials and Construction Equipment Use Tax-EMC 4-4-5-3(B)(2), (C), (D), (E), (F) (G) and (H))

INSTRUCTIONS FOR COMPLETION OF THE RETAIL SALES AND USE TAX FORM

As required according to the EMC under Title 4 and Title 5, effective **January 1, 2016**, the City of Englewood imposed a **\$25.00** fee for each license application, tax or transaction fee remittance received in paper format and requiring in-office processing.

When is the return due?

The due date for the return is based on the account's filing status (reporting period). The return is due on the 20th day following the reporting period, that is monthly, quarterly or annually, for example:

Filing Status	Reporting Period	Due Date
Monthly	February	3/20/yyyy
Quarterly	April-June	7/20/yyyy
Annually	January-December	1/20/yyyy

What to do when no taxes due?

A sales tax return must be filed every reporting period, even if no tax has been collected or no tax is due. Failure to file will result in non-filer penalties.

Line 1- Gross Sales & Service: Enter the total amount of sales and service for the period. ***Please do not include sales tax collected.***

Line 2A- Bad Debts Collected: Enter any taxable bad debts collected that were written off on line 3D of previous returns.

Line 2B- Total of Lines 1 & 2A

Deductions

Line 3A- Non-taxable Service: Enter the amount of non-taxable services (labor, service charges) included in **Gross Sales & Service** (line 1)

Line 3B- Sales for Resale: Enter the amount of sales to customers for the purpose of resale. *Be sure to keep copies of your customers' Colorado resale certificates on file for verification purposes.* If you do not obtain a copy of their resale certificate, sales tax must be charged.

Line 3C- Shipped Out of City: Enter the amount of sales that you shipped to customers outside of the City of Englewood.

Line 3D- Bad Debts: Enter the amount of taxable sales that you reported to the City as taxable on a prior period sales tax return which have since proved to be uncollectable.

Line 3E- Trade-ins for Resale: Enter the dollar amount of credit allowed on goods which were taken in trade for later resale.

Line 3F- Gas & Cigarettes: Enter the amount of sales for fuel used to operate internal combustion engines and the amount for cigarettes. ***Please Note:*** *The sale of any tobacco product which is not a cigarette (that is pipe tobacco, cigars and chewing tobacco) is taxable.*

Line 3G- Government, Religious & Charitable: Enter sales to government, religious and charitable organizations as defined in the exemption section. *Be sure to obtain a copy of their Colorado exemption certificate.*

Line 3H- Returned Goods: Enter the amount of returned goods that were reported as taxable on a prior sales tax return.

Line 3I- Prescriptions: Enter the amount of medicines, prosthetic devices, eyeglasses and other medical supplies, which require a physician's prescription.

Line 3J- Other Deductions: Enter the amount of goods and or services which are non-taxable under the Englewood Municipal Code and were not included in other lines.

Examples are Lotto sales and sales mistakenly reported as taxable on a previous return. Please use space provided on the tab titled "3J 3L and 3M Other Deductions".

Line 3K- Groceries: Enter the amount of sales for food products, which qualify as non-taxable.

Line 3L & 3M- As line 3J above. **Other Deductions:** Enter the amount of goods and or services which are non-taxable under the Englewood Municipal Code and were not included in other lines. Examples are Lotto sales and sales mistakenly reported as taxable on a previous return.

Total Deductions: Add up the total deductions from 3A-3M and enter it here.

Line 4- Net Taxable: Enter the total of gross sales and services less total deductions here (line 2B –Less Total Deductions).

Computation of tax

Line 5A- City Sales Tax: Multiply Net Taxable (line 4) x 3.8% (0.038).

Line 6- Excess Tax Collected: When you collect more tax during the period than your return shows that tax is reported on this line.

Line 7- Adjusted City Tax: The total of lines 5A & 6.

Line 9- Total Sales Tax Due: Line 7.

Line 10A- Amount Subject to Use Tax: Enter the amount of purchases subject to use tax for which no municipal sales tax was paid and multiply by 3.8% (0.038).

Line 10B- City Use Tax: Amount subject to Use Tax (line 10A) multiplied by 3.8% (0.038).

Line 10C- Additional: Use Tax: Enter the amount of additional use tax due. This is where you account for a municipal tax paid of less than 3.8% (.038).

Line 10D- Total Use Tax Due: Total of lines 10B & 10C.

Line 11A- Lodgers Gross Rentals: The amount of short-term gross rentals (less than 30 days).

Line 11B- Lodging Tax Due (line 11A x 2%)

Line 11C- Amount Subject to Medical Marijuana Tax (3.8%): Enter the amount subject to medical marijuana tax.

Line 11D- Total Medical Marijuana Tax - Input in 11C x 3.8%.

Line 11E- Amount Subject to Recreational Marijuana Tax (3.8%): Enter the amount subject to recreational marijuana tax.

Line 11F- Total Recreational Marijuana Tax - Input in 11C x 7%.

Line 11G- Total Marijuana Tax (SUM OF 11D, 11F)

Line 11H- TOTAL TAX DUE: (SUM OF LINES 9, 10D, 11B, 11G)

Line 12A- Sales Tax Penalty: For returns filed after the due date, multiply Line 9 by 10% (0.10).

Line 12B- Sales Tax Interest: For returns filed after the due date multiply Line 9 by 1% (0.01) per month or part of a month from the date due. Interest on late returns begins to accrue on the day after the due date.

Line 12C- Use Tax Penalty: For returns filed after the due date, multiply Line 10D by 10% (0.10).

Line 12D- Use Tax Interest: For returns filed after the due date multiply Line 10D by 1% (0.01) per month or part of a month from the date due. Interest on late returns begins to accrue on the day after the due date.

Line 12E- Lodging Tax Penalty: For returns filed after the due date, multiply Line 11B by 10% (0.10).

Line 12F- Lodging Tax Interest: For returns filed after the due date multiply Line 11B by 1% (0.01) per month or part of a month from the date due. Interest on late returns begins to accrue on the day after the due date.

Line 12G- Marijuana Tax Penalty: For returns filed after the due date, multiply Line 11G by 10% (0.10)

Line 12H- Marijuana Tax Interest: For returns filed after the due date, multiply Line 11G by 1% (0.01) per month or part of a month from the date due. Interest on late returns begins to accrue on the day after the due date.

Line 13- TOTAL TAX, PENALTY & INTEREST (Sum of Lines 11H, 12A, 12B, 12C, 12D, 12E, 12F, 12G, 12H)

Line 14- Add/Deduct: If you had an error on prior returns you will receive a notice from the City. Enter any adjustments from these notices here.

Line 15- TOTAL DUE & PAYABLE: Total of lines 13 & 14. This is the amount due and payable for the period.

Name – Signature of person preparing return.

Title – Title of person preparing return.

Date – Date return was signed.