

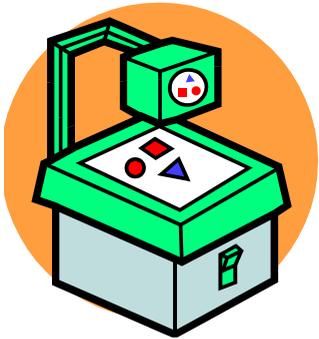


CITY OF LONE TREE

Medical Services Tax Class:

What is and isn't taxable in the
medical services field...and why?

What will this class cover?



An overview of business registration and sales/consumer use tax rates.

A discussion of what is and isn't considered taxable by the City of Lone Tree.



A wrap up of how to file your sales/consumer use tax return.

Effective September 28, 2015: Changes to Business Registration Requirements

- Prior to September 28, 2015, every business was issued either a business license or a combined business/sales tax license. The license fee was the same for both, \$10.00.
- New registration requirements allow a business to obtain either a business license only (service only business), one-time license fee of \$10.00, no renewal or expiration or a combined business/sales tax license, now a two year license (business making taxable sales). License fee of \$15.00 with renewal in even years for \$15.00.
- This change will make significant cuts in the amount of administrative time it takes to process license renewals.

Changes to Business Registration Requirements (Continued)

- Service only businesses, those making no taxable sales of tangible personal property (TPP) or taxable services (i.e. telephone services) obtain a business license only. No renewal or expiration.
- Business license only accounts cannot make tax-free purchases for resale because they are not vendors of taxable TPP. All items purchased by a business license only account must be tax-paid at the time of purchase or consumer use tax must be accrued and paid.
- Business license only accounts are required to file Consumer Use Tax returns on an as-needed basis.
- Businesses selling taxable tangible personal property, or taxable services such as telephone service, will receive a combined business/sales tax license. A 2 year license with renewal in even years.
- The combined business/sales tax license will still allow these businesses to make tax-free purchases for resale.
- Combined business/sales tax license holders are still required to file regular sales tax return forms (monthly, quarterly, or annual basis).

License Applications and Renewals Can Now Be Made Online

- License applications and renewals can now be submitted online at www.XpressBillPay.com. Make payment from your checking account or with a credit card (Visa, MasterCard or Discover).
- A 2.3% service fee will apply to all credit card transactions.
- No fee will be collected for payments made with an electronic check.



But I provide medical services only...why do I need to worry about sales tax?



Members of the medical services industry usually, but not always, do not sell anything at retail. Therefore, the business may not be liable for collecting and remitting sales tax. If you do make sales of tangible personal property (TPP) then you will have a combined business/sales tax license and will file a combined sales/use tax return form. If you are strictly a medical service provider, then you will obtain a business license only and will be responsible for filing use tax on an as-needed basis on the City's Consumer Use Tax return form.

Cumulative Sales Tax Rate Effective January 1, 2012

All City Locations:

State of Colorado	2.9%
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Douglas County	1.0%
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RTD	1.0%
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SCFD	0.1%
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<u>City of Lone Tree</u>	<u>1.8125%</u>
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Cumulative Rate	6.8125%
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Cumulative Use Tax Rate Effective January 1, 2012

<u>All City Locations:</u>	
State of Colorado	2.9%
Douglas County*	-----
RTD	1.0%
SCFD	0.1%
<u>City of Lone Tree</u>	<u>1.8125%</u>
Cumulative Rate	5.8125%

*Douglas County does not have a consumer use tax; they have a construction use tax only.

How do I know which rate to charge or remit at MY business location?

1. Check the city website:
www.cityoflonetree.com/salestax.
2. All locations in the City of Lone Tree are taxed at the same cumulative 6.8125% sales tax rate.

What is the City's use tax rate?

The City of Lone Tree's consumer use tax rate is the same as its sales tax rate. This rate increased to 1.8125% on July 1, 2008, for both sales and use tax. Consumer use tax due to the City is remitted directly on the City's sales/use tax return form or consumer use tax return form.

Your business may also be liable for consumer use tax due to the State and RTD/SCFD. State and RTD/SCFD consumer use taxes are remitted directly to the State on form DR0252.



CITY OF
LONE TREE



How does use tax apply to the medical services industry?



Remember, doctors are service providers and are generally not considered retailers of tangible personal property. Medical services are provided tax-free to the patient, therefore, much of what is used and consumed within the course of providing the service is subject to sales tax at the time of purchase by the business. If the items used and consumed were purchased tax-free by the business, then the items may be subject to consumer use tax.

City exemptions on medical supplies and prosthetic devices



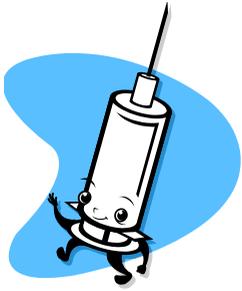
Technical jargon to follow!!!!

- Section 4-3-210(5) of the City's Municipal Code specifically exempts medical supplies and prosthetic devices from City sales tax.
- Section 4-3-220(1) of the City's Municipal Code exempts from consumer use tax any items which are exempted from sales tax under the Code
- Section 4-3-20 of the City's Municipal Code defines both "medical supplies" and "prosthetic devices". These definitions detail the medical use items that are specifically exempted from sales and use tax.

Additional exemption: not-for-profit hospitals and doctors...



- Section 4-3-210(2) of the City's Municipal Code exempts all purchases made by charitable organizations when purchased for their regular religious or charitable functions and activities. This includes non-profit hospitals and doctors. Most doctors in private practice, however, do not have charitable status. Therefore, items purchased by these doctors are taxable with the exception of medical supplies and prosthetic devices as defined in the Code.



Medical supplies defined...

Medical supplies means drugs, prosthetic devices and special beds for patients with neuromuscular or similar debilitating ailments, when sold for the direct, personal use of a specific individual in accordance with a prescription or other written directive issued by a licensed practitioner of medicine, dentistry or podiatry; corrective eyeglass lenses (including eyeglass frames) and corrective contact lenses, when sold for the direct, personal use of a specific individual in accordance with a prescription or other written directive issued by a licensed practitioner of medicine or optometry; wheelchairs and crutches, when sold for the direct, personal use of a specific individual; oxygen and hemodialysis products for use by a medical patient, hearing aids, hearing aid batteries, insulin, insulin measuring and injecting devices, glucose to be used for treatment of insulin reactions, and human whole blood, plasma, blood products and derivatives. **This definition excludes items purchased for use by medical and dental practitioners or medical facilities in providing their services, even though certain of those items may be packaged for single use by individual patients after which the item would be discarded.**

Medical supplies interpreted...



