



Operational Area:	Business and Finance
Responsible Executive:	Chief Financial Officer
Responsible Office:	Accounting Services Office
Effective:	July 1, 2019

## Sales Tax

### Business and Finance

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#### I. Introduction

- A. **Authority:** C.R.S. § 23-54-102, *et seq.* (2019) authorizes the Trustees of Metropolitan State University of Denver (MSU Denver) to establish rules and regulations to govern and operate the University and its programs. The Trustees retain authority to approve, interpret, and administer policies pertaining to University governance. The Trustees authorize the President of MSU Denver to approve, administer, and interpret policies pertaining to University operations.
  - B. **Purpose:** The purpose of this policy is to define guidelines and to ensure that MSU Denver complies with sales tax regulations for the State of Colorado, City and County of Denver, and Special Districts, as well as areas of nexus. It is the policy of the University to ensure we remain compliant with all applicable tax laws and regulations. This document should be read in conjunction with the policy dated April 30, 2015, entitled Determination of Proper Classification of Revenue as Sales or Charitable Gifts. MSU Denver Foundation is a separate legal entity and may be subject to different sales tax regulations. Please contact the Foundation at 303-615-0065 for further clarification.
  - C. **Scope:** This policy applies to employees and departments of Metropolitan State University of Denver.
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#### II. Roles and Responsibilities

- A. **Responsible Executive:** Chief Financial Officer
- B. **Responsible Administrator:** Controller
- C. **Responsible Office:** Accounting Services Office
- D. **Policy Contact:** Controller, 303-615-0039

#### III. Policy Statement

- A. When to Collect Sales Tax
  - 1. The following list assists in determining whether or not a sale is subject to sales tax:
    - a. Whenever the University sells or rents tangible, personal property or provides a taxable service, the sale, rent or service is subject to sales-tax requirements. It is the practice of MSU Denver to assume that the item or product being sold or rented is taxable, unless specifically excluded by statute.
    - b. When there is a “reimbursement” that exchanges tangible, personal property for money, a sale has occurred, and sales tax is to be collected. For example, a department or student club that purchases items to be “reimbursed” by its employees or club members has generated a sale, and sales tax is to be collected.
    - c. The sale of used equipment requires the collection of sales tax.
    - d. Sales of tangible, personal property sold through vending machines or honor boxes are subject to sales tax.
    - e. Required donations that entitle the donor to receive tangible, personal property are taxable. The total consideration paid is the taxable amount of the sale.



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- f. Auctioned items are subject to sales tax. Tax should be collected on the lesser of the sales price or the fair market value of the auctioned good.
  - g. Sales tax may be waived for a customer only if the customer provides a copy of their current, tax-exempt certificates, both for the State of Colorado and the City and County of Denver. Invoices and payments must match the entity name on each exemption certificate/letter. The burden of proof for the exemption is on the person affirming the claim of exemption. Copies of exemption certificates/letters must be obtained by the department making the sale, and remitted with the deposit transmittal to the Cashiering Office or the Foundation Office, as applicable.
2. Sales of most services are not taxable. However, if a sale involves both goods and services, such as a service call that involves charges for both parts and labor, the parts (tangible property) are taxable but the labor (service) is not. The sale should separately state the labor from individual parts. Failure to do so can cause the entire amount of the sale to be taxable.
  3. The University's Revenue Policy should be followed when implementing new departmental revenue streams.
- B. When to *Pay* Sales Tax.
1. The University is exempt from paying sales tax on purchases for its own departments. However, we are not exempted from paying sales tax to other states unless we have applied and been approved. See Sales Tax Exemption by States for further information.



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2. Sales tax must be paid when purchasing items for the purpose of reselling or fundraising.
  3. For events that require a registration fee, such as banquets, fundraisers, educational seminars or conferences, then catering, lodging, equipment rental, and all tangible personal property used for the event becomes taxable in the City and County of Denver.
- C. Using personal funds and expecting a reimbursement will require the buyer to pay the appropriate sales tax. The University's sales-tax exemption may not be used in conjunction with personal funds. The University will not reimburse paid sales tax. Reimbursing the University for personal items or accidental personal purchases is strictly prohibited. Requests for refunds from vendors are required.
- D. Determining How Much Sales Tax to Charge.
1. The amount of sales tax charged depends upon the following factors:
    - a. The type of item being sold;
    - b. The tax rate in effect at the time of the sale; and
    - c. Where the sale takes place., *i.e.*, where the buyer takes ownership of the product.
  2. Product and Tax Rate. For a list of items frequently sold on the Auraria campus and which sales-tax rate to apply, see Related Information.
  3. Date of Sale and Tax Rate. The current, sales-tax rates are available on the Office of the Controller, Accounting Services website. Sales-tax rates are subject to change during both January and July of each year.
  4. Location of Sale and Tax Rate. The sales-tax rate charged depends upon where the customer takes possession of the goods or point of delivery, if shipped. Please see Point of Delivery Sales Tax Rate for further information.



