



Instructions for City of Colorado Springs Sales and/or Use Tax Returns

- ✓ Return **MUST** be filed even if there is **NO** tax due
- ✓ Make check payable to the City of Colorado Springs
- ✓ Retain returns and supporting documentation for 3 yrs
- ✓ Sign and date the return; return in envelope provided

Line-By-Line Instructions

Line 1: "Retail" Gross Sales and Service

- Total receipts from City activities must be reported including all sales and leases of tangible personal property, and **ALL** services both taxable and non-taxable.
- If you are not selling at retail and are reporting use tax, skip to instructions for line 10.

Line 2A: Bad Debts collected

- Report any amount you have collected which was deducted on a previous sales tax return as bad debt.

Line 2B: Total Lines 1& 2A

- Add lines 1 and 2A

Deduction Overview

- When claiming a deduction, the deduction must have been included in the gross sales and services listed on line 1 on this or previous sales tax returns.
- You may not deduct your business expenses as you would for income tax purposes; the sales tax is on transactions, not profits.
- List each deduction category separately as it applies to your business.

Line 3A: Non-taxable Service Sales

Note: This is not all inclusive. Some services are taxable. Listed below are the most common examples of taxable and nontaxable.

- Deduct all non-taxable services which are included on line 1.
- Labor and services used to manufacture an item is included in the retail price of the item sold and is taxable; while repair labor is exempt if separately stated on the invoice to the customer.
- Combined billing of tangible personal property and service: when no separation of the service, labor, parts and markup is shown on the invoice to the customer, the combined charge is taxable; if the service or labor is separately itemized, the service or labor is not taxable and can be claimed as a deduction.
- Freight and delivery charges are generally taxable if in conjunction with the sale of a taxable item.
- Research and development charges typically are not taxable, however any product sold as a result of the research and development is taxable.
- If in doubt about whether to charge sales tax on a service, please contact our office.

Line 3B: Sales to other licensed retailers for taxable resale

- To document this deduction, if the retailer is located in the City you should obtain a copy of the retailer's City of Colorado Springs Sales Tax license or if located outside the City a copy of the State Retail Sales Tax license.
- If the sale is for the licensed retailer's own use or consumption, rather than for resale, it is not exempt.

Line 3C: Sales shipped out of the City and/or state

- Deduct sales if you ship or deliver the merchandise by third party common carrier or your own vehicles to a location outside the City for use outside the City of Colorado Springs.

Line 3D: Bad Debts charged off

- Deduct taxable sales which you have charged off as a bad debt if you have previously (or on this return) remitted sales tax to the City on those sales.
- If you collect that debt in the future, you will need to add it on line 2A and remit the tax.
- Bad debt deductions are not allowed on motor vehicle sales or on secured property (where the seller has the right to repossess the item)

Line 3E: Trade-ins for taxable resale

- For transactions subject to City sales tax, deduct the amount allowed for a trade-in, up to the fair market value, if you will resell the goods in the normal course of business.

Line 3F: Sales of gasoline and cigarettes

- Deduct all sales of pre-packaged cigarettes and all sales of motor fuel on which the gasoline or special fuel tax has been paid
- Cigarettes are not taxable. Tobacco items such as loose tobacco, cigars, snuff and chew are taxable.
- Fuel not used on the highway such as Dyed Diesel Fuel used in generators or construction equipment is taxable.
- Aviation gasoline is exempt from City of Colorado Springs sales tax, aviation jet fuel is subject to City sales tax.

Line 3G: Sales to governmental, religious and charitable organizations

- Deduct sales to governmental entities or to organizations which have been specifically exempted by the City of Colorado Springs.
- To qualify for tax exemption, the purchase must be paid for directly by the organization with funds of the organization and without intent to be reimbursed by any individual.
- Purchases made using cash, personal check or personal debit/credit card are not exempt.
- For military transactions, a Fleet Card and/or a Purchasing Card will be a direct purchase and exempt from sales tax. A Travel and/or Integrated Card may or may not be exempt, the 6th digit will indicate if taxable or not. Please contact our office for more information.
- To document this deduction for non-governmental entities, you should obtain a copy of the exemption letter issued to the organization by the City of Colorado Springs.

Line 3H: Returned Goods

- Deduct the selling price of goods which have been returned for a refund if City Sales tax was charged on the original sale.

Line 3I: Prescription drugs and prosthetic devices

- Deduct the sale of prescription drugs, medical supplies, prosthetic devices, orthopedic appliances, therapeutic devices, oxygen and related accessories, if sold by prescription or a recommendation from a licensed practitioner, this includes both human and animal consumption.
- Items such as spas and hot tubs are not exempt, even if prescribed by a doctor, since they are not designed specifically as therapeutic devices.

Line 3J: Groceries

- Deduct sales of food items sold for preparation and/or consumption at home.
- Prepared food or food sold for immediate consumption, as at a restaurant, gift shop, snack bar, or like establishment, is not exempt from sales tax.
- All food items sold in vending machines are taxable.
- Sales by bakeries or pastry shops which do not have an eating facility, and that sell and package their products in the same manner as a grocery-type store are not taxable. Sales by bakeries or pastry shops which have an eating facility are taxable except for items sold on a take-out or to-go basis not to be consumed at the eating facilities provided by the retailer.
- Food sold by caterers is generally taxable. If the caterer operates a retail store selling food items marked for home consumption, the rules governing the taxability of food under bullet 1 and 2 would apply.
- Food marketed for home consumption and sold by a liquor store is exempt. Alcoholic beverages, including spirituous, malt or vinous liquors are taxable. However cocktail mixes which do not contain alcohol, cooking wines, and wine vinegars are exempt.
- Street Vendors, push carts, mobile food stands and the like will generally be subject to tax on their sales. Sales of vegetables, fruit and other groceries marketed for home consumption by mobile markets or door-to-door vendors are exempt.