When sold for the direct, personal use of a specific individual in accordance with a prescription or other written directive issued by a licensed practitioner of medicine, dentistry or podiatry the following items are exempt from sales and consumer use tax:

- Drugs
- Prosthetic devices
- Special beds for patients with neuromuscular or similar debilitating ailments
- Corrective eyeglass lenses (including frames)
- Corrective contact lenses
- Wheelchairs
- Crutches

Medical supplies continued...

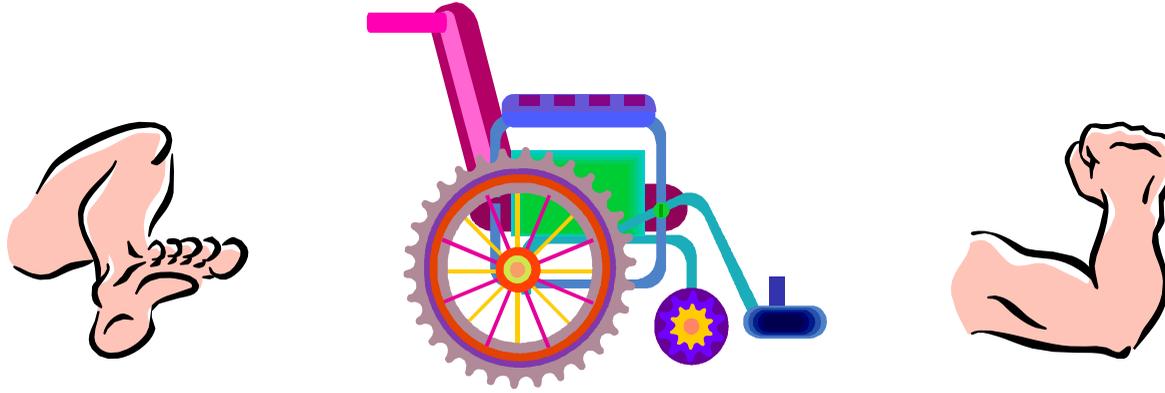
Additional medical supply items exempted from sales and use tax by the City include:



- Oxygen for use by a patient
- Hemodialysis for use by a patient
- Hearing aids
- Hearing aid batteries
- Insulin
- Insulin measuring and injecting devices
- Glucose used for treatment of insulin reactions
- Human whole blood
- Plasma
- Blood products and derivatives



Prosthetic device defined...

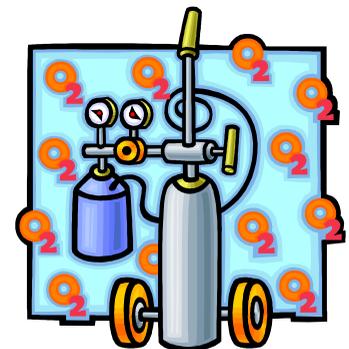
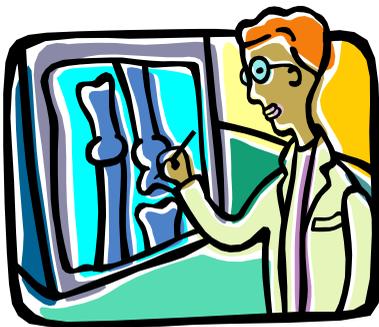


Prosthetic device means any artificial limb, device or appliance for human use which aids or replaces a body function; is designed, manufactured and altered or adjusted to fit a particular individual; and is prescribed by a licensed practitioner of the healing arts. Oxygen concentrators, oxygen and related accessories are included in the term.

Prosthetic devices interpreted...

When prescribed by a licensed practitioner of the healing arts, designed, manufactured and altered or adjusted to fit a particular individual, and is for human use to aid or replace a body function, the following items are exempt:

- Artificial limbs, devices, or appliances
- Oxygen concentrators, oxygen & related accessories



Wait a minute!!! The State exempts...



Although the State of Colorado may exempt additional items not listed in the City's definition, the City is not bound by Colorado's interpretation of medical supplies, prosthetic devices, and the exemptions thereof. The City of Lone Tree is a home-rule City, meaning the application of sales and consumer use tax is wholly up to the City as adopted in the Municipal Code.

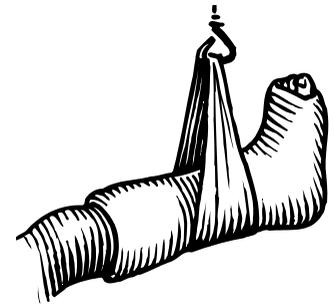
Information on State exemptions of medical and dental supplies and equipment is available!



The State's exemption of sales and use tax on drugs, medical, and therapeutic devices can be found at C.R.S. 39-26-717. A reference guide, "FYI Sales 68", is provided by the State which summarizes these exemptions.

Due to the differences in application of the medical exemptions, there is a chance that the amounts of sales and use tax paid to the State will be different than the amount of sales and use tax paid to the City. It is the responsibility of the company making these purchases to track and remit the correct amount of tax due despite these differences.

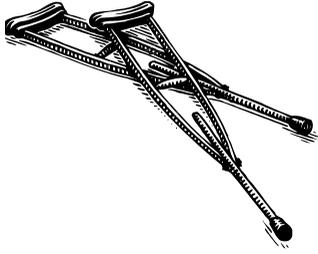
Scenario 1: The Cast



Scenario: You run an orthopedic practice and do a lot of casting for broken bones. The patient is cast in the doctor's office and then sent home to heal for a specified period of time. The cast obviously leaves with the patient. Are the materials used for casting exempt from tax for the City of Lone Tree?

Answer: No, these items would not be exempt from City sales/consumer use tax.

Explanation: The City specifically states in the definition of medical supplies that "this definition excludes items purchased for use by medical and dental practitioners or medical facilities in providing their services, even though certain of those items may be packaged for single use by individual patients after which the item would be discarded." The State, however, does exempt casting materials because they are supplied to the patient as part of the doctor's professional service.



