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## Tax Compliance Guide

### Automotive Vehicles

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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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The *Aurora Municipal Code* defines an automotive vehicle as any vehicle or device in, upon, or by which any person or property may be transported or drawn upon a public highway, or any device used or designed for aviation or flight in the air. Examples of automotive vehicles include, but are not limited to, cars, trucks, motorcycles, trailers, semi-trailers, recreational vehicles, mobile homes, and airplanes.

Automotive vehicles do not include devices moved by human power, such as bicycles. Automotive vehicles also do not include devices used exclusively upon stationary rails or tracks.

Although articles of special mobile machinery may be registered and plated, they are not considered automotive vehicles for Aurora sales and use tax purposes. As such, they do not qualify for the exemption that applies to vehicles properly registered outside the City and must be declared when located within City limits. See the Construction Equipment tax guide for more information on the taxes related to mobile machinery.

#### Purchased Vehicles

Vehicles purchased by Aurora residents or businesses are required to be registered at the purchaser's address in Aurora. Aurora tax is due on the purchase price of the vehicle. If sales tax was not paid at the time of purchase, City use tax will be due. The County Clerk will collect any City use tax due when the vehicle is registered.

The taxable purchase price includes mandatory fees such as "delivery", "dealer preparation", or "dealer handling" fees. Optional, extended warranties and gap insurance are not subject to tax. Charges for title and lien recording fees are also excluded from the taxable purchase price, provided they are charged at actual cost without markup.

Purchased vehicles moved into Aurora are not subject to use tax if, at the time of purchase, the owner was a nonresident who purchased the vehicle for use outside the City, and the vehicle was previously properly registered, titled and licensed outside the City. Upon moving to the City, residents must register their vehicle in Aurora.

#### Trade-Ins and Rebates

The taxable purchase price is reduced by the fair market value of an

automotive vehicle taken in trade by the seller. The trade-in deduction is the value of the vehicle only and is not affected by any seller's agreement to "pay off" the balance of a loan for the vehicle taken in trade, even if the loan exceeds the fair market value of the vehicle.

Dealer incentives and rebates from the manufacturer do not reduce the taxable purchase price. These amounts are portions of the price paid by the manufacturer as opposed to actual reductions in the price by the seller.

#### Vehicles Purchased in Other States

Sales tax may be collected on vehicles purchased in other states, depending upon that state's tax laws. Credit is allowed for such tax, up to the amount of use tax due, provided the tax is lawfully imposed. The credit is computed by comparing the combined rate of tax that would have been imposed had the purchase been made locally to the sales tax collected at the time of the purchase. Prior to registering the vehicle with the County Clerk, the purchaser may need to contact the Aurora Tax Division to obtain documentation authorizing a tax credit. Alternatively, the purchaser may pay the full City use tax to the County Clerk and file a *Claim for Refund* form with the City.

Purchasers are advised to research the laws of the state in which they are purchasing a vehicle for registration in Aurora. Some states exempt vehicles purchased for out-of-state registration provided that the purchaser takes specific actions. Such actions may include completing specific forms or affidavits, or procuring special permits. Credit will not be given against Aurora use taxes if such exemptions are available to purchasers.

#### Vehicle Financing/Loans

Automotive vehicles may be financed under a secured loan, whereby the lender retains a security interest in the vehicle until the loan is repaid. Separately stated financing charges are not subject to Aurora tax. Although the vehicles sales/use tax itself may be financed, and therefore paid over the term of the loan, tax on the full purchase price is due up-front at the time of the sale.

No refund or credit of tax to either party is allowed in the event that the vehicle is repossessed.

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## Leased Vehicles

Vehicles leased by an Aurora resident or business are required to be registered at the lessee's address in Aurora. City sales tax is due on each periodic lease payment. In order to register the leased vehicle, evidence must be shown that the lessor is licensed to collect Aurora tax.

If at the inception of the lease, the lessee was not an Aurora resident or business, but subsequently moves into the City, the vehicle must be registered at the lessee's address in Aurora at the time of the move. Aurora sales tax is due on all subsequent periodic lease payments.

The State of Colorado rules differ from Aurora regarding the application of taxes on leases. Contact the Colorado Department of Revenue for more details.

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## Residency Guidelines

### Individuals

Vehicles must be registered at the person's principal or primary home or place of abode, determined in the same manner as residency for voter registration unless such vehicle is permanently operated and maintained at another address. If a person is not registered to vote, factors such as the address listed on the driver's license, the address shown on the vehicle insurance policy as the location where the vehicle is garaged, the purchaser's work address, telephone directory address, utility billing address and other public records will be considered in determining primary residency.

### Businesses

Registration for vehicles owned by a business is based on the address from which the vehicle is principally operated and maintained.

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## Examples

- Customer A lives in Denver and leases a vehicle for 36 months. She properly registers the vehicle in Denver. Six months later, Customer A moves to Aurora. She must register the vehicle in Aurora and pay Aurora city sales tax on the remaining 30 lease payments.
- Customer B lives in and is registered to vote in Aurora, and also owns a vacation home in the mountains. When Customer B purchases a new vehicle for use in the City, he is required to register it in Aurora and pay Aurora sales or use tax on the purchase price. He may not register the vehicle at his mountain address because it will not be permanently garaged and maintained there.
- Customer C lives in unincorporated Adams County and owns a business in Aurora. She recently purchased a vehicle for her business and is depreciating it, for income tax purposes, on her business records. Customer C must register the vehicle at her business address in Aurora and pay Aurora sales or use tax on the purchase price.

- Business D is based in Aurora, but has a location in Colorado Springs. Business D buys two trucks, one for the Aurora shop and one for the Colorado Springs shop. Because one of the vehicles is principally operated and maintained outside of the City, it is not required to be registered in Aurora.

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## Related Topics

Automotive Service & Repair  
 Bad Debts  
 Construction – Equipment  
 Credit, Installment, & Secured Sales  
 Leased & Rented Property  
 Trade-Ins  
 Warranties

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## Citations

*Aurora Municipal Code*  
 § 130-31. Definitions  
 § 130-156. Taxable Items  
 § 130-157. Items Exempt from Taxation  
 § 130-159. Application to Sales of Automotive Vehicles  
 § 130-160. Responsibility for Payment  
 § 130-161. Schedule of Taxes  
 § 130-196. Levy  
 § 130-199. Use Tax Credit  
 § 130-201. Nonlocal Sales of Automotive Vehicles

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## Contact Us

For additional assistance, please contact us:

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