



Business & Sales/Use Tax Guide

City of Littleton, Colorado

Finance Department
2255 W Berry Ave
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303-795-3768
www.littletongov.org

The City of Littleton is a home rule city that administers and collects its own taxes.

This guide has general information on City of Littleton Business & sales/use taxes.

This information does not take the place of City and State statutes and laws and should not be construed as legal advice or take the place of court decisions in the United States.

Who is required to have a City of Littleton Business & Sales/Use Tax License?

A Business & Sales/Use Tax License is required for all businesses located in the City. In addition, if your business sells tangible personal property to Littleton businesses or residents on a retail basis and the items are delivered, by other than common carrier, to the in-City location, or if you install or service the tangible personal property, or you make retail sales sufficient to meet the definitional requirements of economic nexus as set forth in this Section 3-9-1-2. Effective on: 11/26/2020, you are required to have a business & sales/use tax license with Littleton. ¹

How do I apply for a business & sales/use tax license with Littleton?

The online application form is available on the City website: <https://permit9.littletonco.gov/etrakit/>

There is no fee for the business & sales/use tax license.

A Special Event license is available online or by contacting finance at 303-795-3768, for vendors who do not make regular sales in the City and who participate in limited special events within Littleton.

What is the City of Littleton sales tax?

Sales tax is charged on the purchase price of all sales of tangible personal property by a licensed seller when delivery takes place within the boundaries of the City. The sales tax rate for Littleton is **3.75%**.

“Sale” includes the acquisition for any consideration of tangible personal property or taxable services by any person that are purchased, leased, rented, sold, used, stored, distributed, or consumed within the City. This includes leases of tangible personal property including motor vehicles and installment and credit sales. Gifts are taxable to the giver of the property when the gift is purchased. A bona fide gift is when the giver does not expect anything in return for the gift.

Purchase price includes: 1) Money received or due in cash and credits; 2) The fair market value of property exchanged that is not resold in a business; 3) Any consideration valued in money, such as coupons, trading stamps, or loyalty cards where the manufacturer reimburses the retailer for part of the purchase price.

If you have additional questions, contact the Finance Department at the City of Littleton for clarification.

What is subject to sales tax?

Examples of what is taxable:

- All sales of tangible personal property sold in Littleton or delivered into Littleton by any means other than a common carrier.
- Rentals and leases of tangible personal property where the property is used in the City or where the lessee has their primary address within the City boundaries. This does not apply to real estate leases.
- Software, including downloaded software, upgrades to non-custom computer software. Custom software for a single use is not taxable. For more information see **FYI Sales 3 Computer Software**.
- Telecommunications services and electricity, steam heat or gas furnished to addresses within the City.
- The amount paid for all meals for immediate consumption, including cover charges, in any restaurant, eating house, hotel, drugstore, club, resort or such place at which meals or food are sold to the public.
- The rental fee, price, or other consideration paid or received for the rental or lease of any room, rooms, or mobile home for lodging for a period of less than 30 days in any establishment making such available to the public. For more information see **FYI Sales 8 Sales Taxes Due on Unit Rentals of Hotels, Motels, Bed and-Breakfasts, Condominiums, and Time-Shares**.

What is exempt from Littleton sales tax?

- Food, food products, drinks & confections, for **home consumption**, when sold in the same form, condition, quantities, and packaging as is commonly sold by grocers
- Sales to merchants for resale
- Human/animal prescription drugs
- Prescription eyeglasses, contacts, prosthetics
- Materials in the installation of a solar and wind energy system
- Goods shipped outside the City limits
- Motor fuel for internal combustion engines
- Newspapers
- Purchases by religious, charitable, and eleemosynary organizations for use in the normal conduct of business. The organization must have a valid state exemption certificate and pay for the purchase with organization funds. *Note: sales of building materials or supplies to be used by a contractor for the construction of an improvement to any of the above institutions are not exempt.*

The City of Littleton does not issue exemption certificates. The City accepts exemptions issued by the Colorado Department of Revenue, ***except for*** building materials and supplies.

Questions?