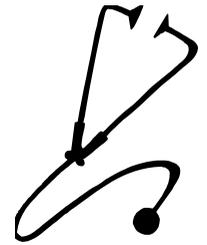
Scenario 2: Crutches

Scenario: You run an urgent care facility. Today you had a patient with a pretty severe ankle injury. Although the ankle does not appear to be broken you decide to splint the ankle and send the patient home with crutches. Are the crutches exempt from City sales and use tax? What about the splint?

Answer: Yes, the crutches are exempt from City sales/use tax. The splint, however, would be subject to City sales/use tax.

Explanation: The City exempts crutches for direct, personal use by a patient. The State does not exempt crutches, stating that they do not qualify as “prosthetic devices” under the State’s definition. In this scenario, no City sales or use tax is due on the crutches, however the splint is considered to be consumed by the medical practitioner in performing their service, therefore it is subject to City sales/use tax. Under State guidelines, the splint would not be subject to State sales/use tax. This is a perfect example of the differences between City and State taxation of medical supplies.

Scenario 3: The Routine Exam



Scenario: You are a general practitioner seeing a patient for a routine yearly physical. Part of the exam includes using a disposable patient gown, gloves, paper for the exam table, plastic tips for the ear and nose exam, a syringe and tube for blood collection, and various other items that are one-time use only for this patient. Are any of these items used and disposed of during exams exempt from City sales and use tax?

Answer: No, these items are not exempt from City sales/use tax.

Explanation: As stated in the City's definition of medical supplies, items used by medical practitioners or facilities in providing their services, even if the item is packaged for single use, are not exempt from taxation. The items consumed by the doctor during the exam are subject to sales tax at the time of purchase, or, if purchased tax-free, subject to use tax to be remitted by the practitioner.

Now let's discuss taxes...



- There are two “types” of sales tax. There is the sales tax you collect and then there is the sales tax you pay.
- Sales Tax Collected: Sales tax is collected by a business when an item of tangible personal property (TPP) is sold. The business is then responsible for submitting tax returns and remitting all taxes collected and due to the taxing authorities.
- Sales Tax Paid: Sales tax is paid by a purchaser when items of TPP are bought. The purchaser can be an individual or a business.
- There is only one “type” of consumer use tax. This is the consumer use tax due when TPP items are purchased without paying sales tax. If an individual or business purchases items tax free then the consumer use tax is due.

Should I be filing sales tax?

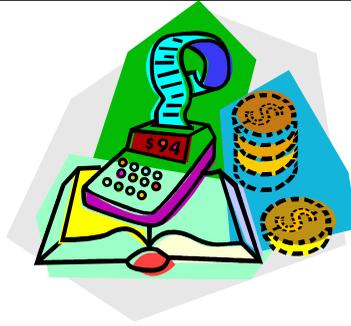
- As a service industry, medical service companies most likely will not be selling any tangible personal property (TPP). Therefore, they will not be collecting and remitting sales tax on TPP sold. If this is the case, you will not be filing a combined sales/use tax return form. Instead, you will only be responsible for filing the City's consumer use tax return form.
- If you are that rare medical service company that DOES sell items of TPP, then you would be responsible for remitting sales tax collected to the City on the combined sales/use tax return form. Line 5A of the City sales/use tax return would report tax due to the City for items sold by your business.

Examples of sales tax collection:

An optometrist sells non-exempt accessories for glasses, such as decorative cases and lanyards.

A chiropractor sells diet supplements in addition to offering chiropractic services.

What about use tax...do I need to file use tax?



- If sales tax is not paid on items the City considers taxable medical supplies, the doctor would then be responsible for monitoring non-taxed items and remitting consumer use tax on all items for which sales tax was not previously paid.
- Combined business/sales tax license holders: City use tax is filed on the combined sales/use tax return form. Purchases subject to use tax are listed on Schedule B of the return and the total use taxable amount from Schedule B is placed on Line 8 of the return. Use tax due is then calculated on Line 9 of the return by multiplying Line 8 by the City use tax rate of 1.8125%.
- Business license only accounts: City use tax is filed on the consumer use tax return form on an as-needed basis. Generally, use tax is due on the 20th of the month following the purchase. However, as a general rule the City will allow a taxpayer to remit City use tax due when the liability reaches \$50 or more.

A brief history of use tax:



- Use tax is a “complement” to sales tax meaning it is charged at the same rate and applied to the same items as use tax.
- Use tax was adopted to resolve the unfair advantage gained by purchasing out-of-state. Use tax requires that if you purchase sales tax-free from out-of-state, the use tax within the City is required to be paid if the item is taxable under the City’s Municipal Code.
- Although originally aimed at creating fair business between in-state and out-of-state companies, use tax has evolved into making even the purchasing of TPP at in-state businesses within a lower tax rate jurisdiction. If you purchase in-state and have not paid a “legally imposed” City sales tax then the City of Lone Tree requires Lone Tree use tax to be paid on that purchase.

“Legally Imposed”



- “Legally imposed” defines the right of a jurisdiction to impose sales tax. If an item is purchased from a company in El Paso county then shipped to your office in Lone Tree, the seller has no right to impose any other tax than the taxing jurisdictions you have in common with them. In this case, any tax charged other than State sales tax is not “legally imposed” because 1) the item was shipped to you, and 2) you have no other taxing jurisdictions in common with the seller other than State sales tax.
- If you pick up the item in Colorado Springs, however, then the seller is mandated to charge all sales taxes applicable to their place of business. This is a “legally imposed” City sales tax because 1) the items were picked up at the seller’s business, and 2) the seller is legally required to collect all applicable sales taxes on TPP sold at retail from their business location.
- What happens when I pick up at an unincorporated location or a location that doesn’t have a City sales tax? In this case, although you may pick up at a Highlands Ranch location, which includes State, RTD, SCFD, and Douglas County sales taxes, there is no “legally imposed” City sales tax. This means there would be City use tax due on this purchase.

Tracking Use Tax Due

INVOICE

RECEIPT

USE TAX DUE?

- Because you may be paying no sales tax or varying sales tax rates on purchase invoices it is extremely important to track purchases that would be subject to use tax due. Just because there is a tax charged on an invoice does not mean that it is the full amount or the correct amount of tax owed. Check invoice tax rates to ensure all applicable sales taxes have been paid. If not, then you may owe use tax on that invoice.
- Of course, I'm mainly interested in you tracking City use tax due, however tracking invoices is also helpful when needing to remit State and RTD/SCFD use tax due. The following slide depicts an example of tracking purchases...

