



# CITY OF THORNTON

## TAX INFORMATION - TAX EXEMPT SALES

Tax Division  
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### **GENERAL INFORMATION**

Certain purchasers are allowed to purchase items within Thornton City limits sales tax free. These purchasers are exempt from paying the City sales tax of 3.75% on all "qualifying" purchases.

Purchasers that may qualify for tax exempt status are listed below:

- Charitable organizations
- Governmental entities
- Resellers, wholesalers and manufacturers
- Purchases of building materials pursuant to a permit

This brochure includes definitions and examples of some of these transactions and details documentation required to sell tax exempt to these purchasers.

### **CHARITABLE/GOVERNMENTAL**

*Charitable Organizations* are defined as any entity which:

- Has been certified as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code; **and**
- Is a religious or charitable organization.

As used in this definition, religious organizations must be charitable to qualify for an exemption. A place of worship (church, synagogue, temple, etc.) may qualify for a sales/use tax exempt license as these entities are open and free to all who wish to attend or participate in worship activities, and thus often meet the definition of a charitable organization.

A charitable organization must exclusively and in a manner consistent with existing laws and for the benefit of an indefinite number of persons, freely and voluntarily minister to the physical, mental or spiritual needs of persons, thereby lessening the burdens of government.

*Governmental Organizations* may include:

- United States Government
- State of Colorado
- Cities & Towns
- Public Schools
- Departments & Political Subdivisions

### **QUALIFYING PURCHASES**

Purchases by charitable or governmental organizations are exempt from Thornton City tax when **ALL** of the following conditions are met:

- The purchase must be related to the regular charitable or governmental functions and activities of the organization;
- The purchase must be billed directly to the organization, and payment must be made directly from the organization's funds. (i.e. -payments must be made with the organization's check or credit card). Payments made by cash, check or credit card of an individual working for the organization do not qualify for exemption even if the individual will subsequently be reimbursed by the organization; and
- The organization must not be reimbursed for the purchase in any way, as through the sale of a ticket or collection of a registration fee.

### **DOCUMENTATION**

Sellers making tax exempt sales to charitable and governmental organizations must maintain a copy of the Standard Municipal Home Rule Affidavit of Exempt Sale. In addition, the following records are required to support the sale:

- Government: A copy of the State of Colorado tax exempt license or license number.

- Charitable Organizations Located Outside of Thornton: A copy of the State of Colorado tax exempt certificate or certificate number.
- Charitable Organizations with a Location IN Thornton: A copy of the City of Thornton tax exempt license or license number.

If the seller does not maintain adequate records or if payment is not made by direct funds, the seller will be liable for the Thornton City sales tax that should have been collected.

### **ADDITIONAL INFORMATION**

If there is any question of whether a transaction is taxable, the seller must collect the sales tax and the organization may request a refund of the disputed tax from the City.

Charitable organizations with a location in Thornton are only exempt from City tax if they have been issued an exempt license. Charitable organizations may contact the City's Tax Division for information about applying for a City of Thornton tax exempt license.

### **RESALE/WHOLESALE**

Purchases for resale are exempt from City sales tax. The seller must maintain a copy of the customer's State resale/wholesale license or license number. In addition, the purchase must be of a type normally resold by the purchaser in the usual course of business.

- *For example,* a restaurant may not purchase a television tax exempt because they are not in the business of reselling televisions.

It is the seller's responsibility to exercise due care and good faith to ensure exempt sales to resellers qualify for the exemption. When in doubt, it is the seller's responsibility to collect tax.

### **PURCHASES WITH BUILDING PERMITS**

Purchases of building materials by purchasers who have prepaid city tax on a building permit are exempt from City sales tax. The seller must maintain a copy of the building permit, and the building permit must show that a city tax was prepaid when the permit was issued.

## **TAXPAYER ASSISTANCE**

The City of Thornton provides the following resources to answer your tax questions:

1. Thornton Municipal Code – This document establishes the tax laws of the City. This document is available on the website [www.ThorntonCO.gov](http://www.ThorntonCO.gov) or you may request a copy by contacting the Sales Tax Division.
2. Determinations – Upon written request, the Finance Director will provide a determination on how City taxes apply in specific circumstances.
3. City Personnel – Staff are available Monday through Friday, 8:00 a.m. to 5:00 p.m. either by phone or in person. It is recommended that you call in advance to ensure a tax representative will be available for assistance. The phone number is 303-538-7400.
4. Free Workshops - Thornton's Tax Staff offer free Sales & Use Tax workshops periodically throughout the year. Please contact the Sales Tax Division at 303-538-7400 to find out when the next workshop will be offered.

**Important Note:** This information is provided as a general overview of the City of Thornton Sales and Use Tax Ordinance, and is not intended to replace or supersede the information contained in the Ordinance.