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#### E. Items for Special Attention

1. **Catering Services.** Catering service is a taxable service in the State of Colorado and the City and County of Denver. Therefore, when a registration fee is required for admittance into an event, MSU Denver's sales-tax exemption becomes null and void. State and city sales tax must be paid on catering, food, beverages, lodging, equipment rentals, or any other taxable items used for the event.
2. **Non-taxable Food Sales.** Certain types of food sales are not taxable. These types include:
  - a. Food purchased for human consumption at home. Examples include raw cookie dough, butter braids, cereal, fruits, and vegetables.
  - b. Seeds and plants that produce food for human consumption.
  - c. Food purchased with food stamps or WIC vouchers. However, the University is not authorized to accept this form of payment.

#### F. Operational Aspects of Sales Tax

1. **Displaying the Sales Tax License**
  - a. MSU Denver, Aurora, Greenwood Village and Northglenn each have their own State of Colorado Sales Tax License and City Sales Tax License. Sales Tax licenses are required to be posted in a conspicuous place.
  - b. The Accounting Services Office obtains and renews all sales-tax licenses. Individual departments are prohibited from getting their own or renewing existing licenses. If you believe additional licenses are necessary, contact the Tax Accountant.

## President's

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2. Remitting Sales Tax. Accounting Services and the Foundation staff are responsible for their respective remittance of the Sales Tax return. Individual departments must not submit their own.
3. Charging Sales Tax. Sales tax should be charged as a separate line item at the time of the sale. This is the preferred practice at MSU Denver. Alternately, a conspicuous sign should be displayed that shows the price of each item and separately states the amount of tax for each item offered for sale. In a limited number of circumstances, it may be permissible to impute sales tax after the fact. Work with the Tax accountant to determine the most appropriate method for your operation.
4. Recording Sales Tax
  - a. Sales tax collected should be deposited in the University tax liability accounts by the last day of the month in which the sale took place. The appropriate FOAPALs are used to record the liability:
    - i. 890025-your ORG-2901: State of Colorado
    - ii. 890025-your ORG-2902: Denver
    - iii. 890025-your ORG-2903: Northglenn
    - iv. 890025-your ORG-2904: Greenwood Village
    - v. 890025-your ORG-2905: Aurora
  - b. **DO NOT DEPOSIT SALES TAX INTO YOUR DEPARTMENTAL FOAPAL!**
  - c. A copy of each Sales Record Report on which sales tax was collected must be submitted to the Cashiering Office with the deposit transmittal for audit support. If a buyer is claiming sales tax exemption, then a copy of the sales tax exemption/letter must

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be submitted with the deposit transmittal to the Cashiering Office. Funds classified as charitable transactions are not to be deposited through the Cashiering Office. These proceeds are to be deposited with the University Advancement Services Office for the Foundation.

#### **IV. Definitions**

- A. *Nexus* means having satisfactory physical presence whereby the local taxing jurisdiction can impose its taxes on sales. Nexus is created if MSU Denver maintains a temporary or permanent presence of people or property in a particular area.
- B. *Sales Tax* is a transactional tax charged when a buyer purchases tangible personal property or certain taxable services. Sales tax is levied upon the transaction itself which applies to both profitable and unprofitable transactions. Tax is charged on the sales price.
- C. *Tangible, personal property* is personal property that can be felt or touched. Examples include food and beverages, publications, t-shirts, mugs, pens, books, etc.
- D. *Taxable services* include informational and entertainment services, catering services, lodging services, telecommunication services, and energy producing services, such as commercial gas and electrical service, steam, telephone, and transportation charges.



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#### V. Related Information

Product and Tax Rate. Items frequently sold on the Auraria campus and which sales-tax rate to apply.

*Note: This is not an all-inclusive list of items to be taxed. It is a descriptive sample. Contact the Tax Account (6-6879) or [acctsvcs@msudenver.edu](mailto:acctsvcs@msudenver.edu) if you have any questions about whether or not a sale is taxable.*

Taxable Item	City & County of Denver current tax rate	City & County of Denver &, State of Colorado current tax rate	City & County of Denver FOOD/BEV RATE & State of Colorado current tax rate
Artwork		X	
Books		X	
Computer printouts-copies		X	
Concessions			X
Catering services		X	
Delivery Charges (when delivered in Denver, Aurora)	X		
Food & Beverage sales			X
Fundraising items such as: bake sales, cookies, desserts.			X
Fundraising items such as: lotion, honor cords, flowers, auction items.		X	



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Honor Box-display of tray of snacks whereby payment is made on your honor in a box or envelope			X
Informational Services such as mailing lists and online subscriptions		X	
Musical instruments		X	
Rental of equipment <ul style="list-style-type: none"> <li>• Recreational</li> <li>• Scientific</li> <li>• Audio, visual</li> <li>• Etc.</li> </ul>		X	
T-Shirts and other clothing		X	
Used equipment sales		X	

## VI. Policy History

- A. **Effective:** July 1, 2019
- B. **Enacted:** July 1, 2015
- C. **Review:** This policy will be reviewed every three years or as deemed necessary by University leadership.



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### VII. Policy Approval

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Janine Davidson, Ph.D.  
*President, Metropolitan State University of Denver*

N/A

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*Chair, Board of Trustees, Metropolitan State University of Denver*