



CITY OF LONE TREE

Use Tax Explanation

What is Use Tax?

Use tax is much like a sales tax, except that is generally paid directly to the taxing entity by the consumer rather than the seller. The City of Lone Tree Use Tax rate is 1.8125%. The tax is due on the purchase of tangible personal property that is used, stored, distributed or consumed within the City limits. Lone Tree Use Tax is not due when Lone Tree Sales Tax or a lawfully imposed Sales Tax of another city has been paid at a rate equal or greater than 1.8125%.

Who pays Use Tax?

Virtually every business will have a Use Tax liability at some time.

Why is there a Use Tax?

Use tax protects local businesses from losing sales to competitors located in an area with a lower Sales Tax rate. It is also an important source of the revenue necessary to offset the expenses required to provide services such as public safety.

Is Lone Tree the only city with a Use Tax?

No, the majority of cities with a Sales Tax have a corresponding Use Tax.

When is Use Tax not due?

Any time the appropriate Lone Tree Sales Tax has been paid to the vendor.

Any time the purchase is for resale.

Any time another city or county's lawfully imposed Sales or Use Tax has been paid at a rate equal to or greater than the Lone Tree Sales/Use Tax rate (1.8125 percent)

How do you remit Use Tax to Lone Tree?

The most common method is by obtaining a Sales/Use Tax License. This establishes an account with the City and provides the taxpayer with reporting forms. Use Tax is due the 20th of the month following the month the purchase was made.

Use Tax may also be submitted to the City by sending in the payment along with a return form. Returns may be obtained by calling the Sales and Use Tax Division at (303) 708-1818 or online at www.cityoflonetree.com.

Use Tax can also be submitted to the City online at www.xpressbillpay.com. Once you are logged in, you can enter your use tax information, make payments using a debit withdrawal from your bank account or by credit card (Visa, MasterCard, or Discover). A 2.3% fee will apply to all credit card transactions. There is no fee for payments made by EFT.

Use Tax Examples

1. A computer is purchased in Lone Tree and delivered to your office in Lone Tree. Lone Tree Sales Tax is charged.

No Use Tax is due. The Lone Tree Sales Tax charged offsets any Use Tax.

2. A computer is purchased and delivered to your office in Lone Tree. Lone Tree Sales Tax or other local sales tax is not charged.

Use tax is due. The amount is 1.8125% of the purchase price of the computer.

3. A computer is purchased and you pick it up in Denver and bring it back to your office in Lone Tree. Denver sales tax has been charged.

Use Tax is not due. The Denver tax was lawfully imposed and offsets the Lone Tree Use Tax.

4. A computer is purchased and you pick it up in Unincorporated Arapahoe County. It is brought back to your office in Lone Tree. No local sales tax has been charged.

Use tax is due. The amount is 1.8125% of the purchase price.

5. A computer is purchased and delivered to your office in Lone Tree. A total sales tax of more than 6.8125% has been charged. You are not sure what City's tax has been charged.

Call the vendor and tell them an incorrect Sales Tax has been applied. Ask the vendor whether they are licensed to collect Lone Tree Sales Tax. If the vendor says they are not licensed to collect Lone Tree Sales Tax or does not know, pay the vendor only the 5.0 State/County/RTD/FD Sales Tax and remit the 1.8125% Lone Tree Sales Tax directly to the City. If the Vendor says they are licensed with Lone Tree, request that the vendor reissue the invoice with the appropriate Lone Tree Sales Tax included.