
BANKS AND CREDIT UNIONS

The *Arvada Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property and certain taxable services in the City by the ultimate user or consumer. This also includes a use tax upon using, storing, distributing or otherwise consuming in the City any article of tangible personal property purchased, leased or rented from sources outside the City on which a lawfully imposed sales tax has not been paid.

Sales of tangible personal property sold to national and state banks, trust companies, savings and loans, and to state-chartered credit unions are taxable. Sales made to federally chartered credit unions for their own use are exempt as courts have held them to be instrumentalities of the federal government.

Whenever national and state banks, trust companies, savings and loans, and state or federally chartered credit unions engage in the sale of tangible personal property at retail, they must collect and remit the sales tax. Examples of retail sales commonly made by such entities include leases of equipment and autos, sales of obsolete equipment, and sales of credit card supplies.

EXAMPLE

XYZ Bank, ABC Credit Union (State Chartered), and Uptown Federal Credit Union each purchase a new computer system. These entities then sell their old computer equipment at retail.

If the purchase is made from a licensed Arvada vendor, sales tax is due on the sale to XYZ Bank and ABC Credit Union. Sales tax would not be collected on the sale to Uptown as this is a federally chartered credit union. If the purchase is from a non-licensed vendor, XYZ Bank and ABC Credit Union would be required to remit use tax on the purchase. Uptown Federal Credit Union is not subject to use tax because it is federally chartered.

All of these entities would be required to collect and remit sales tax on the retail sale of their old computer equipment.

ARVADA MUNICIPAL CODE – Chapter 98 - Taxation

Sec. 98-66. Property and service taxed.

CODE of COLORADO REGULATION
COLORADO DEPARTMENT OF REVENUE – TAXATION DIVISION
SALES AND USE TAX – SPECIAL RULES FOR SPECIFIC BUSINESSES
1 CCR 201-5

FINANCIAL INSTITUTIONS

Banks, savings and loan associations, and similar financial organizations who offer gifts or premiums of tangible personal property as an inducement for opening an account, making a deposit or adding to an account are, for purposes of the Act, making sales of tangible personal property (see (1) below), or are making purchases (see (2) below).

These gifts and premiums are purchased by the financial institution and given to the customer or offered to the customer at a reduced price when a deposit is made to the customer's account. The purchase of these gifts and premiums or sales thereof are to be reported in the following manner:

(1) *The sales of these premiums and gifts at their reduced price are treated as retail sales and the financial institutions must collect the sales tax from the depositor.*

(2) *The difference between the bank's purchase price and the cash price paid by the depositor will be taxable to the financial institutions.*

[Following amended, 2002]

(3) *If an item is given to the depositor, in consideration of depositing funds or using other financial services from which the bank may profit, the item's purchase price (cost) will be reported as a taxable sale on the appropriate line of the sales tax return, subject to state and applicable local sales tax.*

Title 12 U.S. Code Chapter 14 – Sec. 1768 - Taxation

The Federal credit unions organized hereunder, their property, their franchises, capital, reserves, surpluses, and other funds, and their income shall be exempt from all taxation now or hereafter imposed by the United States or by any State, Territorial, or local taxing authority; except that any real property and any tangible personal property of such Federal credit unions shall be subject to Federal, State, Territorial, and local taxation to the same extent as other similar property is taxed. Nothing herein contained shall prevent holdings in any Federal credit union organized hereunder from being included in the valuation of the personal property of the owners or holders thereof in assessing taxes imposed by authority of the State or political subdivision thereof in which the Federal credit union is located; but the duty or burden of collecting or enforcing the payment of such a tax shall not be imposed upon any such Federal credit union and the tax shall not exceed the rate of taxes imposed upon holdings in domestic credit unions.

(June 26, 1934, ch. 750, title I, § 122, formerly § 18, [48 Stat. 1222](#); Dec. 6, 1937, ch. 3, § 4, [51 Stat. 4](#); renumbered § 23 and amended [Pub. L. 86-354, § 1](#), Sept. 22, 1959, [73 Stat. 637](#); renumbered title I, § 122, [Pub. L. 91-468, § 1\(2\)](#), Oct. 19, 1970, [84 Stat. 994](#).)

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.