



## Sales Tax Collection & Deposit

University of Denver  
Office of the Controller

Memorandum

To: Department Heads and Administrators

From: Loc Trang, Accounting Analyst – Controller’s Office

Re: Sales Tax Policy Update – Your responsibilities on behalf of the University

The University is exempt from sales tax, in most instances, for its purchases (University of Denver’s tax exemption is not transferable to faculty, staff, students or other customers). However, the University is not exempt from the collection of sales tax from its customers. The University is required to collect and remit the appropriate State, RTD/CD, and City sales tax on all taxable sales. All colleges, departments, agencies and other selling entities will make a good faith effort to comply with the State and City Statutes and Regulations.

If a sale of tangible property does not fall within one of the listed exemptions, sales tax must be collected. Sales Tax must be collected on the following transactions:

- 1) Department sales to faculty, students and employees.
- 2) Casual or isolated sales. Including fund raising sales.
- 3) Sales by student organizations.

This list is not exhaustive. It is intended to list certain types of sales which may be encountered during the University’s operations.

### Procedure:

#### Sales tax Identification, Collection, and Remittance

- i) *Departmental units* are responsible for collecting sales tax and remit the sales and sales tax in the appropriate FOAPs. If there are any tax exempt sales please refer to the “tax exempt procedure”.
  - ii) If a *Fundraising/Conference event* where the department/organization plans to sell merchandises outside of the University of Denver, the organization unit must work with the Controller’s Office. **Please note** that a separate “special event – sales tax” license must be file before you can sell any merchandise at the event.
- (1) Sales tax and fundraising event (silent auction)
    - (a) The organizational unit must include the sales tax when calculating the Fair Market Value (FMV) of any goods or services received from the event. This information must be disclosed in the event promotional/publicity materials.



- (b) Auctioned items are subject to sales tax on whichever is lower. The FMV of the item being auctioned or the winning bid amount for the item(s). Sales tax cannot be imputed from winning bid amount for an item nor can it be imputed from the total bid amount (total proceeds) for all items.
  - (c) Sales tax must be added to the cost of each individual item sold. Sales tax cannot be imputed from total sales.
    - (i) If University Advancement (UA) is involved, the organizational unit must submit a detail transmittal of the item(s) that were taxable and/or non-taxable.
      - 1. All Silent Auction Sales must be booked into Taxable/Non Taxable Sales Acct. <Please contact budget officer or Controller's office for accounts>
  - (d) Fundraising events have no more than 60 days following the event to close out event finances. Sales tax is due to the Controller's Office no later than 10<sup>th</sup> of the month following the event closeout date.**
- (2) Fund raisers: Whenever a charitable organization purchases tangible personal property which is to be transferred to another for personal use and all or part of the price of the goods is recouped from the user through direct payment, donation or games of chance, the organization's exempt status does not apply and sales tax must be paid to the vendor by the exempt organization. Reg. § 26-114.1 (a)(II).
- (3) A charitable organization which makes regular sales of tangible personal property to the public that otherwise meets the definition of a retailer must have a sales tax license and collect and remit sales tax in the same manner as any other retailer. The fact that the merchandise sold may have been acquired by gift or donation, or the proceeds are to be used for charitable purposes, does not make the sale exempt from tax. Reg. § 26-114.1 (a)(II).

### Specific Roles and Responsibilities

Departments/Organizational Units are responsible for:

- A. Contacting the Controller's office for campus-specific sales tax instruction of applicable sales and/or fundraising event to identify potential tax issues conducting the event.
- B. Issuing to each buyer a sales receipt showing the price and amount of sales tax paid.
- C. Ensuring that a Journal entry (JE) in banner is created for identifying sales tax liability in the designated FOAP.
- D. Remitting all applicable sales tax, penalties, fines, and interest in a timely manner.
- E. **All records** must be kept and preserved for three years and made available for review by the Department of Revenue.
  - i. Complete and accurate beginning and end inventories
  - ii. Purchase receipts
  - iii. Sales receipts
  - iv. Cancel Checks
  - v. Invoices
  - vi. Dated delivery acceptance receipts showing location
  - vii. Bills of lading
  - viii. All other account books and documents pertaining to the business.
  - ix. If you are making a nontaxable sales, please keep copies of their sales tax license exemption certificates (both State and City).



Controller's Office is responsible for:

- A. Obtaining a sales tax license for the University of Denver.
- B. Determining applicable sales tax rates for departmental units' activities that have tax liabilities.
  - a. Sales tax rates are subject to change during January and July of each year.
- C. Contacting tax authorities as necessary.
- D. Providing sales tax guidance to departmental units.
- E. Assisting event staff in determining sales tax liabilities for their fundraising event.

**Sales exempt from tax:**

- I. Government entities.
- II. Sales to Religious or Charitable entities. (Exemption does not apply to individual members of the organization, unless they too are exempt) Evidence of exemption must be supplied both State and City. Transactions involving tax exempt customers a Colorado Sales Tax Exemption Certificate is required. If an organization is considered exempt from Federal Income Tax based on their status as an Internal Revenue Service Section 501(c)(3) not-for-profit organization, they are also not required to pay Colorado State Sales Tax. Colorado based organizations must file for state exemption and present their certificate as proof of exemption, the certificate should be copied and kept on file for at least 3 years. In the case of non-Colorado based organizations, an IRS Determination Letter is acceptable since it shows their 501(c)(3) tax-exempt status.
  - a. *All exemption sales must be recorded into "non-exemption sales account(s)." Please work with the Controller's office if you are unable to identify these accounts.*
- III. Sales delivered out of Colorado. Sales of articles delivered to the purchaser out of the state by common carrier, by the University or by mail, provided the articles are to be used outside of the state.

