
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.

CONSIGNMENT SALES

Any seller who takes goods on consignment must collect sales tax on the full sales price when the goods are sold at retail. Even though the seller (the consignee) may be acting as an agent in selling goods for the consignor, this does not relieve the consignee of the responsibility to collect the sales tax. The *Arvada Municipal Code* defines the terms "retailer" to include any person who sells goods as a direct or indirect agent of or obtains such property sold from a dealer, distributor, supervisor or employer.

AGENTS: SALESPERSONS, AUCTIONEERS, AND MANUFACTURER'S REPRESENTATIVES

The *Arvada Municipal Code* defines "retailer" as "...any person selling, leasing, or renting, or granting a license to use tangible personal property or services at retail." Specifically included in this definition are auctioneers, as well as salespersons and representatives who make sales as a direct or indirect agent of another party (principal). An agent is a person authorized by another to act for him/her or one authorized to transact business of a principal. Examples of agents include salespeople, auctioneers, and manufacturer's representatives. An agent is responsible for the collection and remittance of the sales tax whenever the principal of the agent is not licensed to collect sales tax.

The *Arvada's Municipal Code* defines "engaged in business in the City" as performing or providing services or selling, leasing, renting, delivering, or installing tangible personal property for storage, use or consumption within the City. This includes but is not limited to maintaining a place of business, sending or maintaining employees or agents to solicit business or to install, repair, or demonstrate products, etc., owns, leases or rents real property, or makes continuous deliveries into the taxing jurisdiction which establishes a minimum connection with the taxing jurisdiction.

EXAMPLES

1. John has a retail outlet for goods made by local artisans. The craftspeople place their goods on consignment with John to be sold to the general public. As the retailer, John must collect sales tax on the sales of the consigned goods.
2. Charlie operates an auction house and takes goods on consignment from businesses seeking to dispose of outdated or overstocked items, estates needing to liquidate assets such as furniture, etc., or anyone with items they want to sell. As the retailer, Charlie must collect sales tax on the sales of the consigned goods.

ARVADA MUNICIPAL CODE – Chapter 98 - Taxation

Retailer means any person selling, leasing, renting, or granting a license to use tangible personal property or services at retail. Retailer shall include, but is not limited to, any:

- (1) Auctioneer;
- (2) Salesperson, representative, peddler or canvasser, who makes sales as a direct or indirect agent of or obtains such property or services sold from a dealer, distributor, supervisor or employer
- (3) Charitable organization or governmental entity which makes sales of tangible personal property to the public, notwithstanding the fact that the merchandise sold may have been acquired by gift or donation or that the proceeds are to be used for charitable or governmental purposes;
- (4) Retailer-contractor, when acting in the capacity of a seller of building supplies, construction materials, and other tangible personal property.

CODE of COLORADO REGULATION

COLORADO DEPARTMENT OF REVENUE – TAXATION DIVISION

SALES AND USE TAX – SPECIAL RULES FOR SPECIFIC BUSINESSES

1 CCR 201-5

CONSIGNED MERCHANDISE SALES

Regardless of the status of the consigned inventory for the purpose of any other tax and regardless of whether the retail customer knows that inventory is not owned by the vendor, the vendor is

- (1) the retailer of the property and
- (2) liable for the tax due on the retail sales.

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.