

Clone of Sales & Use Tax ^[1]

In Brief

- CU is generally exempt from most federal taxes and from Colorado state and local government sales tax ... if the item is directly purchased by the University (e.g., by Procurement Card or Purchase Order) **and** the item will not be re-sold after purchase.
- Organizational units need to understand when they **are** responsible for sales and use tax, and how to remit it.

Quick Look

Procedural Statement - *effective date: 04/01/2025*

Introduction/Definitions

As a public institution of higher education of the State of Colorado, the University of Colorado is generally exempt from most federal taxes and from all Colorado State and local government sales tax. For this tax exemption to qualify, both of the following conditions must be met: The purchased item must be for the exclusive use of the University, to be used by the organizational unit in conducting official university business; **and**, the purchase must be made directly by the University (e.g., using a Procurement Card or a Purchase Order). If an employee makes the purchase with personal funds - with the intention of subsequently requesting reimbursement from the University - then the purchase is not tax exempt, even if the employee presents a university tax-exemption number. These procedures describe how to identify and remit sales and use tax when the University does not meet the tax exempt conditions.

Note on terms used:

- *Tangible personal property* is personal property that can be felt or touched and is subject to sales and use tax. Examples of tangible personal property include food and beverages, publications, T-shirts and other clothing, mugs, books, and souvenirs. Intangible personal property is not subject to sales and use tax. Examples of intangible personal property include contracts, gift certificates, tickets to sporting or entertainment events, patents, and copyrights.
- *Taxable services* normally include catering, rooms and accommodations, commercial gas and electrical service, steam, telephone service, and transportation charges.
- *Sales Tax* - Colorado's sales tax is a transactional tax charged when a buyer purchases tangible personal property or benefits from certain taxable services in Colorado. The

State of Colorado imposes a sales tax of 2.9% on retail sales transactions of 17 cents or more.

- *Use Tax* must be paid by the purchaser of goods stored, used, or consumed by the purchaser where the seller did not or could not collect sales taxes. In the case of fundraising events, meals and beverage and/or merchandise sales are purchased exempt from sales tax. However, items that are re-sold to fundraising event attendees are subject to use tax.

Sales Tax Procedures

The following steps must be taken to ensure that sales tax is appropriately identified, collected, and remitted:

- Organizational units must consult with the appropriate campus controller's office to determine and confirm all tax liabilities for the organizational unit's activities and events, as well as to determine applicable tax rates.
- If a fundraising event location is in the jurisdiction of another campus, the organizational unit must work with their campus controller's office to coordinate and involve the location's campus controller's office to remit taxes.
- The fundraising event location determines the tax rate or rates in effect, except in the case of merchandise delivery or internet purchases.
- Sales tax rates are subject to change during January and July of each year.
- The appropriate campus controller's office will remit the taxes to the designated taxing authorities: either the Colorado Department of Revenue or the relevant home-rule city.
- Organizational units that do not remit the required sales tax in a timely manner may be subject to penalties and interest on past-due amounts. Sales tax is the responsibility of the organizational unit and is generally due to the appropriate campus controller by the 10th of the month following the sale.

Sales Tax and Fundraising Events

Specific requirements associated with the conduct of university fundraising events are as follow:

- The organizational unit must include the sales tax when calculating the Fair Market Value (FMV) of any goods or services received for a fundraising event. This information must be disclosed in the event promotional/publicity materials.
- Fundraising meals are subject to sales tax on the FMV of the meal.
- A single fundraising event may incur more than one type of sales tax rate depending on event activities. For example, the tax rate for catered food and beverage may differ from the tax rate for other items (e.g., tangible goods sold through a silent auction). The appropriate campus controller's office can assist organizational units in determining the sales tax rates for their event items and activities.
- Auctioned items are subject to sales tax on whichever is lower - the FMV of the item being auctioned or the winning bid amount for that item. Sales tax cannot be imputed

from the winning bid amount for an item nor can it be imputed from the total bid amount (total proceeds) for all items.

- For merchandise sales items, sales tax must be added to the cost of each individual item sold. Sales tax cannot be imputed from total sales.
- Fundraising events that charge admission to the event may be subject to an admissions tax, depending on the event location.
- Fundraising events have no more than 60 days following the event to close out event finances. Sales tax is due to the appropriate campus controller no later than the 10th of the month following the event closeout date.

Note that caterers have state guidance to charge sales tax for fundraising events. Accordingly - as organizational units contract catering vendors through the University Procurement Card or through university purchase orders as a tax-exempt organization - fundraising event staff must remit sales tax after the event.

Specific Roles and Responsibilities

Organizational Units are responsible for

- Contacting the appropriate campus controller's office for campus-specific sales tax instruction so as to facilitate the timely remission of applicable sales tax.
- Issuing to each buyer a sales receipt showing the sales price and amount of sales tax paid.
- Ensuring that a Journal Entry (JE) is created for the identified sales tax liability in the designated SpeedType. (The JE may be created by either the organizational unit or the appropriate campus controller's office.)
- Contacting the Office of University Controller (OUC) Fundraising Events Compliance Coordinator to identify potential tax issues when conducting a fundraising event.
- Remitting all applicable sales tax, penalties, fines, and interest in a timely manner.

The appropriate campus controller's office is responsible for:

- Obtaining a sales tax license (if applicable) for the campus, as required by the local taxing authority, and coordinating with the OUC to verify existing sales tax licenses held by the University.
- Ensuring that the University Controller sign the sales tax license application, if that document requires an officer's signature.
- Determining applicable sales tax rates for campus organizational unit activities that have tax liabilities.
- Being familiar with sales and use taxes required of local jurisdictions within their campus jurisdiction.
- Assisting organizational units with preparing and remitting sales tax in a timely manner and according to campus procedures.
- Calculating any penalties and interest for past-due sales tax.
- Determining applicable sales tax rates and remitting taxes for fundraising events hosted by campus organizational units - as well as for fundraising events hosted by organizational units of other campuses, if those events are held within their campus

jurisdiction and the campus holds the sales tax license for the local entity.

The Office of University Controller is responsible for:

- Contacting tax authorities as necessary.
- Providing additional sales tax guidance to organizational units and to the campus controller's offices.
- Assisting event staff in determining sales tax liabilities for their fundraising event.
- Notifying the appropriate campus controller's office regarding fundraising events that have sales tax liabilities.
- Assisting fundraising event staff in the timely remittance of sales tax to their campus.

Revision Log

- Updates 4/1/2025: Changed exception authority from Associate Vice President & University Controller to Director of Tax, with requests for exceptions to be submitted through the appropriate campus controller's office.
- Accounting Handbook Sales & Use Tax Procedures published dated 3/1/2018.

Exceptions

Unless approved by the Director of Tax in the Office of University Controller, there are no exceptions to this procedural statement. Requests for exceptions must be submitted through the appropriate campus controller's office [2].

Questions & Feedback [3]

Feedback or Question *

Your Name

Your Email Address

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This question is for testing whether or not you are a human visitor and to prevent automated spam submissions.

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Groups audience:

Controller

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AH Sales/Use CTA Side

AH Sales & Use Tax Side Nav
AH Sales & Use Resources
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