

Tax and Licensing Division
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Tax Compliance Guide

Use Tax for Individual Residents

(5/2023)

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 use tax upon the privilege of using, storing, distributing, or otherwise consuming tangible personal property and certain taxable services in the City. If Aurora 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 Aurora use tax for legally imposed sales or use taxes paid to other municipalities. Such credit may not exceed the Aurora use tax due.

Use tax is imposed both upon business consumers and individual consumers. Business consumers remit use tax on their required periodic sales and use tax return. Individual resident consumers are required to remit use tax when incurred; but are not required to file regular returns with the City if no taxes are due.

What is use tax?

Use tax is complimentary to sales tax but is paid directly to the City rather than to a vendor collecting on behalf of the City. In general, if sales tax would apply to a purchase from an Aurora retailer, then use tax will apply to the same purchase made from a retailer in another city or state. The City sales tax and use tax rates are the same (3.75% of the purchase price).

The purpose of use tax is to protect local sellers who would otherwise be at a competitive disadvantage when out-of-city retailers make sales to Aurora customers without collecting Aurora sales tax. Use tax also compensates for tax avoided by purchasing in cities with lower tax rates. While credit is allowed for lawfully imposed tax paid to other municipalities, partial Aurora use tax is due where such credit is less than the total tax due.

Common Sources of Use Tax

Several common transactions by residents may result in a use tax, including:

- ❖ Purchases made from a mail-order catalog or over the internet
- ❖ Purchases delivered from a retailer in another city or state
- ❖ Purchases picked up from a retailer in an unincorporated area or in a city with a lower sales tax rate
- ❖ Purchases of motor vehicles and other goods from private individuals who are not licensed to collect tax

Some retailers located outside the City voluntarily obtain a business license with the City and collect Aurora sales tax on items delivered to Aurora customers. If Aurora sales tax was collected by a licensed Aurora retailer, no use tax is due. Use taxes on motor vehicles are collected by the county of residence upon registration.

Use Tax is Transactional

Sales and use taxes are transaction taxes. That is, they are imposed each time a new sale/transaction occurs, even if the same property has been taxed in a previous sale/transaction. While credit is allowed for legally imposed sales/use tax previously paid, this credit only applies to taxes paid by the current owner. A previous owner's payment of sales/use tax does not apply.

Reporting & Paying Use Tax

Use tax is due on the 20th of the month following the taxable purchase. To report the tax, residents must file a Consumer Use Tax Return and make payment of use tax online through the Aurora Tax Portal using the "File a Consumer Use Tax Return." Visit the tax portal at www.auroragov.org/ola.

Examples

1. Mail Order Company Z sends catalogues to Aurora residents. Resident A purchases a sweater for \$100 from the company that is shipped to Resident A via U.S. Mail. Mail Order Company Z does not collect sales tax. Aurora use tax is due on the purchase price paid for the sweater in the amount of \$3.75 (\$100 x 3.75%).
2. Resident B purchases a computer from Internet Company Y for \$1,000. Internet Company Y is licensed by Aurora to collect tax, and collects \$37.50 in city tax from Resident B. Resident B does not owe any Aurora use tax on the computer purchase.
3. Resident C purchased a new car several years ago and paid Aurora sales tax on the \$25,000 purchase price. Resident C has decided to sell the car to Resident D for \$5,000. When Resident D registers the car, they will be required to pay Aurora use tax to the County Clerk on the \$5,000 purchase price even though Resident C paid tax previously.

Related Topics

Automotive Vehicles
Internet Sales/Purchases
Previously Paid Sales & Use Tax

Citations

Aurora Municipal Code

§ 130-31. Definitions
§ 130-62. Deductions & Credits
§ 130-156. Taxable Items
§ 130-157. Items Exempt from Taxation
§ 130-160. Responsibility for payment
§ 130-199. Use
§ 130-200. Filing of return.

Contact Us

For additional assistance, please contact us:

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