Sample use tax accrual worksheet:

CONSUMER USE TAX ACCRUAL - SAMPLE

ABC Medical Group LLC									
State Acct:	16-59923								
City Acct:	05622								
Date:	2/20/2012								
Invoice Date	Invoice Number	Vendor Name	Vendor Address	Item Description	Invoice Amount	State Use Taxable	RTD Use Taxable	SCFD Use Taxable	City Use Taxable
1/16/12	14778	CST, Inc.	Pueblo, CO	Disposable gowns (shipped-State tax paid)	279.35	0.00	258.84	258.84	271.84
1/3/12	60523-1	Denver Medical	Denver, CO	Syringes (shipped-State/RTD/SCFD tax paid)	439.00	0.00	0.00	0.00	423.00
1/31/12	28839465	California Medical	Chino, CA	Crutches/Splints (shipped-no tax paid -exemptions?)	1,356.00	1,065.00	1,065.00	1,065.00	228.65
1/10/12	Receipt	The Party Store	Parker, CO	Kiddie Prizes (tax paid-picked up at store)	190.08	0.00	0.00	0.00	0.00
1/8/12	7541123	MedEquip, Inc.	Dallas, TX	4 Exam Tables (shipped, no tax paid)	8,800.97	8,478.00	8,478.00	8,478.00	8,800.97
1/22/12	43655	Quill, Inc.	Chicago, IL	Office Supplies (shipped-no tax paid)	598.98	598.98	598.98	598.98	598.98
January 2012 Taxable Totals						10,141.98	10,400.82	10,400.82	10,323.44
Consumer Use Tax Rate						2.90%	1.00%	0.10%	1.8125%
Consumer Use Tax Due						294.12	104.01	10.40	187.11
Filed with the:						State DR 0252	State DR 0252	State DR 0252	City Tax Return

Sample Invoice 1

Accrual Notes:

- Shipped from Pueblo to Lone Tree.
- State sales tax paid on invoice.

CST, Inc.

201 1st Street Pueblo, CO 81008 (719) 547-2663

Customer: ABC Medical Group LLC
123 Z Street
Suite 700
Lone Tree, CO 80124

Ship To: Same

Ship Date: 1/15/2012

Invoice #: 14778

Invoice Date: 1/16/2012

Customer#: 229050

Item #	Description	Amount
56-452FG-2	Disposable Patient Gowns - Tops	182.63
22-8826Z-1	Disposable Patient Gowns - Bottoms	76.21

Subtotal	258.84
Sales Tax	7.51
Shipping	13.00
Total	279.35

Example Use Tax Accrual Spreadsheet

CONSUMER USE TAX ACCRUAL - SAMPLE

ABC Medical Group LLC									
State Acct: 16-59923									
City Acct: 05622									
Date: 2/20/2012									
Invoice Date	Invoice Number	Vendor Name	Vendor Address	Item Description	Invoice Amount	State Use Taxable	RTD Use Taxable	SCFD Use Taxable	City Use Taxable
1/16/12	14778	CST, Inc.	Pueblo, CO	Disposable gowns (shipped-State tax paid)	279.35	0.00	258.84	258.84	271.84
1/3/12	60523-1	Denver Medical	Denver, CO	Syringes (shipped-State/RTD/SCFD tax paid)	439.00	0.00	0.00	0.00	423.00
1/31/12	28839465	California Medical	Chino, CA	Crutches/Splints (shipped-no tax paid -exemptions?)	1,356.00	1,065.00	1,065.00	1,065.00	228.65
1/10/12	Receipt	The Party Store	Parker, CO	Kiddie Prizes (tax paid-picked up at store)	190.08	0.00	0.00	0.00	0.00
1/8/12	7541123	MedEquip, Inc.	Dallas, TX	4 Exam Tables (shipped, no tax paid)	8,800.97	8,478.00	8,478.00	8,478.00	8,800.97
1/22/12	43655	Quill, Inc.	Chicago, IL	Office Supplies (shipped-no tax paid)	598.98	598.98	598.98	598.98	598.98
January 2012 Taxable Totals						10,141.98	10,400.82	10,400.82	10,323.44
Consumer Use Tax Rate						2.90%	1.00%	0.10%	1.8125%
Consumer Use Tax Due						294.12	104.01	10.40	187.11
Filed with the:						State DR 0252	State DR 0252	State DR 0252	City Tax Return

Sample Invoice 2

Accrual Notes:

- Shipped from Denver to Lone Tree.
- State, RTD, and SCFD sales taxes paid on invoice.

Denver Medical

1425 Champa
Denver, CO 80216
(303) 683-4797

Customer: ABC Medical Group LLC
123 Z Street
Suite 700
Lone Tree, CO 80124

Ship To: Same

Ship Date: 1/3/2012
Invoice Date: 1/3/2012

Invoice #: 60523-1
Customer#: 546623

Item #	Description	Amount
988243-223-1	Injection Syringes	400.00

Subtotal	400.00
Sales Tax	16.00
Shipping	23.00
Total	439.00

Example Use Tax Accrual Spreadsheet

CONSUMER USE TAX ACCRUAL - SAMPLE

CONSUMER USE TAX ACCRUAL - SAMPLE										
ABC Medical Group LLC										
State Acct:	16-59923									
City Acct:	05622									
Date:	2/20/2012									
Invoice Date	Invoice Number	Vendor Name	Vendor Address	Item Description	Invoice Amount	State Use Taxable	RTD Use Taxable	SCFD Use Taxable	FD Use Taxable	City Use Taxable
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1/3/12	60523-1	Denver Medical	Denver, CO	Syringes (shipped-State/RTD/SCFD tax paid)	439.00	0.00	0.00	0.00	0.00	423.00
1/31/12	28839465	California Medical	Chino, CA	Crutches/Splints (shipped-no tax paid -exemptions?)	1,356.00	1,065.00	1,065.00	1,065.00	1,065.00	228.65
1/10/12	Receipt	The Party Store	Parker, CO	Kiddie Prizes (tax paid-picked up at store)	190.08	0.00	0.00	0.00	0.00	0.00
1/8/12	7541123	MedEquip, Inc.	Dallas, TX	4 Exam Tables (shipped, no tax paid)	8,800.97	8,478.00	8,478.00	8,478.00	8,478.00	8,800.97
1/22/12	43655	Quill, Inc.	Chicago, IL	Office Supplies (shipped-no tax paid)	598.98	598.98	598.98	598.98	598.98	598.98
January 2012 Taxable Totals						10,141.98	10,400.82	10,400.82	10,400.82	10,323.44
Consumer Use Tax Rate						2.90%	1.00%	0.10%	0.10%	1.8125%
Consumer Use Tax Due						294.12	104.01	10.40	10.40	187.11
Filed with the:						State DR 0252	State DR 0252	State DR 0252	State DR 0252	City Tax Return

Sample Invoice 3

Accrual Notes:

- Shipped from California to Lone Tree.
- Part exempt, part taxable for different jurisdictions.
- No sales tax paid.

