

Tax and Licensing Division
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Tax Compliance Guide

Internet Sales and Purchases

(5/2023)

The *Aurora Municipal Code* imposes a sales tax upon tangible personal property and certain services purchased, leased, or rented at retail. If Aurora sales tax is not paid to a vendor licensed and authorized to collect the same, then a use tax must be remitted directly to the City. Credit may be taken against Aurora use tax for legally imposed sales or use taxes paid to Aurora or other municipalities. Such credit may not exceed the Aurora use tax due.

Sales and purchases made via the Internet are subject to tax in the same fashion as those made by local retailers.

Some internet retailers are not “engaged in business” in the City and are not legally obligated to collect City sales tax. Purchasers of tangible personal property or taxable services over the internet who do not pay City sales tax must remit use tax on the purchase price paid, including charges for freight or delivery, on their next periodic City sales/use tax return. Internet retailers may obtain a sales/use tax license and collect Aurora tax as a convenience to their customers even though they may not be required to do so.

Purchasers should exercise due diligence in verifying that the retailer is licensed and authorized to collect City sales tax.

Retailers who have a physical location in the City must collect City sales tax on sales made by their catalogue, mail order, or Internet counterparts. Because these sales are not attributable to a specific location, a separate sales tax account must be maintained for reporting these sales.

Marketplace Facilitators/Sellers

A Marketplace Facilitator is a business or person who owns, operates, or otherwise controls a physical or electronic marketplace and facilitates the sale of a third-party seller’s products. The Marketplace Facilitator either directly or indirectly through contracts, agreements, or other arrangements with third parties, collects the payment from the purchaser and transmits all or part of the payment to the Seller.

A marketplace facilitator engaged in business in the city is required to collect and remit sales or use tax on all taxable sales made or facilitated for marketplace sellers to customers in the city, regardless of whether the marketplace seller for whom sales are facilitated would have been required to collect sales or use tax had the sales not been facilitated by the marketplace facilitator”.

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.

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Marketplace sellers should report sales made through a marketplace facilitator as a deduction on their periodic City of Aurora sales and use tax return.

Marketplace sellers in Aurora are responsible for verifying that the facilitator is licensed to collect and remit City of Aurora tax on sales in the City.

Economic Nexus

Economic Nexus is the connection between the city and a person not having physical nexus in the State of Colorado. Economic Nexus is established when the person or marketplace facilitator makes retail sales into the city; and:

- (1) In the previous calendar year, the person, which includes a marketplace facilitator, has made retail sales into the state exceeding \$100,000.
- (2) In the current calendar year, 90 days have passed following the month in which the person, which includes a marketplace facilitator, has made retail sales into the state exceeding \$100,000.

Retailers must collect and remit City of Aurora sales tax on all sales made into the City once economic nexus is established.

Destination Sourcing

Internet retailers licensed with the City should collect City sales tax on items delivered within the Aurora city limits.

The following rules apply to determine where a sale of tangible personal property is made.

1. If the purchaser takes possession of the purchased property at the seller’s location, the sale is sourced at the seller’s location.
2. If the property or service is delivered to the purchaser, the sale is sourced to the location where the purchaser receives and first used the purchased tangible property or service.
3. If the purchaser requests delivery of the property to another recipient (for example, delivery of a gift) the

sales is sourced to the location where the recipient takes possession of the purchased property, or first uses the purchased property (or gift).

4. If a sale cannot be sourced by applying subsections (1), (2), and (3) of this section the sale is sourced to the address of the purchaser obtained during the consumption of the sale, including, if no other address is available, the address of a purchaser's payment, when use of this address does not constitute bad faith.

Examples:

1. Business A purchases computers from an Internet distributor based out of the state. The distributor does not collect any sales tax. Business A must remit a use tax on the full purchase price paid on their next periodic City sales/use tax return.
2. Person B sells crafts over the Internet from her Aurora home and has obtained a home business license from the City. Person C, an Aurora resident, orders some of Person B's crafts, which she delivers to an address in Aurora. Person B must collect and remit Aurora sales tax on the purchase price paid by Person C for the crafts.
3. Retailer D is marketplace facilitator; person E is a Denver resident who sells jewelry online through Retailer D's marketplace. Person F is a resident of Aurora who made an order of \$100.00 of jewelry; the jewelry was delivered to an address in Aurora. Retailer D must collect and remit Aurora sales tax on the purchase price paid for the jewelry.
4. Retailer E is located in Dallas Texas and does not have physical presence within the City. During the calendar year 2021 Retailer E delivered \$200,000.00 of sales into the State of Colorado. Retail E should collect and remit sales tax on all sales made into the City.
5. Retailer E located in Aurora purchased a gift basket from retailer F located in Denver. Retailer E requested that the gift basket be delivered to one of his clients located in Thornton, Colorado. Sales tax on this transaction is sourced to the City of Thornton, CO.

Related Topics

Commercial Packaging and Shipping Materials
Deliveries Outside the City
Freight Delivery & Transportation

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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