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CEMETERIES, FUNERAL HOMES AND MORTICIANS

Sales of vaults, urns, caskets, shipping containers, grave boxes, burial clothing, granite bases and other tangible personal property are taxable at the time of sale. The "time of sale" depends upon the terms of the contract. In the case of a pre-need contract, the sale occurs when title to or possession of the property passes to the purchaser.

Sales or use tax should be paid on lawn crypts at the time of purchase by the cemetery or mortician if purchased as finished products. If the lawn crypts are erected by contractors, then the contractor is responsible for use tax on the materials used.

Sales of memorial plaques, headstones, and grave markers are taxable at the full installed purchase price. If installation charges are separately stated on the invoice, those charges are not subject to tax.

Services rendered by cemetery or mortuary staff are not taxable; however, any personal property used in rendering these services is taxable to the mortician or cemetery staff at the time of purchase. Sales of flowers, cards, etc., by the mortuary to its clients are subject to sales tax just as any other retail sale.

Perpetual care is a charge for maintenance and lawn care of the cemetery grounds and markers. These services are not taxable to the purchaser. Any equipment and supplies purchased or used by the cemetery in providing these services are subject to tax.

Monetary assistance provided by insurance companies or by government agencies such as The Veteran's Administration, Department of Social Services and Victim's Compensation is considered payment by a third party, not as a tax-exempt sale to the government. Therefore, the above guidelines are valid regardless of how payment is made to the funeral home, mortuary, or cemetery.

EXAMPLES

1. Department of Social Services pays a portion of funeral expense for a low-income/indigent person. The portion paid by Social Services is considered a third party payment; it is not considered a tax-exempt sale to the government. The funeral home must collect sales tax on tangible items sold to the family of the deceased.

2. A couple purchased a pre-need insurance plan from a local mortuary. The mortuary placed the funds in a trust account, consistent with Colorado law. That transaction is not taxable until the time of need and utilization of tangible personal property.

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 TAX CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA TAX CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.