

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



Tax Compliance Guide

Governments & Charitable Organizations

(9/2023)

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

Governments

Governments include the United States (Federal) government, the State of Colorado, and their departments, institutions, and political subdivisions. Political subdivisions include Colorado counties, school districts, municipalities, and certain special districts. All of these entities must have a state sales tax exemption certificate with a number beginning with 98 to receive a sales tax exemption.

Purchases for fundraising or business activities are subject to sales tax unless they are purchased for resale. If the items will be resold, the government or charity must provide a state sales or City of Aurora business license to the seller and must collect sales tax on the final sale.

Charitable Organizations

Charitable organizations are defined in the *Aurora Municipal Code* as entities which are certified as 501(c)(3) under the internal revenue code and are organizations which exclusively, and in a manner consistent with existing laws and for the benefit of an indefinite number of persons or animals, freely and voluntarily ministers to the physical, mental, or spiritual needs of persons or animals, and thereby lessens the burden of government.

Disputed Tax

Should a dispute arise between a vendor and a government or charitable organization as to whether a transaction or item is subject to tax, the vendor, in order to avoid potential liability resulting from improper exemption, is required to collect the tax in dispute from the purchaser and remit these funds to the City. The purchaser may then submit a *Claim for Refund* form to the City within three years of the purchase. This form is available on the tax section of the City website or by contacting the Tax Division. If the Tax Division determines the transaction was in fact exempt from tax, a refund will be issued directly to the purchaser.

Exempt Purchases

The *Aurora Municipal Code* provides an exemption from sales and use tax for purchases made by governments and charitable organizations if such purchases meet all the following qualifications:

1. The purchase must be related to the regular charitable or governmental functions and activities;
2. The purchase must be billed directly to the organization, and payment must be made directly from the organization's funds (purchases made by individuals who will subsequently be reimbursed by the organization do not qualify); and
3. The organization has obtained and provides a State of Colorado Sales Tax exemption certificate.

The seller has the burden of proving that a transaction was properly exempted and will be required to document such claims in an audit situation. An [Affidavit of Exempt Sale](#) form can be obtained from the *Sales Tax* section of the City website, or by contacting the Tax Division. This form may aid the seller in determining if a sale qualifies for exemption.

Purchases that are not part of the organization's regular governmental or charitable functions are subject to sales tax.

Building Permits

Charitable organizations are exempt from use tax on construction materials. A use tax deposit is normally collected when a building permit is acquired. If the project is for a charitable or governmental organization, in order for the deposit to be waived the permit must be either paid for directly with funds from the governmental or charitable organization or the contractor must present a valid contractor's exemption certificate issued by the State of Colorado, normally starting with an 89 number, that is issued directly to the contractor for that specific project. A contractor cannot use the charitable or governmental organization's tax exempt certificate for the purchase of construction materials.

Examples

1. A teacher at a local public school is purchasing goods for their classroom. The teacher is paying with a personal check, but claims that the purchase will be reimbursed by their school. Because the purchase is not paid for directly by the funds of the government, the sale is not tax exempt.
2. A charitable organization, with a State of Colorado Sales Tax Exemption Certificate, is holding a banquet at an Aurora hotel.

The organization is selling tickets to the event in order to recover the costs. Because the organization is engaged in an activity that is not part of its charitable functions, the hotel should charge the appropriate taxes.

3. A City of Aurora employee buys office supplies from a local vendor and provides a purchase order and affidavit of exempt sale for the City. The local vendor subsequently bills the City for the supplies. Because the supply purchase is billed to and paid for directly by the funds of the government, the purchase is properly exempted from sales tax. The vendor should attach a copy of the purchase order and affidavit of exempt sale to the invoice as proof of proper exemption.
4. A charitable organization, with a State of Colorado issued Sales Tax Exemption Certificate, purchases bingo supplies for fundraising operations. Since the operation of a bingo game is not part of charitable operations, nor are the supplies resold, the bingo supplies are subject to sales tax.
5. A charitable organization specialized in assisting disadvantaged children, with a valid State of Colorado issued Sales Tax Exemption Certificate, purchases bingo supplies for an educational / entertainment activity for children. This activity is part of the charitable functions of the charity and would be exempt from sales tax.

Related Topics

Admissions Tax
Construction Materials
Wholesale Sales

Citations

Aurora Municipal Code
§ 130-31. Definitions
§ 130-61. Tax on Construction Materials
§ 130-63. Collection and Refund of Disputed Tax
§ 130-157. Items Exempt from Taxation
§ 130-160. Responsibility for Payment
§ 130-196. Levy
§ 130-199. Use Tax Credit

Contact Us

For additional assistance, please contact us:

City of Aurora
Tax Division
15151 E. Alameda Parkway Ste. 5700
Aurora, CO 80012

Phone: (303) 739-7800

E-mail address: tax@auroragov.org

Website: <http://www.auroragov.org/tax>

Filing: <http://aurorataxportal.gentaxcpc.net>

Licensing: <http://www.auroragov.org/bl>