



Use Tax Information

The Edgewater Municipal Code imposes a use tax upon the privilege of using, storing, distributing, or otherwise consuming tangible personal property and certain taxable services in the city.

If Edgewater sales tax is not paid to a vendor licensed and authorized to collect the same at the time of purchase, then a use tax must be remitted directly to the city. Credit may be taken against Edgewater use tax for legally imposed sales or use taxes paid to other municipalities.

Such credit may not exceed the Edgewater use tax due.

Use tax is complementary to sales tax, but is paid directly to the city rather than to a vendor collecting on behalf of the city. All Edgewater taxpayers must pay sales or use tax on purchases of tangible personal property or taxable services that are not purchased for resale.

Service businesses will likely have a use tax liability even if they do not sell anything.

Use tax is reported on Line 11 Of the Edgewater Sales and Use Tax Return.

How to Compute Use Tax

The following steps may be helpful in determining the use tax liability for most taxable transactions.

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

If no tax was paid on the taxable purchase, then the full Edgewater use tax is due on the purchase price paid for the taxable items or services.

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

2. Was the tax legally imposed?

Credit against Edgewater use tax is allowed only for previously paid sales or use tax that has been legally imposed.

Common examples of taxes that have not been legally imposed include:

- Out-of-city vendors collecting their home city's tax rather than collecting Edgewater tax on deliveries into Edgewater.
- Vendors collecting Edgewater tax even though they do not have a valid Edgewater sales/use tax license.

If the tax collected was not legally imposed, then the full Edgewater use tax is due on the purchase price paid for taxable items or services. If the tax was improperly collected for another municipality, contact that municipality about obtaining a refund. If the tax collected was legally imposed, proceed to step 3.

3. Determine the applicable combined sales and use tax rate.

Edgewater sales tax is one component of the total tax that may be due. Other taxes that may be due, which are not collected by the city, include State of Colorado, Regional Transportation District (RTD), Scientific and Cultural Facilities District (CD), and Football Stadium District (FD) taxes. The following table details the Edgewater combined sales and use tax rate as of January 1, 2016.

City of Edgewater	3.50%
State of Colorado*	2.90%
Regional Transportation District (RTD)*	1.00%
Cultural District (CD)*	0.10%
County*	<u>0.50%</u>
Total	8.00%

* This tax is collected by the [Colorado Department of Revenue](#).

For more information, visit their website or contact Taxpayer Services at (303) 238-7378.

If the tax rate collected is greater than or equal to the applicable combined rate, no additional Edgewater use tax is due.

No refund, credit, or setoff is allowed for taxes in excess of the applicable combined rate.

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

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

If the difference between the applicable combined rate and the rate paid is greater than or equal to 3.50%, then the full Edgewater use tax is due on the purchase price paid for taxable items or services.

If the difference is less than 3.50%, then only the differential between the rates is due on the purchase price paid for taxable items or services. If a legally imposed tax credit applies, simply report the net use tax due on Line 11 of the Periodic Sales and Use Tax Return. Remember to keep adequate documentation to justify any and all credits taken. Some exceptions may apply.

If you have questions contact the City of Edgewater (ph. 720-763-3003) for more information on computing use tax for a specific purchases.