California Medical Supply

18479 Hill Boulevard
Chino, CA 90556
(323) 995-5592

Customer: ABC Medical Group LLC
123 Z Street
Suite 700
Lone Tree, CO 80124

Ship To: Same

Ship Date: 1/30/2012
Invoice Date: 1/31/2012

Invoice #: 28839465
Customer#: 4377-2563

Item #	Description	Amount
478-9559-256	Crutches - 5'2" to 5'8" metal (3)	335.00
478-9559-257	Crutches - Pediatric metal (3)	335.00
478-9559-255	Crutches - 5'9" to 6'2" metal (3)	395.00
981-546 W	Custom Form Splinting Material - White	72.00
981-546 W	Custom Form Splinting Material - Blue	72.00
981-546 W	Custom Form Splinting Material - Pink	72.00

Subtotal 1,281.00
Sales Tax 0.00
Shipping 75.00
Total 1,356.00

Note: Crutches exempt from City tax - Splinting material not exempt.
Splinting material exempt from State/RTD/SCFD but crutches are not exempt.
Shipping split to accrue for City taxable items.
Shipping is exempt from State/RTD/SCFD taxes.

Example Use Tax Accrual Spreadsheet

CONSUMER USE TAX ACCRUAL - SAMPLE

ABC Medical Group LLC										
State Acct:	16-59923									
City Acct:	05622									
Date:	2/20/2012									
Invoice Date	Invoice Number	Vendor Name	Vendor Address	Item Description	Invoice Amount	State Use Taxable	RTD Use Taxable	SCFD Use Taxable	City Use Taxable	
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1/31/12	28839465	California Medical	Chino, CA	Crutches/Splints (shipped-no tax paid -exemptions?)	1,356.00	1,065.00	1,065.00	1,065.00	228.65	
1/10/12	Receipt	The Party Store	Parker, CO	Kiddie Prizes (tax paid-picked up at store)	190.08	0.00	0.00	0.00	0.00	
1/8/12	7541123	MedEquip, Inc.	Dallas, TX	4 Exam Tables (shipped, no tax paid)	8,800.97	8,478.00	8,478.00	8,478.00	8,800.97	
1/22/12	43655	Quill, Inc.	Chicago, IL	Office Supplies (shipped-no tax paid)	598.98	598.98	598.98	598.98	598.98	
January 2012 Taxable Totals						10,141.98	10,400.82	10,400.82	10,323.44	
Consumer Use Tax Rate						2.90%	1.00%	0.10%	1.8125%	
Consumer Use Tax Due						294.12	104.01	10.40	187.11	
Filed with the:						State DR 0252	State DR 0252	State DR 0252	City Tax Return	

Sample Invoice 4

Accrual Notes:

- Store Receipt
- Picked up at the store in Parker
- Legally imposed Parker City sales tax paid at the time of purchase.

The Party Store

7669 Frontage Road
Parker, CO 80116
(303) 775-9077

Customer: ABC Medical Group LLC
123 Z Street
Suite 700
Lone Tree, CO 80124

Ship To: Pick-Up

Ship Date:
Invoice Date: 1/10/2012

Receipt #: 69341-2
Customer#:

Item #	Description	Amount
41552-P	Package of 5000 Prizes - Kids Various	176.00

Subtotal	176.00
Sales Tax	14.08
Shipping	0.00
Total	190.08

Example Use Tax Accrual Spreadsheet

CONSUMER USE TAX ACCRUAL - SAMPLE

CONSUMER USE TAX ACCRUAL - SAMPLE									
ABC Medical Group LLC									
State Acct:	16-59923								
City Acct:	05622								
Date:	2/20/2012								
Invoice Date	Invoice Number	Vendor Name	Vendor Address	Item Description	Invoice Amount	State Use Taxable	RTD Use Taxable	SCFD Use Taxable	City Use Taxable
1/16/12	14778	CST, Inc.	Pueblo, CO	Disposable gowns (shipped-State tax paid)	279.35	0.00	258.84	258.84	271.84
1/3/12	60523-1	Denver Medical	Denver, CO	Syringes (shipped-State/RTD/SCFD tax paid)	439.00	0.00	0.00	0.00	423.00
1/31/12	28839465	California Medical	Chino, CA	Crutches/Splints (shipped-no tax paid -exemptions?)	1,356.00	1,065.00	1,065.00	1,065.00	228.65
1/10/12	Receipt	The Party Store	Parker, CO	Kiddie Prizes (tax paid-picked up at store)	190.08	0.00	0.00	0.00	0.00
1/8/12	7541123	MedEquip, Inc.	Dallas, TX	4 Exam Tables (shipped, no tax paid)	8,800.97	8,478.00	8,478.00	8,478.00	8,800.97
1/22/12	43655	Quill, Inc.	Chicago, IL	Office Supplies (shipped-no tax paid)	598.98	598.98	598.98	598.98	598.98
January 2012 Taxable Totals						10,141.98	10,400.82	10,400.82	10,323.44
Consumer Use Tax Rate						2.90%	1.00%	0.10%	1.8125%
Consumer Use Tax Due						294.12	104.01	10.40	187.11
Filed with the:						State DR 0252	State DR 0252	State DR 0252	City Tax Return

Sample Invoice 5

Accrual Notes:

- Fixed assets purchased for office use.
- Shipped from Texas to Lone Tree.
- No sales tax paid.

MedEquip, Inc.

