Finance Department

City of Aurora

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

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Tax Compliance Guide

Freight, Delivery, and Transportation

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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* imposes a sales tax upon the purchase price paid for tangible personal property sold at retail in the City. Aurora use tax is due to the extent a sufficient, legally imposed sales/use tax was not paid to the City or another municipality at the time of purchase. The taxable purchase price is defined to be inclusive of charges for freight, delivery, and other transportation charges to effect the delivery of tangible personal property to the purchaser.

Freight and delivery charges are subject to tax even when separately stated on the purchase invoice, including when invoiced separately by the retailer as part of the purchase/sale.

Transportation via a third party, when arranged and paid for directly by the purchaser who thereby assumes the risk of loss, and not billed as part of the transaction by the retailer, is not subject to Aurora sales/use tax.

Postage that is component of a taxable transaction is subject to tax whether or not it is separately stated on the invoice to customer.

Postage paid by an Aurora resident directly to the postal service and billed as a separate transaction is not subject to sales/use tax.

Examples

1. Customer A purchases a television from a licensed Aurora retailer, who charges them a fee for delivery to their home in the City. The total charge for the television including delivery is subject to Aurora sales/use tax.

2. Business B is an accounting firm in the City and purchases three computers for use from a vendor outside of the City. In addition to the price of the computers, the vendor charges a shipping fee, but does not collect any City sales tax. Business B must report and pay a use tax on the purchase price of the computers, including the shipping fee, on their next periodic sales/use tax return.

3. Business C purchases checks via the Internet from a licensed Aurora retailer to be sent to Business C's offices in the City. The retailer charges a fee for postage and handling. Although the retailer properly collected sales tax on the price of the checks, they failed to collect tax on the postage and handling fee. This fee is subject to tax and Business C must report and pay a use tax on the next periodic City sales/use tax return.

4. Business D purchases tools from a Colorado Springs' retailer. Business D hires a third-party freight company to deliver the tools to its Aurora facility. Because title passes to Business D when the freight company receives the shipment in Colorado Springs, Colorado Springs sales tax is due on the price of the tools. Business D must report and pay a use tax on the difference between the Colorado Springs' city sales tax rate and Aurora's city sales tax rate on the next periodic City sales/use tax return. Business D does not need to pay use tax on the freight bill received from the third-party freight company.

Related Topics

Deliveries Outside the City
Use Tax

Citations

Aurora Municipal Code
§ 130-31. Definitions
§ 130-33. Legislative Intent
§ 130-156. Taxable Items
§ 130-160. Responsibility for payment
§ 130-161. Schedule of Taxes
§ 130-196. Levy
§ 130-199. Use tax credit

Contact Us

For additional assistance, please contact us:

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Aurora, CO 80012

Phone: (303) 739-7800

E-mail address: tax@auroragov.org

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