



Tax Division
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Tax Compliance Guide

Employee Sales

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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* imposes a sales tax upon the purchase price paid for tangible personal property and certain taxable services sold at retail within the City. Sales and use taxes are transactional, and are therefore imposed upon each taxable transaction.

Sales to Employees

Sales of tangible personal property and taxable services to employees are subject to tax on the purchase price paid by the employee. The purchase price may be discounted from the price charged to the general public. If the discounted price is less than the employer's cost of the item sold, the employer must pay a use tax on the difference between the purchase price paid by the employee and their cost.

Purchases from Employees

Purchases of tangible personal property and taxable services from employees are subject to use tax on the purchase price paid by the employer. This includes items which an employee purchased for taxable use and previously paid a sales or use tax on. Employers must report the use tax due on their next periodic sales/use tax return. The purchases must be otherwise taxable and excludes wholesale inventory or other exempt purchases.

Examples

1. Restaurant A offers a 10% discount on all food purchased by employees. Employee B purchases a meal from the restaurant during their shift. Aurora sales tax is due on the actual purchase price paid by the employee after the discount.
2. An Aurora accounting firm needs a new table for their conference room. Employee C has a table in storage that he/she purchased and had previously used. Employee C paid sales tax on the table when he/she purchased it. Employee C agrees to sell the table to the firm for \$100 and is not licensed to collect Aurora sales/use tax. The accounting firm must report the use tax due on the \$100 purchase on their next periodic City sales/use tax return.

Related Topics

Coupons, Discounts, and Promotional Items
 Properly Exempted Purchases Converted to Taxable Use
 Use Tax
 Wholesale Sales

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

Contact Us

For additional assistance, please contact us:

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