

Instructions for Sales & Use Tax Return

General Instructions

Purpose of Form

This form is used for taxpayers to report sales and use tax liabilities to the City of Commerce City.

Due Date

Sales & use tax returns must be filed on or before the 20th of the month following the end of a reporting period, even if no tax is due. Returns filed by mail must be **US postmarked** no later than the 20th of the month to be considered timely filed.

Mailing Address for Returns

Mail completed tax returns with payment to:

Tax Division
City of Commerce City
7887 E. 60th Avenue
Commerce City, CO 80022-4199

Amended Returns

If you are amending a previously filed return, please print the phrase "AMENDED RETURN" clearly in the upper right corner. Make sure that the period covered and due date match those of the original return. Complete the return with the correct figures.

Late Filing Charges

Any tax not reported or paid by the due date is subject to a 10% penalty. Interest also accrues in whole month increments at a rate of established by the Colorado Banking Commission until the tax deficiency is paid. Overpayments must be accompanied by a signed Claim for Refund form.

Reminders

Zero liability returns required. A return must be filed even if no tax is due. Report the proper amount of sales and deductions (including service sales) even if you made no taxable sales. All businesses, including those that do not make taxable sales, will likely have a use tax liability.

Verify the reporting period and due date. Please check the return form to ensure you are using the return which corresponds with the reporting period for which you are filing. If you have misplaced the required return, you may obtain a blank return on the City website or contact the Tax Division for a replacement.

Do not attach enclosures. Mail the completed and signed return in the envelope provided. Do not staple the check or other attachments to the return.

Signature required. The person completing the return on behalf of the taxpayer must sign and date the form at the bottom. If the taxpayer is not a natural person, the title of the officer or agent completing the form on behalf of the taxpayer must be printed on the form.

Specific Instructions

Line 1 - Gross Sales and Service. Report all sales during the reporting period covered. Include all sales, whether or not taxable, including but not limited to, retail sales, wholesale sales, consignment sales, sales delivered outside the city, service sales, and rental and lease receipts.

Line 2 - Bad Debts Collected; Total Gross Sales.

- A) Enter the amount of bad debts deducted on line 3D of this return or any previously filed return which were subsequently collected.
- B) Add line 2A to line 1 and enter the total on line 2B.

Line 3 - Deductions.

- A) *Non-taxable Service Sales* - Enter the amount of separately stated service sales not subject to tax under the Code.
- B) *Wholesales* - Enter the amount of sales to licensed retailers, jobbers, dealers or wholesalers for resale. Sales by wholesalers to consumers are not exempt. Sales to non-licensed retailers or wholesalers are not exempt.
- C) *Out of City Sales* - Enter the amount of sales delivered to purchasers outside the City provided that both of the following apply: (1) the sale is to a purchaser who is a nonresident of Commerce City; and (2) delivery is made by common carrier, conveyance of the seller, or by mail to a location outside the City.
- D) *Bad Debts* - Enter the amount of previously reported taxable sales which were found to be worthless and were properly charged off for federal income tax purposes.



Retailers must be able to show clearly that the debts are worthless. Further, receivables sold to and sales financed by persons other than the taxpayer are not eligible for bad debt tax recoveries.

- E) *Trade-ins* - Enter the fair market value of property exchanged at the time of the sale that will be sold thereafter in the usual course of your business.
- F) *Gasoline and Cigarettes* - Enter the amount of sales of exempt motor fuel and cigarettes. Note that certain special fuels, cigars, and other tobacco products are not exempt from tax.
- G) *Government, religious, and charitable organizations* - Enter the amount of qualifying sales to the United States; the State of Colorado; its departments, institutions, and political subdivisions; and approved charitable organizations billed to and paid for directly by the agency or organization.
- H) *Returned Goods* - List the amount of taxable sales returned by the purchaser when the price

and the tax collected were refunded in cash or by credit.

- I) *Sales of Groceries / Non-Prepared Foods* - List the amount of qualifying sales of groceries and non-prepared foods.
- J) *Prescription Drugs; Prosthetic Devices* - List the amount of qualifying sales of prescription drugs and prosthetic devices.
- K) *Other Deductions* - List other allowable deductions or exemptions not covered on lines 3A through 3L. List a description of the amount deducted on the space provided.



Most allowable deductions are covered on lines 3A through 3K. Taxpayers are encouraged to contact the Tax Division prior to listing other deductions to avoid improperly deducting taxable sales. Note that retailers are responsible for the proper collection and payment of tax and will be liable for improper exemptions.

Total Deductions - Add together lines 3A through 3K and enter the total on line 3.

Line 4 - Net Taxable Sales and Service. Subtract line 3 from line 2B and enter the difference on line 4. This is the amount of taxable sales and service.

Line 5 - City Sales Tax. Multiply line 4 by the applicable sales tax rate listed on line 5. Enter the amount on line 5.

Line 6 - Excess Tax Collected. If the City sales tax collected exceeds the tax computed on line 5, subtract the amount listed on line 5 from the total City sales tax collected and enter the difference on line 6. Sales taxes are held in trust by the retailer and must be turned over to the City even if they were collected in error. Do not include other home-rule city, state, and other state collected taxes in this computation.