*We are here to help!
Call us at 303-795-3768.*



What is the City of Littleton Use Tax?

Use Tax is not a separate tax. It is a complement to Sales Tax. The Use Tax rate is 3.75% and is due when:

- Tangible Personal Property is stored, used, or consumed within the City,
- And, either a **city** sales tax was not paid to another city.
- Or the city sales tax rate charged in another city is **less** than the city sales tax rate of Littleton.
- And the total combined sales tax rate paid is less than the total rate for Littleton.

Use Tax is due on the same tangible personal property on which Sales Tax is charged.

Use Tax may still be due even though you paid some Sales Tax.

Personal Property Tax which is paid to counties on an annual basis is not Use Tax.

Common items for which Use Tax may be owed:

- Internet and Mail Order purchases
- Purchases made in unincorporated areas or in another state
- Promotional and gift items
- Purchases on which the seller did not charge sales tax

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 shall not exceed the 3.75% Use Tax rate and shall not include any county or special district taxes.

Record Keeping

You must keep records of all business transactions for three (3) years after the date the taxes were reported to the City. Records must be available for

audit by the City of Littleton. Records should include:

- ✓ Accurate beginning and ending inventories
- ✓ Purchase receipts
- ✓ Sales receipts and invoices
- ✓ Dated delivery acceptance receipts showing location of delivery
- ✓ Wholesale sales to other vendors for resale in their business
- ✓ Documentation for sales to tax exempt organizations
- ✓ Bills of lading
- ✓ Lease and rental agreements
- ✓ Fixed asset 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 keep a copy of their sales tax license or exemption certificate.

Special Situations

Performing a service and selling parts: If the labor and parts are separately stated on a bill the sales tax applies only to the retail price of the parts sold. If labor and parts are not listed separately sales tax is charged on the full amount of the invoice.

Maintenance Contracts

On large pieces of equipment, computers, copiers, etc. vendors can sell maintenance or service contracts. If replacement parts are covered in the agreement, only the portion applicable to parts is taxable if separately stated; if parts are covered and not separately, the entire invoice is taxable. For more information see **FYI Sales 5 Warranties and Maintenance Agreements**.

Software Maintenance

Updates and upgrades to software are taxable. If the upgrade/update portion is not separated from labor is entire invoice is taxable.

Rental/Leased Equipment, Vehicles, Tools

Leasing or rental of tangible personal property is considered the same as a sale and sales tax is collected on the entire rental or lease charge.

Short Term Lodging

The charge for rental of short-term living accommodations for less than 30 days is subject to Littleton sales tax. This includes hotels, motels, bed and breakfast inns, and mobile homes.

Manufacturing Equipment

Purchase of machinery, equipment, and supplies by manufacturers and fabricators are subject to sales or use tax. There is no exemption for manufacturing equipment in Littleton.

Fabrication Labor

The labor used to create a manufactured article is included in the taxable price.

Sales and Use Tax Returns

Returns are due on the 20th of the month following the end of the reporting period. If the 20th falls on a weekend or holiday the due date is the next business day. A return is on time if postmarked by the due date.

Returns are filed on a monthly, quarterly, or annual basis; if a business is not located in Littleton and has infrequent sales an occasional filing status can be set up.

A sales tax return must be filed for every period even if no tax is due. Failure to file will result in tax assessment issued on the account.

Total Sales minus Deductions is Net Taxable Sales. The sales tax rate of 3.75% is applied to Net Taxable Sales.

A vendor's fee (discount for taxpayer collecting sales tax on behalf of the city) of 2.50% of the tax due, maximum of \$100, can be subtracted for returns filed on time.

Booth Rental costs are not an allowable deduction on the Special Event Sales Tax Return. The Vendors fee is a discount allowed for the taxpayer collecting sales tax on behalf of the city as noted above.

A one-time penalty of 10% of the tax due and interest of 1% per month is applied on late returns.



On-line sales and use tax return filing is available.

Check it out at
<https://stax.littletoco.gov/>

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1 - ENGAGED IN BUSINESS IN THE CITY: Means performing or providing services or selling, leasing, renting, delivering, or installing tangible personal property for storage.

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