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## Tax Compliance Guide

### Employee Sales Topic 338

(10/2006)

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The *Westminster Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property and certain taxable services sold at retail within the City. Sales and use taxes are transactional, and are therefore imposed upon each taxable transaction. In other words, the same item may be subject to sales or use tax multiple times. Use tax is reported on Schedule B/line 8 of the periodic City sales/use tax return.

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### Sales to Employees

Sales of tangible personal property and taxable services to employees are subject to tax on the purchase price paid by the employee. Such purchase price may be discounted from the price charged to the general public. If such a discount exceeds the employer's cost of the item sold, the employer must pay a use tax on the difference between the purchase price paid by the employee and their cost.

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### Purchases from Employees

Purchases of tangible personal property and taxable services from employees are subject to tax on the purchase price paid to the employee. This includes items which the employee purchased for taxable use and previously paid a sales or use tax on. Because employees will not typically have a City sales and use tax license, employers will usually need to report the use tax due on their next periodic City sales/use tax return (line 8).

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### Examples

1. Restaurant A offers employees a 10% discount on all food purchased by employees. Westminster sales tax would be due on the discounted price.
2. A Westminster accounting firm needs a new table for their conference room. Employee B has a table in storage that she purchased and used. Employee B paid sales tax on the table when he/she purchased it. Employee B agrees to sell the table to the firm for \$100. Employee B is not licensed to collect City sales/use tax. The firm must report use tax due on the \$100 purchase on their next periodic City sales/use tax return (line 8).

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### Related Topics

Coupons, Discounts, and Promotional Items  
Properly Exempted Purchases Converted to Taxable Use  
Occasional Sales

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### Citations

*Westminster Municipal Code*  
§ 4-2-2. Definitions  
§ 4-2-3. Rate; Imposition and Collection; Distribution  
§ 4-2-5. Transactions & Items Subject to 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.

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### Contact Us

For additional assistance, please contact us:

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From the Business menu, choose Westminster Taxes