Line 7 - Adjusted City Tax. Add line 6 to line 5 and enter the total on line 7.

Line 8 - Vendor Fee. If the tax due for this reporting period will be reported and paid by the due date, compute the vendors fee on line 8 as follows: Enter 2% of line 7 or up to a maximum allowed of \$100. Vendors fees not deducted at the time of filing are forfeited.



Consolidated filers are permitted to deduct up to the maximum collection fee for each account even though they are only filing a single return.

Line 9 - Total Sales Tax. Subtract line 8 from line 7 and enter the total on line 9. This is the total sales tax due.

Line 10 - City Use Tax. Enter the total purchases subject to use tax in the space provided. You may compute this amount on Schedule B (see below). Compute the use tax due by multiplying this amount by the City use tax rate listed on line 10. Enter the result on line 10. This is the total use tax due.

Line 11 - Total Tax Due. Add the total use tax due on line 10 to the total sales tax due on line 9. This is the total tax due.

Line 12 - Penalty & Interest for Late Filing. If this return and/or payment of the tax computed herein will not be postmarked on or before the due date, penalty and interest charges will apply. Penalty is 10% of the tax.

Interest is calculated for each month or a portion of a month that a tax deficiency remains unpaid. Interest accrues in whole month increments.

Line 13 - Total Tax, Penalty & Interest Due. Add line 12 to line 11 and enter the total on line 13.

Line 14 - Adjustment Prior Periods. Attach a copy of the Notice of Final Determination - Assessment - Demand for Payment and make the appropriate adjustment.

Line 15 - Total Due and Payable. Enter the amount listed on line 13 after making the appropriate adjustments from line 14 and enter that amount on line 15. This is the total due. Make check or money order payable to City of Commerce City.

Signature - After reviewing the form for accuracy, sign the form on the lower right of the reverse side. Print the company name if completed by a paid preparer. Print the phone number of the individual who completed the return. Print the title of the person who completed the return and the date it was completed.

Schedule A - Special Messages

Taxpayers needing to notify the Tax Division of certain account changes may complete Schedule A. Specifically, changes of address or ownership and business closure may be reported.

Business Closure

Taxpayers who are no longer engaged in business in the City, or at the location specific to this return, should check the first line under Schedule A on the front of the return.

Indicate the date of closure on the reverse side in the lower left under Discontinued Date. A final sales and use tax return must be filed through the date of closure within 10 days.

Taxpayers filing consolidated returns must include a supplement listing the account number and address of each location closed along with the location's actual closure date.

Business Acquisition/Change in Form

Sales and use tax licenses are not transferrable from one taxpayer to another. Similarly, certain changes in form also require the issuance of a new license. For example, a sole proprietorship that becomes a corporation will be issued a new license. The corporation must file a license application with the Tax Division.

Taxpayers who sell out their business, or purchase another, have specific responsibilities to ensure taxes are properly paid. Some sales, such as stock transfers, will not require a change.

Taxpayers who have sold or changed their business should check the first line under Schedule A on the front of the return. Indicate the effective date closure on the reverse side in the lower left under New Business Date. A final sales and use tax

return must be filed through the date of closure within 10 days.

line B. Enter this total in the space on line 10 for purchases subject to tax.

List the name and address of the new owner in the center box on the reverse side. The new owner must apply for a license with the Tax Division.

Change of Address

Keeping your address and contact information current is important for ensuring you receive forms and notices from the Tax Division in a timely fashion.

Taxpayers needing to update address information should check the second line Schedule A on the front of the return and print the new address in the center box on the reverse side. Indicate which address is being changed by checking the appropriate box.

Additional account information can be changed by sending the updated information in writing to the Tax Division. Please include the City of Commerce City account number on all correspondence.

Taxpayers locating within the City are encouraged to apply in advance to ensure their new location is approved for their proposed use.



Schedule B - City Use Tax

General Information

The *Commerce City Sales & Use Tax Code* imposes a use tax upon the privilege of using, storing, distributing or otherwise consuming tangible personal property or taxable services in the City. If Commerce City sales tax is not paid to a vendor licensed and authorized to collect the same, then a use tax must be remitted directly to the City.

Credit may be taken against Commerce City use tax for legally imposed sales or use taxes previously paid to other municipalities. Such credit may not exceed the Commerce City use tax due.

Even businesses that do not make taxable sales will likely have a use tax liability.

Specific Instructions

This Schedule B is optional and may be used to compute the total taxable purchases to be listed on line 10. Taxpayers are encouraged to complete Schedule B and maintain similar records of taxable purchases as evidence of remittance on specific transactions.

Additional schedules in the same format can be submitted with the return. Supplemental schedules must be 8 1/2" by 11" in size and may be printed on both sides on white paper. Do not shade in any of the spaces. Do not staple supplemental schedules to the return. Schedules not conforming to these requirements will not be retained in City records.

For each taxable purchase, list the purchase date, the name of the vendor, a general description of the commodity purchased, and the taxable purchase price. Do not include non-taxable items in the purchase price.

At the bottom of the schedule, total the taxable purchases on