



Tax Compliance Guide

Electronic Location Databases Topic 364

(08/2007)

The *Westminster Municipal Code* imposes a sales tax upon tangible personal property and certain taxable services sold at retail within the City. Every person engaged in business in the City must obtain a Westminster sales/use tax license. Even those retailers without a commercial location in the City may be engaged in business in the City. Retailers are responsible for the collection and payment of the appropriate tax on all taxable sales within the City.

Given Westminster's close proximity to other home rule municipalities, it can be difficult to determine whether or not a specific location is within City limits. Retailers are cautioned that mailing addresses are not a reliable source for determining taxing jurisdiction because zip code boundaries do not coincide with City limits. Westminster resides in 10 zip codes of which only two are "Westminster" mailing addresses. Reliance on zip codes often leads to improper collection for cities adjacent to Westminster.

Retailers are liable to the City for underpayments resulting from improper collection. As such, 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 rely on the most current version of these databases to determine the correct taxing jurisdiction will be held harmless if the database erroneously returns the wrong jurisdiction for a particular address. In addition to the Colorado Department of Revenue and the City of Westminster, many other home rule jurisdictions have adopted similar provisions in their tax codes. A listing of home rule jurisdictions that have adopted such provisions can be found on the Department of Revenue website at www.taxcolorado.com.

Retailers have the burden of proving that they were using the most current version of the database and that the address was incorrectly coded at the time of the sale. The City regularly tests the databases for accuracy reporting errors to the providers for correction. As such, retailers are encouraged to verify addresses periodically in case changes are made. Retailers will not be held harmless for errors if they are not utilizing the most current information available at the time of the sale.

This safe harbor does not apply to use tax due from consumers, nor does it apply to other information provided by the databases such as rate and base information for the jurisdiction returned.

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Examples

1. Supply Company, a licensed Westminster retailer, routinely delivers supplies to customers inside and outside the City. Prior to delivering supplies to a Westminster customer, Supply Company verifies the customer's address in a State certified electronic location database. The database erroneously states that the address is in Arvada. Supply Company retains the record from the database, and during a routine audit, Supply Company is not held liable for the error.

Related Topics

[Deliveries Outside the City](#)

Citations

Colorado Revised Statutes

§ 39-26-105.3 Remittance of Tax – Electronic Database – Retailer Held Harmless

Westminster Municipal Code

§ 4-1-5. Retailer Responsible for Collection & Payment of Tax
§ 4-2-3. Rate; Imposition & Collection; Distribution

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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