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## Tax Compliance Guide

### Vendor Assessments Topic 309

(03/2020)

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As part of its comprehensive tax compliance program, the City routinely conducts audits of businesses examining their sales and purchases. During the course of this examination, the City sometimes identifies purchases where the vendor has collected an incorrect tax or has collected Westminster tax and not remitted it directly to the City. In some cases, the City issues a Notice of Assessment directly to the vendor to attempt to recover this tax. If the City cannot recover the tax directly from the vendor, the audited business will be assessed a use tax.

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#### Improperly Imposed Tax

Often vendors rely on a customer's mailing address or zip code in determining the local tax to be charged. This reliance may be misplaced because zip codes do not coincide with City boundaries and are not a reliable source for determining taxability. Further, because the post offices servicing much of the City are located in neighboring cities, a purchaser's mailing address may be misleading. For example, of the ten zip codes in which Westminster resides, only two are actually Westminster mailing addresses. Customers with Arvada, Broomfield, or Denver mailing addresses may actually reside in Westminster. This may result in a vendor collecting and remitting an incorrect local tax.

Retailers are responsible for the collection and payment of tax. Failure to collect the proper tax does not relieve a retailer of their liability to the City. If the original local tax has been remitted to another jurisdiction in error, the retailer must pay the vendor assessment and apply to that jurisdiction for a refund. Generally, penalties will be abated if the vendor assessment is paid by the due date.

To avoid this issue, retailers making deliveries into the City are encouraged to utilize the electronic location databases certified by the Colorado Department of Revenue pursuant to the Colorado Revised Statutes § 39-26-105.3.

#### Tax Discovery

Occasionally, the City identifies purchases where the vendor properly collected Westminster tax, but failed to remit that tax to the City. This usually results from a vendor failing to license with the City. Westminster is a home-rule city that collects and administers its own tax. Some vendors do not realize that they are required to license with home-rule cities in addition to the Colorado Department of Revenue. Neither the Department of Revenue nor any other jurisdiction may collect Westminster's tax. If the original local tax has been remitted to another

jurisdiction in error, the retailer must pay the vendor assessment and apply to that jurisdiction for a refund.

Generally, penalties will be abated if the vendor assessment is paid by the due date. There is no statute of limitations on recovery of Westminster taxes collected but not remitted to Westminster. For a complete listing of home-rule cities, vendors should refer to Colorado Department of Revenue form DRP 1002, which is available on their website [www.taxcolorado.com](http://www.taxcolorado.com). This form is updated semi-annually.

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#### Related Topics

Deliveries Outside the City  
Business Registration & Licensing  
Notice of Assessment Appeals & Protests

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#### Citations

*Westminster Municipal Code*  
§ 4-1-1. Definitions  
§ 4-1-5. Retailer Responsible for Collection & Payment of Tax

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT WESTMINSTER TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE WESTMINSTER MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.