

City of Colorado Springs

Tax Guide

Wholesale Sales and Wholesale Dealers

CS CODE SECTION

2.7.104 Words and Phrases: Wholesaler, Wholesale Sales, Commercial Shipping Materials, Manufacturing, Retailer
2.7.102, 2.7.201, 2.7.301, 2.7.308, 2.7.312, 2.7.314, 2.7.422, 2.7.428, 2.7.443, 2.7.601

Related Tax Guides

Containers, Labels, and Shipping Cases

Exempt Purchases Converted to Taxable Use

Exemption Burden of Proof

This guide provides an overview of specific subject matter and is not intended to be substituted for the full text within the City of Colorado Springs Tax Code.

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Question? email us at:
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Wholesaler Defined

A wholesaler or reseller is any person selling to a licensed retailer, dealer, or another wholesaler for resale and not for storage, use, consumption or distribution.

Wholesale Sales Do Not Include

- A. Items which are not in the nature of the purchasers' ordinary business;
- B. Items sold to purchasers' for their own use;
- C. Items sold to a manufacturer which do not become a part of the final manufactured product sold to the end user;
- D. Commercial shipping materials, such as: containers, labels and pallets are subject to tax when sold to retailers or manufacturers.

Proof of Exemption

The City of Colorado Springs will honor a valid State Wholesalers license as proof of exemption when the purchase meets the definition and qualifications indicated above.

Sales Made Within the City

- A. If the purchaser has a presence in the City of Colorado Springs they must present a valid State of Colorado wholesale license.
- B. If the purchaser has a presence in Colorado, they must present a valid State of Colorado wholesale license.
- C. If the purchaser has no Colorado presence they must present a valid license from the state in which they are registered.



Sales Made Outside the City

Wholesale sales shipped to purchasers outside the city are generally not subject to city sales or use tax.

Please note the City **does not** accept the Multi-Jurisdictional Exemption forms as proof of exemption. The purchaser is required to present a valid state-issued license.

Common Examples

1. A manufacturer purchases testing equipment to ensure products meet specifications. Since the manufacturer is not reselling the equipment and it does not become part of the final product, the sale does not qualify as a wholesale sale and would be subject to city sales or use taxes.
2. A reseller located in Colorado Springs purchases items to be sold at retail. The reseller must present a valid State of Colorado wholesale license to the supplier in order for the transaction to be exempt from city sales taxes.
3. A jewelry maker located outside the state of Colorado comes into the city to purchase rare stones from a local retailer. The jewelry maker presents their home-state wholesale license so the seller can correctly exempt the purchase from city sales taxes.