This list is not exhaustive. It is intended to list certain types of sales which may be encountered during University operations

For more guidance please visit the Controller's Office "Tax Issues & Guidance". There you will find instruction for special events outside of the University of Denver and the sales tax calculator.

Website: <http://www.du.edu/controller/taxissues-guidance.html>

The University does hold a sales tax license for occasional sales by departments and will allow a department either to pay the vendor the sales taxes for tangible personal property that it wishes to sell for fund raising events or collect the appropriate sales tax from the purchaser and deposit the collections accordingly.

It is a department's responsibility to document that they have either paid the vendor or collected the proper sales tax on the sale of tangible personal property.



**Recording Taxable Transactions:**

Generally, a department will use a cash receipt to deposit funds into a departmental FOAP. The sales tax is to be included on separate lines of the cash receipt using the FOAPs outlined in the tables below.

The Controller’s Office reconciles and remits the sales tax collections to the Department of Revenue on a monthly basis.

<b>Sales Tax Rates as of: 01/01/2015</b>			
	<b>RTD/CD</b>	<b>State Sales Tax</b>	<b>City Sales Tax</b>
Merchandise	1.1%	2.9%	3.65%
Food & Beverage	1.1%	2.9%	4.0%
Lodging	1.1%	2.9%	10.75%

**Departmental Sales of Merchandise**

<b>Sales made and delivered within City Limits</b>			
	<b>RTD/CD</b>	<b>State Sales Tax</b>	<b>City Sales Tax</b>
Tax Rate (01/01/2015)	1.1%	2.9%	3.65%
Fund	13240	13240	13240
Organization	Use own	Use own	Use own
Account	21040	21050	21060
Program +	na	na	na
<b>Sales made outside of Denver but within RTD district</b>			
	<b>RTD/CD</b>	<b>State Sales Tax</b>	<b>City Sales Tax</b>
Tax Rate (01/01/2012)	1.1%	2.9%	
Fund	13241	13241	
Organization	Use own	Use own	
Account	21040	21050	
Program +	na	na	
<b>Sales made outside City and RTD Districts but within State</b>			
	<b>RTD/CD</b>	<b>State Sales Tax</b>	<b>City Sales Tax</b>
Tax Rate (01/01/2012)		2.9%	
Fund		13241	
Organization		Use own	
Account		21050	
Program +		na	



**Food and Beverage Sales**

Phipps Conference Center

Conference and Event Services

	<b>RTD/CD</b>	<b>State Sales Tax</b>	<b>City Sales Tax</b>
Tax Rate (01/01/2012)	1.1	2.9%	4.0%
Fund	13242	13242	13242
Organization	Use own	Use own	Use own
Account	21040	21050	21070
Program +	na	na	na

**Lodgers Sales**

Department of Residence

Conference and Event Services

	<b>RTD/CD</b>	<b>State Sales Tax</b>	<b>City Sales Tax</b>
Tax Rate (01/01/2012)	1.1%	2.9%	10.75%
Fund	13243	13243	13243
Organization	Use own	Use own	Use own
Account	21040	21050	21080
Program +	na	na	na

Mountain Evans Lodging is out of RTD & City and should only charge state sales tax and deposit to 13232-21060- Own Organization

Program + - When depositing to a general ledger account the program code is not required.

**Calculating Sales Taxes Collected:**

In many instances a department does not wish to calculate sales taxes on each individual sale but would rather calculate sales tax collections on the entire or total sales collected. It is then necessary to calculate the net sales and the appropriate sales taxes collected. The following provides the necessary formulas to make such calculations.

TS = Total sales collected  
 X = Total sales net of sales tax collections  
 X\*.011 = RTD/CD  
 x\*.029 = Colorado Sales Tax  
 x\*.0365 = City Sales Tax  
 $x+(x*.011)+(x*.029)+(x*.0365)= TS$   
 $x+(x*.0765)=TS$  (Net Sales plus Sales Tax Collected =TS)  
  
 $1.0765x=TS$   
 $x=TS/1.0765$

**Example:**

Department makes sales in total of \$150.00

	$x=TS/1.6x=150/1.0765$ or Taxable sales revenue	\$ 139.34	
1.20%	$x*.011 = RTD/CD/FD = 139.38*.011$	1.53	RTD collected
2.90%	$x*.029 = Colorado Sales Tax = 139.38*.029$	4.04	State collected
3.50%	$x*.0365 = City Sales Tax = 139.38*.0365$	5.09	City collected
		\$ 150.00	

In the case that rounding causes the transaction to be off,

Put rounding errors into taxable sale revenue collected.

**Deposit is shown as follows:**

Dept. acct.#	Taxable sales revenue collected (Dept. description)	\$ 139.34
13240-21040	RTD/CD	1.53
13240-21050	State sales tax	4.04
13240-21060	City sales tax	5.09
	Total Deposit	\$ 150.00