

Tax and Licensing Division
15151 E. Alameda Parkway, Ste. 5700
Aurora, Colorado 80012
303.739.7800



Tax Compliance Guide

Previously Paid Sales or Use Tax

(2/2022)

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT AURORA 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 AURORA MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

Auroragov.org/tax

The *Aurora Municipal Code* allows a credit for taxes paid to other jurisdictions where applicable. The amount of sales or use tax due is reduced by taking the difference between taxes paid to another municipality versus the Aurora tax due.

The sales or use tax paid to the other municipality must be lawfully paid at the time of the transaction. This reduction does not apply to construction materials used in a project requiring a City of Aurora building permit. Use tax is reported on the same return and frequency that your sales tax is reported.

The following method may be helpful in determining the use tax liability for most taxable transactions:

1. Has any sales or use tax been previously paid on the taxable purchase?

If no tax was paid on the taxable purchase, then the full City of Aurora use tax is due on the purchase price paid for the taxable items/services.

If some tax was paid on the taxable purchase, proceed to step 2.

2. Was the tax lawfully paid?

Credit against City of Aurora use tax is allowed only for previously paid sales/use tax that has been lawfully paid.

Common examples of taxes that have not been lawfully paid include:

- ❖ Out-of-City vendors charging their home city's tax rather than collecting City of Aurora tax on deliveries into the City of Aurora.
- ❖ Vendors collecting City of Aurora tax even though they do not have a valid City of Aurora sales tax license.
- ❖ Out-of-City vendors charging another city's tax rather than collecting City of Aurora tax on deliveries into the City of Aurora due to an error in the shipping address or an error in their tax database.

If the tax collected was not lawfully paid, then the full City of Aurora use tax is due on the purchase price paid for the taxable items/services. If tax was improperly collected for another municipality, contact that municipality to obtain a refund.

If the tax collected was lawfully paid, proceed to step 3.

3. Determine the correct combined sales/use tax rate

Aurora City sales/use tax is one component of the total sales/use taxes which may be due. Other taxes, which are not collected by the City, include State of Colorado, Regional Transportation District (RTD), Cultural District, and County taxes. The following table details the breakdown of the total City of Aurora combined tax rate as of January 2022. The most current rate information is available in the Sales Tax section of the City of Aurora website or by contacting the Tax & Licensing Division.

Tax Jurisdictions	Arapahoe County	Adams County	Douglas County
City of Aurora ¹	3.75%	3.75%	3.75%
State of Colorado*	2.90%	2.90%	2.90%
RTD*	1.00%	1.00%	1.00%
Cultural District (CD)*	0.10%	0.10%	0.10%
County*	0.25%	0.75%	1.00%
TOTAL ²	8.00%	8.5%	8.75%

* All other taxes except the City of Aurora tax is collected by the Colorado Department of Revenue. For more information, visit their website at www.taxcolorado.com or contact Taxpayer Services at (303) 238-7378.

¹If the other city's tax paid on the transaction is greater than or equal to the City of Aurora rate, no additional City of Aurora use tax is due. No refund, credit, or setoff is allowed for taxes in excess of the applicable combined rate.

²For out of state purchases, instead of comparing city rates, please compare the total combined use tax rate paid on the transaction to the total combined rate according to table above.

If the tax paid is less than your applicable combined rate, proceed to step 4.

4. Subtract the rate of tax paid from the applicable combined rate.

If the tax paid is less than your applicable combined rate, then the difference is the rate of the use tax due on the purchase price paid

for taxable items/services. The use tax is reported on the next periodic City of Aurora sales/use tax Return.

§ 130-156. Taxable Items
§ 130-160. Responsibility for payment
§ 130-161. Schedule of Taxes
§ 130-196. Levy
§ 130-199. Use tax credit

Examples

1. Business A, with an office in Aurora, purchased office supplies over-the-counter at Retailer B in Centennial. Because the business picked up the supplies in Centennial, Retailer B properly collects Centennial tax of 2.5%. Business A must report and pay a partial use tax of 1.25% – which is the difference between the Aurora and Centennial rate – on the purchase price paid for the supplies.
2. Business A places an order with Retailer B who delivers the supplies to Business A's Aurora offices. Business B erroneously collects Denver sales tax of 4.31% due to an internal system issue. The full Aurora use tax is due on the purchase price paid for the supplies because the Denver sales tax is not lawfully paid.
3. Business A places an order for computers with an out-of-state retailer. The retailer collects 4.00% (State, RTD, and CD) sales tax on computer parts and supplies. The full Aurora use tax is due on the purchase price paid for the parts and supplies as no city tax was collected in this example.
4. Business B has its headquarters in Centennial and a field office in Aurora. Retailer B also in Centennial ships all of the computers sold to business B's headquarters for configuration. Retailer B properly collects Centennial sales tax of 2.5% on these sales. For those computers later transferred to their Aurora field office, Business B must now report and pay a use tax of 1.25% on the purchase price paid. This amount represents the difference between the difference between the Aurora and Centennial rate
5. Business A has a branch in Newark, New Jersey and that branch purchases a machine from Retailer C, in person, who is also located in Newark, New Jersey. That branch then ships the machine to its location in Aurora. Since the combined rate is 9.75% in Newark, New Jersey and the combined rate is 8.00% for Aurora, Arapahoe County, where Business A has a location who will be temporarily using the equipment, no further use tax is due as the lawfully combined total tax paid originally is higher than the total combined rate for Aurora, Arapahoe county. Please also note that no refund is issued due to the higher taxes paid.

Please understand that the tax mentioned in the examples above are for examples only and are subject to change in the future.

Contact Us

For additional assistance, please contact us:

City of Aurora
Tax and Licensing Division
15151 E. Alameda Parkway Ste. 1100
Aurora, CO 80012

Phone: (303) 739-7800

E-mail address: tax@auroragov.org

Website: <http://www.auroragov.org/tax>

Filing: <http://aurorataxportal.gentaxcpc.net>

Licensing: <http://www.auroragov.org/bl>

Related Topics

Use Tax

Citations

Aurora Municipal Code
§ 130-31. Definitions
§ 130-33. Legislative Intent