10736 New Mexico Blvd.
Dallas, TX 76063
(800) 555-2935

Customer: ABC Medical Group LLC
123 Z Street
Suite 700
Lone Tree, CO 80124

Ship To: Same

Ship Date: 1/8/2012
Invoice Date: 1/8/2012

Invoice #: 7541123
Customer#: 10882935

Item #	Description	Amount
1587489	4 Exam Tables - Auto Set/Heated	8,478.00

Subtotal	8,478.00
Sales Tax	0.00
Shipping	322.97
Total	8,800.97

Sample Invoice 6

Accrual Notes:

- Office supplies purchased unrelated to inventory.
- Shipped from Illinois to Lone Tree.
- No sales tax paid.
- Free shipping.

Quill, Inc.
158 S. Park Drive
Chicago, IL 43223
(800) 555-8616

Customer: ABC Medical Group LLC
123 Z Street
Suite 700
Lone Tree, CO 80124

Ship To: Same

Ship Date: 1/22/2012
Invoice Date: 1/22/2012

Invoice #: 43655
Customer#: 10882935

Item #	Description	Amount
1587489	Copy Paper - Regular 10lb white (10)	542.36
2879442	Pentech Ball Point Pens (Pkgs of 12 - Qty 4)	56.62

Subtotal	598.98
Sales Tax	0.00
Shipping	Free
Total	598.98

Example Use Tax Accrual Spreadsheet

CONSUMER USE TAX ACCRUAL - SAMPLE

CONSUMER USE TAX ACCRUAL - SAMPLE									
ABC Medical Group LLC									
State Acct:	16-59923								
City Acct:	05622								
Date:	2/20/2012								
Invoice Date	Invoice Number	Vendor Name	Vendor Address	Item Description	Invoice Amount	State Use Taxable	RTD Use Taxable	SCFD Use Taxable	City Use Taxable
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1/3/12	60523-1	Denver Medical	Denver, CO	Syringes (shipped-State/RTD/SCFD tax paid)	439.00	0.00	0.00	0.00	423.00
1/31/12	28839465	California Medical	Chino, CA	Crutches/Splints (shipped-no tax paid -exemptions?)	1,356.00	1,065.00	1,065.00	1,065.00	228.65
1/10/12	Receipt	The Party Store	Parker, CO	Kiddie Prizes (tax paid-picked up at store)	190.08	0.00	0.00	0.00	0.00
1/8/12	7541123	MedEquip, Inc.	Dallas, TX	4 Exam Tables (shipped, no tax paid)	8,800.97	8,478.00	8,478.00	8,478.00	8,800.97
1/22/12	43655	Quill, Inc.	Chicago, IL	Office Supplies (shipped-no tax paid)	598.98	598.98	598.98	598.98	598.98
January 2012 Taxable Totals						10,141.98	10,400.82	10,400.82	10,323.44
Consumer Use Tax Rate						2.90%	1.00%	0.10%	1.8125%
Consumer Use Tax Due						294.12	104.01	10.40	187.11
Filed with the:						State DR 0252	State DR 0252	State DR 0252	City Tax Return

What returns are filed where?

- **Combined business/sales tax license accounts:** City sales tax and use tax are both filed on the combined Lone Tree sales/use tax return. This return is submitted directly to the City of Lone Tree
- **Business license only accounts:** City use tax is filed on the Consumer Use Tax return form.
- State sales taxes are filed on the DR 0100. This return is submitted to the Colorado Department of Revenue.
- State use taxes are filed on the DR 0252. This return is also submitted to the Colorado Department of Revenue.

SALES TAX

DR 0100

DR 0252

USE TAX

*LONE TREE
SALES/USE
TAX RETURN.*

The City Sales/Use Tax Return

A

B

C

- Schedule A: Taxes calculated and remitted.
- Schedule B: Purchases subject to consumer use tax.
- Schedule C: Consolidated accounts. If you have more than one Lone Tree location, you can consolidate and file on one return.

Schedule A of the Sales Tax Return

SCHEDULE - A

PERIOD COVERED DUE DATE		LONE TREE TAX NUMBER	
TAXPAYER'S NAME & ADDRESS			
1.	GROSS SALES AND SERVICE	TOTAL RECEIPTS FROM CITY ACTIVITY MUST BE REPORTED AND ACCOUNTED FOR IN EVERY RETURN INCL. ALL SALES, RENTALS AND LEASES AND ALL SERVICES BOTH TAXABLE AND NON-TAXABLE.	
2A.	ADD: BAD DEBTS COLLECTED		
2B.	TOTAL OF LINES 1 & 2A		
D E D U C T I O N S	3. A.	NON-TAXABLE SERVICE SALES (INCLUDED IN ITEM 1 ABOVE)	
	B.	SALES TO OTHER LICENSED DEALERS FOR PURPOSES OF TAXABLE RESALE	
	C.	SALES SHIPPED OUT OF CITY AND/OR STATE (INCLUDED IN ITEM 1 ABOVE)	
	D.	BAD DEBTS CHARGED OFF (ON WHICH CITY SALES TAX HAS BEEN PAID)	
	E.	TRADES IN FOR TAXABLE RESALE	
	F.	SALES OF GASOLINE AND CIGARETTES	
	G.	SALES TO GOVERNMENTAL, RELIGIOUS AND CHARITABLE ORGANIZATIONS	
	H.	RETURNED GOODS	
	I.	PRESCRIPTION DRUGS / PROSTHETIC DEVICES	
	J.	OTHER DEDUCTIONS (LIST)	
	K.		
L.			
M.			
3.	TOTAL DEDUCTIONS	TOTAL OF LINES 3A THROUGH 3M	
4.	TOTAL NET TAXABLE SALES & SERVICE	LINE 2B MINUS TOTAL LINE 3	

CITY OF LONE TREE

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5A.	SALES TAX	1.8125% OF LINE 4	
5B.	LODGING TAX - GROSS	X 6%	
5C.	ADMISSIONS - GROSS	X 4%	
6.	ADD: EXCESS TAX COLLECTED		
7.	TOTAL CITY SALES TAX (ADD LINES 5 & 6)		

8.	PURCHASES SUBJECT TO USE TAX	
9.	USE TAX 1.8125% OF LINE 8	

10.	TOTAL TAX DUE: (ADD 7 AND 9)			
11.	LATE FILING IF RETURN IS FILED AFTER DUE DATE THEN, ADD:	PENALTY 10%	ENTER	
		INTEREST PER MONTH 1%	TOTAL	
12.	TOTAL TAX, PENALTY & INTEREST DUE (ADD LINES 10 & 11)			

13.	PRIOR PERIOD ADJUSTMENT - ATTACH COPY OF NOTICE	
14.	TOTAL DUE (ADD LINES 12 & 13)	MAKE CHECK PAYABLE TO CITY OF LONE TREE

P
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R

I HEREBY CERTIFY, UNDER PENALTY OF PERJURY, THAT THE STATEMENTS MADE HEREIN ARE TO THE BEST OF MY KNOWLEDGE TRUE AND CORRECT.

