



Tax Compliance Guide Marijuana – Medical and Recreational Retail Sales

Department of Finance
Tax Division
7887 East 60th Avenue
Commerce City, CO 80022
303-289-3628

GENERAL INFORMATION

The Commerce City Revised Municipal Code (CCRMC) imposes sales tax on the purchase price of tangible personal property, including all medical marijuana, medical marijuana products, retail marijuana, and retail marijuana products [Code §20-4-1]. Furthermore, the CCRMC imposes an additional sales tax on the purchase price paid for all medical marijuana, medical marijuana products, recreational marijuana, and recreational marijuana products [CCRMC §20-252(a)].

MEDICAL MARIJUANA

All medical marijuana and medical marijuana products sold in Commerce City are subject to the general sales tax rate of 4.5%, as well as a special sales tax rate of 7%, for a combined sales tax rate of 11.5%. The combined rate of 11.5% is applicable regardless of the form in which the medical marijuana is sold, including as an ingredient within food. The State of Colorado also imposes sales tax on the sale of medical marijuana and medical marijuana products. (<https://tax.colorado.gov/marijuana-taxes>).

Important Information Regarding Exemptions

The State of Colorado offers an **exemption from state sales tax only** for patients that are issued a registry card that has a tax-exempt notation from the Colorado Department of Public Health and Environment (CDPHE). The tax-exempt status is based on the income of the patient (contact CDPHE for specific information).

The City of Commerce City, unlike the State of Colorado, has no exemption from Commerce City standard sales tax or marijuana sales tax for the sale of medical marijuana or medical marijuana products. As a result, Commerce City's 4.5% sales tax and special

7% marijuana sales tax combine for a total rate of 11.5% that must be charged on the sale of all medical marijuana and medical marijuana products, even for purchases by a person with a Colorado tax-exempt status notation on their registry card.

Because medical marijuana and medical marijuana products are not required by the city to be dispensed in accordance with a prescription, the sale or purchase of medical marijuana and medical marijuana products is not exempt.

RECREATIONAL MARIJUANA

All recreational marijuana and recreational marijuana products sold in Commerce City are subject to the general sales tax rate of 4.5%, as well as a special sales tax rate of 7%, for a combined sales tax rate of 11.5%. The combined rate of 11.5% is applicable regardless of the form in which the recreational marijuana is sold, including as an ingredient within foods. The State of Colorado also imposes sales tax on the sale of recreational marijuana and recreational marijuana products (contact the Colorado Department of Revenue for specific information).

Example #1 Jill holds a Medical Marijuana Registry Card. Jill goes to a medical marijuana dispensary located in Commerce City and purchases a half-ounce of medical marijuana, she also purchases some medical marijuana infused gummies. The purchases of both items are subject to Commerce City sales tax with a combined rate of 11.5% plus all applicable Colorado State sales taxes.

Example #2 - Jack has a Medical Marijuana Registry Card that has a tax-exempt status notation from CDPHE. Jack goes to a medical marijuana dispensary located in Commerce City and purchases one ounce of medical marijuana. The medical marijuana dispensary correctly charges Jack 11.5% Commerce City sales tax on the purchase, but does not charge Colorado sales tax, since Jack's registry card notation exempts his purchases from Colorado sales tax.

Example #3 – An out of state visitor decides to visit a Commerce City recreational marijuana dispensary to purchase a half-ounce of recreational marijuana. This is a purchase of recreational marijuana and the recreational marijuana dispensary correctly charges Commerce City sales tax at the combined rate of 11.5%, plus all applicable Colorado Sales taxes.

PURCHASES MADE BY MARIJUANA RETAILERS

Taxable Purchases

Tangible personal property purchased by marijuana retailers that is not for resale is subject to Commerce City sales tax (collected by the vendor) or use tax (paid by the purchaser if the vendor is not licensed with Commerce City or otherwise has not charged Commerce City tax).

Examples of taxable purchases for the operation of the business include, but are not limited to automobiles, computers, software, display cases, security cameras, office supplies, cleaning supplies, alarm monitoring contracts, telephone services, repairs and maintenance, water, gas and electric utilities, etc.

Non-Taxable Purchases

Items purchased for resale are not subject to tax since these will be resold to an end-user and sales tax will apply to that transaction. Examples of purchases for resale include, but are not limited to items such as marijuana, marijuana products, Tee-shirts, pipes, containers and other items which are resold directly to the end-user, and maintained in inventory in an unused state.

Example #1 – XYZ Dispensary operates a marijuana retail location within Commerce City. For their business operations, they purchase a new point of sale system consisting of a sales register and monthly software subscription from an unlicensed non-Commerce City vendor. Commerce City use tax at 4.5% would be due on the purchase of the sales register as well as on the monthly charges for the software subscription.

Example #2 – ABC Dispensary operates a marijuana retail location within Commerce City. For their business operations, they purchase child resistant tubes from a Commerce City vendor. The child resistant tubes are used to package pre-rolled joints that are sold at retail. This is a non-taxable purchase because the child resistant tubes are containers for the final pre-rolled joint product that

are transferred directly to the end consumer at the time of sale.

COMMERCE CITY SALES TAX RETURNS - MARIJUANA RETAILERS

All marijuana retailers located within Commerce City are required to file two sales tax returns on a monthly basis.

Commerce City Sales and Use Tax Return

All sales subject to Commerce City sales tax at 4.5% are reported on the Commerce City Sales and Use Tax Return. Marijuana retailers should use this form to report their monthly gross sales and service – this includes all sales of medical marijuana, medical marijuana products, recreational marijuana, recreational marijuana products, and non-marijuana products. Use tax due on purchases by the business are also reported on this tax return.

Commerce City Retail Marijuana Tax Return

All sales subject to the Commerce City marijuana special sales tax rate of 7% should be reported on the Commerce City Retail Marijuana Tax Return. Marijuana retailers should use this form to report their monthly sales of medical marijuana, medical marijuana products, recreational marijuana, and recreational marijuana products.

Both tax returns are due by the 20th of each month following each monthly reporting period. For example – Tax returns associated with sales occurring in September are due by October 20. Both tax returns can be electronically filed via the Commerce City MuniRevs tax portal located at <https://commercecity.munirevs.com/>

REFERENCES

CCRMC §20-252(a). Imposition of tax.
Code § 20-4-1. Imposition of tax.
Code Reg. 20-5-B-(2). Imposition of tax
Code Reg. 20-5-J-(1). Imposition of tax
Colorado Constitution, Article XVII, Section 14
CRS 10-10-406.3.
CRS 25-1.5-106.
CRS 39-28.8-202

The Commerce City Sales and Use Tax Code, tax forms, and other related information are available online at <https://www.c3gov.com/living-in/taxes-fees/sales-use-tax>

FREE SEMINARS/INFORMATION

The city offers free Sales & Use Tax seminars periodically throughout the year. For specific questions regarding municipal taxation pertaining to the Marijuana Industry or to inquire about the next seminar, please contact the city's Tax Division at salestax@c3gov.com or 303-289-3628. You may also

visit the [Tax Division's website](#).

Important Note: This guide is a summary in laymen's terms of the relevant Commerce City tax law for this topic, industry or business segment. It is provided for the convenience of taxpayers and is not binding upon Commerce City. It is not intended for legal purposes to be substituted for the full text of the Commerce City tax code, Commerce City municipal code, and applicable rules and regulations. This guide does not constitute a Commerce City tax policy.