Lines 3K, 3L, 3M: Other deductions

- Deduct nontaxable sales not included in above categories.
- You **MUST** provide an explanation of the deduction along with the dollar amount.
- Lottery tickets are exempt from sales tax.

- Gift Certificates, Gold Cards and Gift cards are not taxed until used by customer.

Line 3 Total Deductions (Sum of line 3A-3M)

- If your total deductions exceed the amount on line 1, please provide an explanation as to which previous returns included the amounts you are deducting.

Line 4 Total City Net Taxable Sales & Service

- Subtract line 3 total deductions from line 2B, and enter the difference on line 4.

Line 5A Amount of City of Colorado Springs Sales Tax

- Multiply the sum on line 4 by the tax rate effective for the period of the return.
- Line 4 multiplied by 3.12% (X .0312) equals sales tax due to the City of Colorado Springs.

Line 5B Amount subject to Lodgers Tax

- Multiply the sum on line 4 by the tax rate effective for the period of the return.
- Line 4 multiplied by 2.0% (X.020) equals lodger's tax due to the City of Colorado Springs.
- Lodgers tax is imposed on the entire amount charged for the furnishing of lodging services or campground space rental to any occupant of a hotel, inn, bed and breakfast, apartment hotel, motor hotel, guesthouse, guest ranch, resort, mobile home, auto camp, trailer court or park, campground, vacation rental or similar establishment for a period of less than thirty (30) consecutive days and is in addition to the 3.12% Sales Tax.
- Lodger's tax does not apply to a specifically stated charge for the use of meeting rooms, display rooms, banquet facilities or other facilities that do not contain sleeping accommodations.

Line 5C Amount subject to Auto Rental Tax

- Multiply the sum on line 4 by the tax rate effective for the period of the return.
- Line 4 multiplied by 1.0% (X .010) equals Auto Rental Tax due to the City of Colorado Springs.
- The 1% rate applies to short term (less than 30 consecutive days) rentals of automotive vehicles commonly recognized as a passenger car and is in addition to the 3.12% Sales Tax.

Line 6: Add excess tax collected

- Report any tax collected in excess of the effective sales tax rate if you do not refund that over-collected tax to your customers.

Line 7: Adjusted City Tax

- The sum of Lines 5A, 5B, 5C and Line 6

Line 8: Vendors Fee

- The Vendor fee has been eliminated for all filing periods on or after January 1, 2010, per Ordinance No. 09-141.

Line 9: Total Sales Tax

- Line 7 subtracted by Line 8

Line 10: City Use Tax

- If you purchase supplies or equipment for your businesses own use or consumption and you paid no sales tax or were taxed at a rate lower than the combined State of Colorado and City of Colorado Springs rates, you must complete Schedule B on the back of the return and transfer the total to line 10. Multiply the total by the effective tax rate to compute the use tax due.
- Do not pay use tax on your inventory; use tax is due only if City Sales Tax has not been paid on purchases made for the use in your business.

Line 11: Total Tax Due

- The sum of Lines 9 and 10.

Line 12: Late Filing, Penalty

- Multiply the amount on line 11 by the percentage as shown, 10% (X .100).
- If you received an assessment of estimated tax due for this period, the minimum penalty is \$15.00

Line 12: Late Filing, Interest per Month

- Multiply the amount on line 11 by the percentage as shown, .5% (X .005) and no greater than 1%.
- This is the amount of interest that is due for each month the return is late.
- Interest begins the first day after the original due date.

Line 13: Total Tax Penalty and Interest Due

- Add lines 11 and 12.

Line 14A: Add (Underpayment)

- If you have been issued a notice of underpayment by the City of Colorado Springs Sales Tax office, enter the amount on line 14a.
- Attach a copy of the notice you received.
- Leave this line blank if you have not received a notice.
- If you need to make adjustments to prior periods without having received a notice, you must file an amended return.

Line 14B: Add (Overpayment/Credit)

- If you have been issued a notice of overpayment by the City of Colorado Springs Sales Tax office, enter the amount on line 14b and deduct from line 13.
- Attach a copy of the notice you received.
- Leave this line blank unless you have received a notice.
- If you need to make adjustments to prior periods without having received a notice, you must file an amended return.

Line 15: Total due and payable

- Add lines 13 and 14A or subtract lines 13 from 14B
- Enclose a check or money order for this amount, payable to City of Colorado Springs; do not staple check to return.

Reverse Side of Sales Tax Return**Schedule B: City Use Tax**

- You must complete an itemized list of items subject to the use tax and transfer the total to line 10 of the Sales Tax Return.

Schedule C: Consolidated Accounts

- A retailer engaged in business in two or more places/locations, whether within or outside the City limits and collecting taxes, may file one return covering all places/locations. Note: An application and license fee is required and must be submitted to our office per place/location. See application for consolidation preference.
- If you are filing a return for more than one business location under a single number, you are required to list the individual accounts numbers, business addresses of the individual accounts, and the gross and net sales for the period covered.
- Please indicate on return if any of these business locations have moved and/or cancelled.

Additional Information

- Use the return corresponding to the period and account number for which you are filing.
- If you are no longer conducting business, please write a cancellation date on the top copy of the sales tax return and enclose your City of Colorado Springs sales tax license for cancellation.
- If the Entity, DBA, address and/or telephone number of your business has changed, indicate the new information on the return. If only an address change please indicate whether business, mailing and/or both.