



October 12, 2015

FAQ on Sales and Use Tax

Recently, we have heard several questions pertaining to sales tax, use tax, and purchases made outside the City of Greeley's boundaries. This could be confusing to many people and cause concerns about sales tax or use tax obligations—so let's see if we can clarify the issue.

First, it's important to understand that the City has laws which protect both taxpayers and businesses from being taxed twice on any purchase.

The general retail sales tax is the easiest to understand. If a Greeley resident buys something from a retailer in another municipality, that retailer will collect and pay sales tax to that municipality. For example, if you purchase clothes or dine out at Centerra, you pay the tax to Centerra-Loveland for their community.

If a resident of Greeley purchases something and has it delivered, the retailer should collect the sales tax, and pay the tax to the City of Greeley. Most companies know and follow the laws. In any case, the purchaser would not be liable to the city for sales or use tax in this example. It's good as a consumer to be aware and ask if the tax is being paid to the City of Greeley.

Use tax is another form of sales tax. It is primarily a tool for municipalities to collect "sales tax" that was not collected. Both large and small businesses often purchase items wholesale (tax free), including but not limited to machinery, office supplies, and office furniture. They pay no sales tax on those items or items purchased for resale. Since they didn't pay sales tax on those purchases, the business owes the City of Greeley a use tax. If a business resells items purchased wholesale, they must charge the buyers the retail sales tax. Greeley's sales tax and use tax rates are the same – 3.46%.

In every case, no one has to pay the tax twice. If you have any questions, you can contact City staff at greeleysalestax@greeleygov.com or 970-350-9733.

###