

COLORADO SPRINGS USE TAX

City of Colorado Springs sales or use tax is levied on the purchase or use (including leases and rentals) of tangible personal property or taxable services in the City. If City sales tax is paid to a licensed vendor on the purchase of taxable property or services, no City use tax is due. If City sales tax is not paid on the purchase of taxable property or services, City use tax is due on the privilege of using, storing, distributing or otherwise consuming tangible personal property or taxable services in the City. City use tax is imposed at the same rate as the City sales tax. A credit against Colorado Springs use tax is allowed for any comparable city tax legally paid on a taxable purchase. Any person engaged in business in the City is responsible for remitting City use tax on taxable transactions. Please contact the City of Colorado Springs Sales Tax Division for more information.

SPECIFIC INSTRUCTIONS FOR USERS

- I. **NEW BUSINESS OWNER.** Any person who starts or purchases a business in the City must complete the Use Tax Return and report all property purchased including machinery and equipment, office equipment, furniture, supplies, etc. If property is exempt, or if the City sales tax or comparable city tax has been paid, list those purchases in Column D as tax paid. Otherwise, list the purchase price of all taxable property in Column E.
- II. **EXISTING BUSINESS.** Any existing business with a City sales/use tax license should use their City Sales Tax Return, not this Use Tax Return, to report purchases of property subject to the City use tax. Any business that does not have a City sales/use tax license that makes a one-time purchase subject to the City use tax must report the purchase in Column E of this Use Tax Return. (If a business makes repeated purchases that are subject to the use tax, the business must obtain a City sales/use tax license.)
- III. **CONTRACTORS/SUBCONTRACTORS.** Any contractor who does not have a City sales/use tax license must use this return to report the purchase of construction materials, equipment, tools, supplies, etc. If the City sales tax or comparable city tax has been paid on the purchase of property, list those purchases in Column D as tax paid. Otherwise, list the purchase price of all taxable property in Column E. If the contractor does not file this return, or if the return is not properly completed, the City may file liens or take other actions against the contractor.
- IV. **ALL OTHER CONSUMERS.** Any person who purchases or uses taxable tangible personal property or taxable services in the City is responsible for reporting and paying City use tax on the purchase of the property. Purchases subject to City use tax are reported in Column E.

LINE 5: LATE FILING PENALTIES. Reports together with tax payment are due on or before the due date printed on the return or the 20th day of the month following the period under report. Failure to file the return and pay the tax by the due date will result in a penalty of 10% of the tax, and interest of 1% per month from the date the return was due.

LINE 7: (A and B) ADJUSTMENTS FOR PRIOR PERIOD. Under/overpayment letter which may be either (A) debit underpayment or (B) credit allowance authorization letter, will be sent to any taxpayer for reason of error resulting in underpayment or overpayment of taxes due. Attach letter to insure proper credit when adding previous taxes due on Line 7(A) or deduction tax credit due you on Line 7(B) as appropriate.

RECORDS. Please retain records of purchases for at least three years. The burden of proof of exempt sales and purchases lies with the taxpayer.