



Tax Division
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Tax Compliance Guide

Barbershops, Beauty Parlors, and Salons

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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.

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Barbershops, Beauty Parlors, and Salons engaged in business in Aurora are responsible for the collection and payment of sales tax on their retail sales.

Taxable Sales:

The Aurora *Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property and certain services sold at retail. Sales tax must be shown as a separate and distinct charge.

Common examples of retail sales by barber shops, beauty parlors, and salons include, but are not limited to:

- ❖ Sales of cosmetics, creams, lotions, perfumes, shampoos, skin and hair care products
- ❖ Wigs, extensions, or other removable/reusable products
- ❖ Brushes, combs, hair clips and other accessories
- ❖ Nail polishes, nail kits, treatments, and manicure supplies
- ❖ Sales of food or drinks or vending machine sales

Non-Taxable Sales:

When the barbershop, beauty parlor, or salon provides a service, they often use supplies or products as part of those services. The charges for services are not subject to sales tax. If the sale includes removable and reusable items, such as wigs or hair extensions, the charge for the removable and reusable items should be separately listed on the customer receipt and sales tax charged on the items.

Common examples of non-taxable services provided by barber shops, beauty parlors, and salons include, but are not limited to:

- ❖ Hair cutting, styling, dyeing, permanent hair treatments, or shampooing
- ❖ Manicures, pedicures, nail care and treatments,
- ❖ Spa services, massages, facials, or other spa treatments performed at the business location

Purchases (Sales/Use Tax)

Barbershops, beauty parlors, and salons, like other retailers, must pay Aurora sales tax on the purchase price paid for tangible personal property and taxable services used in the business, aside from inventory that will be resold. Common examples of property and services subject to sales/use tax include, but are not limited to:

- ❖ All supplies purchased or removed from inventory to use in providing a non-taxable service
- ❖ Scissors, razors, clippers, rollers, hair dryers, hair dyes, gels, sprays, shampoos, treatments
- ❖ Furniture & Equipment – Fixed assets such as office furniture, fixtures, point of sale and other computer hardware and software, equipment, whether purchased, leased, or rented from sources inside or outside the City, is subject to City sales/use tax
- ❖ Pay television services
- ❖ Other Tangible Personal Property & Taxable Services – Other supplies, including, but not limited to: office cleaning and maintenance supplies, subscriptions, uniforms, promotional items, repairs and maintenance materials and supplies, forms, publications, decorations, and other similar items are subject to City sales/use tax.

Leasing of Booths and Workspaces:

If the owner of a barber shop, beauty parlor, or salon leases a booth or space to someone else who will serve his or her clients on such booth or space; the person who is leasing the booth and space is liable for sales and use tax on their sales.

The owner of the barber shop, beauty parlor, hair stylist needs to comply with stipulations of Section 130-157.5-Short term on premises rentals of tangible personal property. This section states that personal property rented for use at the business location either must have sales or use tax paid on the initial purchase, or sales tax should be charged on the rental of the personal property by the lessee, as outlined in Example 4 of this guide.

Examples

1. Barber shop A offers shampoo and other hair care products in addition to the service of cutting hair. Customer B receives a hair cut in the amount of \$25.00 and purchases a bottle of shampoo to take home for \$10.00. Aurora sales tax should be charged on the \$10.00 sale of the shampoo.

2. Customer B purchases a \$60.00 manicure and acrylic nail service. The nails are provided by the shop which are included in the \$60.00 service price. Customer B also purchases an extra set of acrylic nails for \$10.00 to take home, which she will use to repair nails as they break. The salon should charge sales tax on the extra set of acrylic nails

for \$10.00. The \$60.00 charge for the acrylic nail service is not subject to sales tax, the salon should pay Aurora sales or use tax on the purchase of any supplies used.

3. Beauty Salon D charges a customer \$60.00 for a haircut and styling service. Additionally, they provide and include a reusable hairpiece/extensions for \$50.00. The \$60.00 charge for haircut and styling is a non-taxable service. Sales tax should be charged on the \$50.00 charge for the reusable hairpiece/extensions.

4. The owner of Beauty Salon D has 5 booths; employees of the salon operate booths #1, 2, and 3. The owner decides to rent/lease booths #4 and 5 to outside stylists for a monthly fee. The rent/lease payments will be classified under one of the scenarios below:

- a) The owner of the salon pays city sales or use tax on the equipment and supplies provided in the rental of the booth. The owner of the barber shop does not need to collect sales tax on the rent/lease payments they receive.
- b) The owner of the salon elects not to pay Aurora sales or use tax on the equipment and supplies provided in the rent/lease of the booth. The owner of the salon needs to collect sales tax on each monthly lease payment they receive.

Contact Us

For additional assistance, please contact us:

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Related Topics

Coin operated devices
 Professional Services
 Properly exempted purchases converted to Taxable Use
 Use Tax
 Wholesales sales

Citations

Aurora Municipal Code
 § 130-31. Definitions
 § 130-33. Legislative Intent
 § 130-156. Taxable Items
 § 130-157.5 Short-term on Premises Rentals of Tangible Personal Property
 § 130-160. Responsibility for Payment
 § 130-161. Schedule of Taxes
 § 130-163. Assuming or Absorbing Tax
 § 130-196. Levy
 § 130-199. Use tax credit