BY _____

COMPANY _____

PHONE _____

TITLE _____ DATE _____

Schedule A of the City Return.

LINES 1 – 5A: Pertain to sales tax collected by a business now being remitted on this return.

LINES 5B – 5C: Special City taxes pertaining to the lodging and entertainment industries.

LINES 6 – 7: Addition of any excess sales tax collected and total of all sales taxes owed.

LINES 8 – 9: Calculation of City use tax due (taken from items listed on Schedule B of the return).

LINES 10 – 12: Sum of all taxes owed from return, calculation of any penalty or interest, and total owed if any penalty or interest is due.

LINES 13 – 14: Credit or amount due from mistakes on prior period returns (including over or underpayment of use tax paid on a prior return) and final summary of all tax remitted on this return.

DON'T FORGET TO SIGN AND DATE THE RETURN!

Schedule B – City Use Tax

- Schedule B is a listing of all items that were purchased for business use, not for resale, on which no local sales tax was paid.
- A full list of those items should accompany the return. If there are too many items to fit on this schedule, please attach a separate paper listing all items subject to use tax. This additional sheet should be formatted in the same manner as Schedule B.
- The total amount of purchases subject to use tax should be placed on Line 8 of the City sales tax return.
- Use tax due is calculated on Line 9 at a rate of 1.8125%.

SCHDEULE B - CITY USE TAX			
THE USE TAX ORDINANCE IMPOSES A TAX UPON THE PRIVILEGE OF USING, STORING, DISTRIBUTING OR OTHERWISE CONSUMING TANGIBLE PERSONAL PROPERTY PURCHASED, RENTED OR LEASED.			
DATE OF PURCHASE	NAME OF VENDOR & ADDRESS	TYPE OF COMMODITY PURCHASED	PURCHASE PRICE
(A) LIST OF PURCHASES (IF ADDITIONAL SPACE NEEDED - ATTACH SCHEDULE IN SAME FORMAT)			
			\$
(B) TOTAL PURCHASE PRICE OF PROPERTY SUBJECT TO CITY USE TAX			\$
ENTER TOTAL LINE (B) ON LINE 8			

Schedule C – Consolidated Accounts Report

SCHEDULE C - CONSOLIDATED ACCOUNTS REPORT

THIS SCHEDULE IS REQUIRED IN ALL CASES IN WHICH THE TAXPAER MAKES A CONSOLIDATED RETURN WHICH INCLUDES SALES MADE AT MORE THAN ONE LOCATION. IT MUST BE COMPLETELY FILLED OUT AND COVEY ALL INFORMATION REQUIRED IN ACCORDANCE WITH THE COLUMN HEADINGS. IF ADDITIONAL SPACE IS NEEDED, ATTACH A SCHEDULE IN THE SAME FORMAT.

BUSINESS ADDRESSES OF CONSOLIDATED ACCOUNTS	PERIOD'S TOTAL GROSS SALES (AGGREGATE TO LINE 1 FRONT OF RETURN)	PERIOD'S NET TAXABLE SALES (AGGREGATE TO LINE 4 AT TOP OF RETURN)
(A) LIST OF PURCHASES (IF ADDITIONAL SPACE NEEDED - ATTACH SCHEDULE IN SAME FORMAT)		
	\$	\$
ENTER CONSOLIDATED SALES TOTALS HERE	\$	\$

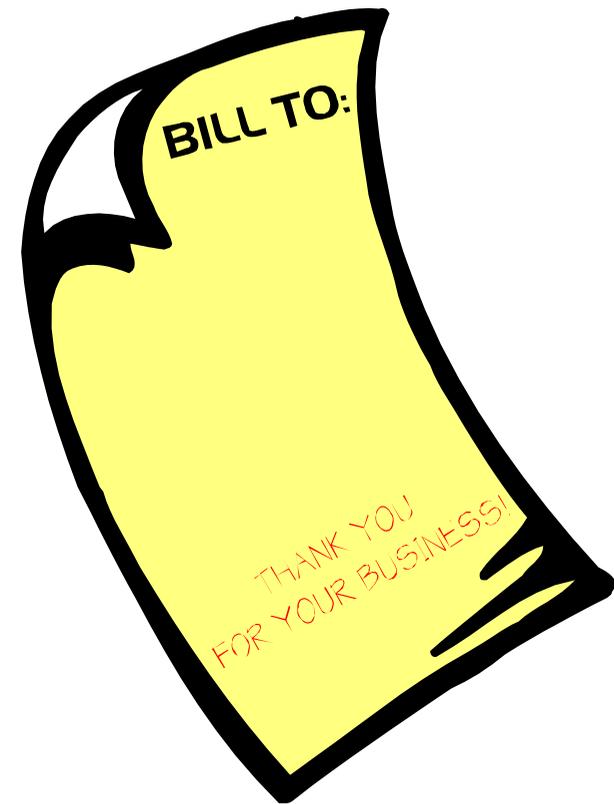
- Schedule C can be used if a taxpayer has more than one location within Lone Tree. All sales and use tax for all locations can be filed on the consolidated return.
- Use Schedule C to separately list sales and use tax due per location.

What are some examples of other items subject to use tax?

- Office supplies.
- Fixed assets, such as furniture, leasehold improvements, and equipment.
- Magazine subscriptions.
- Items pulled from inventory and used by the business, such as pens from an office supply store being pulled from inventory for use at the cash registers.
- Complimentary meals, including meals provided free of charge to customers and employees.
- Promotional items; Items given away free to promote the business, such as calendars, magnets, and pens.
- Repair and maintenance items; Invoices that separately state labor and materials are subject to tax on the materials.
- These are just a few common business use items. In general, any item of tangible personal property not purchased for resale is subject to sales tax that is to be paid by the business. If the business has not paid sales tax at the time of purchase, then the item is subject to use tax.

