
Tax Compliance Guide

Internet Sales/Purchases Topic 346

(01/2012)

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The *Westminster Municipal Code* imposes a sales tax upon tangible personal property and certain services purchased, leased, or rented at retail. If Westminster sales tax is not paid to a vendor licensed and authorized to collect the same, then a use tax must be remitted directly to the City. Credit may be taken against Westminster use tax for legally imposed sales or use taxes paid to Westminster or other municipalities. Such credit may not exceed the Westminster use tax due.

Some Internet retailers are not “engaged in business” in the City. As such, they are not legally obligated to collect City sales tax. This fact, coupled with misunderstandings regarding the Internet Tax Freedom Act, often lead to the misconception that Internet sales/purchases are not subject to City sales/use taxes.

Sales and purchases made via the Internet are subject to tax in the same fashion as those made by local retailers. Internet retailers may obtain a sales/use tax license and collect Westminster tax as a convenience to their customers even though they may not be required to do so.

Purchasers of tangible personal property or taxable services over the Internet (both businesses and individuals) who do not pay City sales tax must remit a use tax on the purchase price paid, including charges for freight or delivery, on their next periodic City sales/use tax return (line 8). Resident individuals must remit the tax by the 20th of the month following the purchase. Purchasers who do pay City sales tax should exercise due diligence in verifying that the retailer is licensed and authorized to collect City sales tax.

Internet retailers licensed with the City should only collect City sales tax on items delivered within the Westminster City limits. In determining whether or not a specific address is inside or outside the City, retailers 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.

Retailers who have a commercial location in the City must collect City sales tax on sales made by their catalogue, mail order, or Internet counterparts. Because these sales are not attributable to a specific location, a separate sales tax account must be maintained for reporting these sales.

Examples

1. Business A purchases computers from an Internet distributor based out of the state. The distributor does not collect any sales tax. Business A must remit a use tax on the full purchase price paid on their next periodic City sales/use tax return (Schedule B/Line 8).
2. Person B sells crafts over the Internet from her Westminster home and has obtained a home occupation license from the City. Person C, a Westminster resident, orders some of Person B’s crafts, which she delivers to his Westminster home. Person B must collect and remit Westminster City sales tax on the purchase price paid by Person C for the crafts.
3. Retailer A operates from two locations within the City, and also sells items via the Internet. Retailer A must collect Westminster sales tax on Internet orders delivered to locations within the City. Retailer A must maintain 3 tax accounts, one for each location, and one for Internet sales.

Related Topics

[Deliveries Outside the City](#)
[Electronic Location Databases](#)
[Freight Delivery & Transportation](#)

Citations

Westminster Municipal Code
§ 4-1-3. Deductions and Credits
§ 4-1-5. Retailer Responsible for Collection and Payment of Tax
§ 4-2-2. Definitions
§ 4-2-3. Rate; Imposition and Collection; Distribution
§ 4-2-5. Transactions & Items Subject to Tax
§ 4-2-13. Use Tax; Method of Payment

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.