
Tax Compliance Guide

Sale/Purchase of a Business Topic 357

(01/2011)

Delivering exceptional value and quality of life

Visit our website:
<http://www.westminsterco.gov>

File Returns ∞ Obtain Forms ∞ Find Information

The *Westminster Municipal Code* imposes a use tax upon the purchase price paid for tangible personal property, except inventory held for resale acquired with the purchase of a business. This includes property taken in exchange for assumption or forbearance of outstanding indebtedness. Westminster use tax is due even if the seller or transferor has previously paid Westminster sales/use tax on the property sold because use tax is transactional (imposed each time a taxable event occurs).

The taxable basis is the price of such property as recorded in the bill of sale or agreement, provided that such price is greater than or equal to the fair market value of the property at the time of the sale. If the purchase is a lump-sum transaction, and the price of the property is not separately stated in the bill of sale or agreement, the greater of the fair market value of the property or the book value established by the purchaser for income tax depreciation purposes shall be the taxable basis.

When a business is taken over by other than the most recent seller in return for assumption or forbearance of outstanding indebtedness, the tax shall be paid on the fair market value of all taxable tangible personal property.

In determining the fair market value, the City uses the best information available including personal property tax declarations filed with the County Assessor, and may also require independent appraisals of the property.

Use tax must be reported on an *Initial Use Tax Return*, which may be obtained from the Sales Tax Division. The return must be filed and paid by the 20th day of the month following the sale/purchase date in order to avoid penalties and interest. Every person who purchases or establishes a business inside the City must file an *Initial Use Tax Return* even if no use tax is due.

Purchasers are cautioned that liens for the seller's outstanding taxes may have attached to the property offered for sale. City tax liens attach automatically by operation of law, and do not require a notice to be recorded for perfection. Purchasers are encouraged to require the seller to furnish a *Certificate of Taxes Due* detailing the outstanding liability, if any. Because this information is confidential, the seller must authorize the Finance Director to release it by completing a *Request for Certificate of Taxes Due* form which may be obtained from the *Westminster Tax Forms* section located in the Business tab on the City website or by contacting the Sales Tax Division. There is no charge for the certificate, which takes approximately two days to prepare.

Related Topics

Certificate of Taxes Due

Citations

Westminster Municipal Code
§ 4-1-4. Acquisition of Business
§ 4-1-7. Return Required; Time for Filing and Payment Total Tax Liability
§ 4-2-12. Inception of Business; Initial Use Tax

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT WESTMINSTER 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 WESTMINSTER MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

Contact Us

For additional assistance, please contact us:

City of Westminster
Sales Tax Division
4800 West 92nd Avenue
Westminster, CO 80031

Phone: (303) 658-2065

Fax: (303) 706-3923

E-mail address: salestax@westminsterco.gov

Website: <http://www.westminsterco.gov>
From the Business menu, choose Westminster Taxes