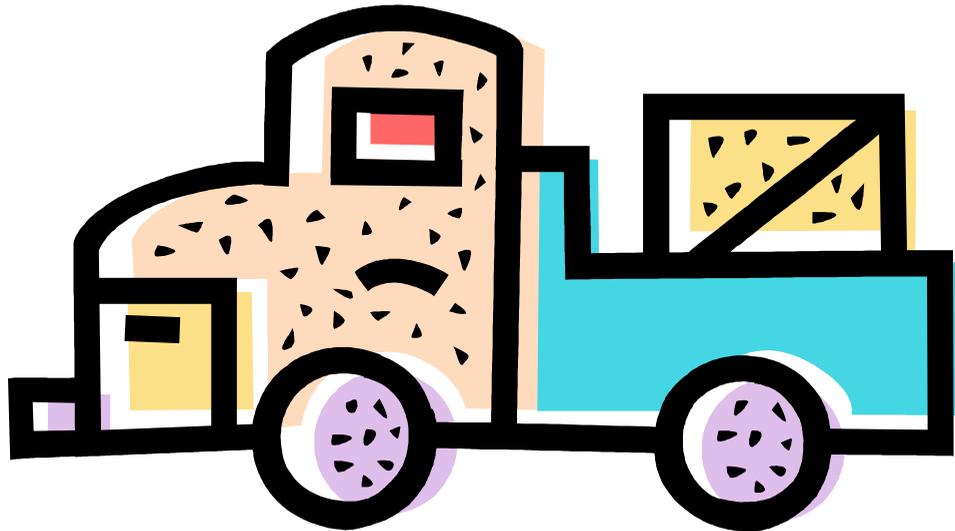
Reminders: How do I determine how much of the invoice is taxable?

1. Determine if the invoice is for inventory or expense items. Generally, if the invoice is an expense, then it may be subject to use tax. If the invoice contains both inventory and expense items, then highlight the expense items only.
2. Calculate the total of all expense items prior to shipping & handling charges. If the items have been discounted, then include the discounted price only. Use tax is based on your cost of items purchased that are not for resale.
3. Add all combined shipping and handling or delivery charges, or additional fees, such as a fuel surcharge. The City of Lone Tree does not exempt shipping charges. Shipping charges are exempt from State, RTD, and SCFD, sales and use tax effective August 2004.
4. The price of items purchased, including all additional fees and delivery charges, is your total cost of items obtained for use within the City. This is the amount that should be reported on Line 8 of the City sales & use tax return form.



Price or Purchase Price Defined

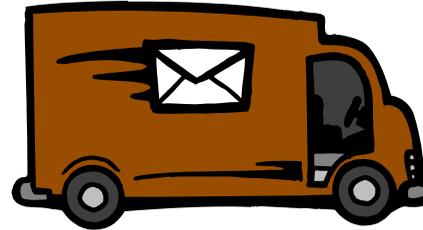
- Price or purchase price means the aggregate value measured in currency of the United States paid, delivered or promised to be paid or delivered in consummation of a sale or purchase, without any discount on account of the cost of the property sold, cost of materials, labor or service used, profit margin, **transportation and delivery charges or any other expense whatsoever...**
- For full text of this Section, please see City Municipal Code Section 4-3-20.



When do I remit sales and use tax to the City?

Express Delivery:

Guaranteed on Time!



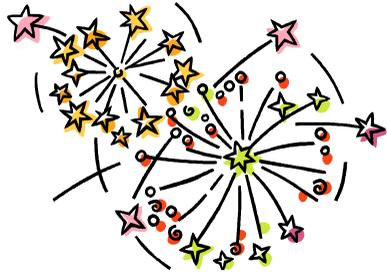
Combined Business/Sales Tax Licenses:

If you are a monthly filer, your sales/use tax returns will be due on the 20th of the month following the period of sales. This is true of quarterly and annual filers as well. Quarterly filers will submit returns on the 20th of the month following the quarter of sales tax collection, and annual filers will submit returns on the 20th of January following the year of sales tax collection.

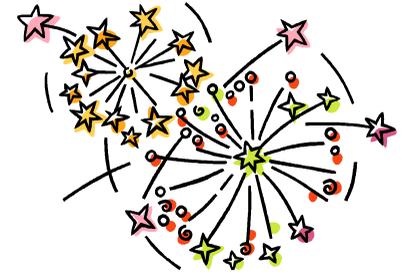
Use tax is due on the 20th of the month following the date of purchase. If you are a monthly filer, then you will submit use tax on a monthly basis as well. If you are a quarterly or yearly sales tax filer, but you have monthly items that are subject to use tax, then you will be required to file a monthly return for use tax (lines 8 and 9) only.

Business License Only:

If you are a service-based company (i.e. medical services) and are not required to file regular sales tax returns, you are still required to file a consumer use tax return based on the date of purchase or total amount of use tax that may be due. This use tax would be filed on the City's consumer use tax return form. Per City Code, use tax is due on the 20th of the month following the purchase. However, the City does allow taxpayers to accrue up to \$50 in City use tax due before filing a return.



In conclusion... a few reminders!



- You must obtain & retain a valid business license to operate in the City.
- The City of Lone Tree is a “home-rule” city, meaning that all City imposed taxes are remitted directly to the City and not to the State.
- As a “home-rule” city, Lone Tree has chosen to tax and exempt specific items. Please reference Municipal Code section 4 for a listing of these exemptions.
- City sales and use taxes are filed on the same City return.
- Returns are due by the 20th of the month following the period of sales tax collection or date of purchase (use tax).
- All locations in the City of Lone Tree are taxed at the same cumulative tax rate .
- The City’s website is www.cityoflonetree.com. To quickly access sales/use tax information, please go to www.cityoflonetree.com/salestax.
- Visit www.XpressBillPay.com to submit and make payments for license applications, license renewals and sales/use taxes.
- We are here to assist you, please feel free to call the City for assistance with your return. We can be reached at (303) 708-1818.

QUESTIONS?



This presentation is available online at www.cityoflonetree.com/salestax.