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## PIKES PEAK RURAL TRANSPORTATION AUTHORITY PPRTA SALES AND USE TAX INFORMATION AND GUIDELINES

In November 2004, voters in El Paso County, Colorado Springs, Manitou Springs, and Green Mountain Falls approved the creation of the Pikes Peak Rural Transportation Authority (PPRTA) to provide the area with roadway capital improvements, additional highway maintenance, and increased transit services. The cost of these improvements and services is funded by a new PPRTA 1% sales and use tax that was approved to start January 1, 2005.

### PPRTA SALES TAX

Beginning January 1, 2005, businesses that are located in El Paso County, but not within the town limits of Calhan, Fountain, Monument, Palmer Lake, or Ramah, are responsible for collecting and remitting the PPRTA sales tax. The PPRTA sales tax is collected in the same manner as State of Colorado sales tax and applies to the same transactions that are taxed by the State. The sales tax is reported to the State on the Colorado Combined Retail Sales Tax Return (DR 0100) in the Special District column.

### PPRTA USE TAX

Use tax is the complement to sales tax and is due on the use, storage, or consumption of any tangible personal property or taxable service, purchased at retail, upon which no sales tax was paid.

The PPRTA use tax applies to the same transactions that are taxed by the State of Colorado. The tax may be reported to the State on line 10 of the Combined Retail Sales Tax Return, or on the State Consumer Use Tax Return (DR 0252), in the Special District column.

**PLEASE NOTE:** The PPRTA, the State of Colorado, and the City of Colorado Springs use taxes are independent of each other. So, for example, if a vendor charges only State sales tax on a sale to a Colorado Springs purchaser, the purchaser is still responsible for paying use taxes to both the PPRTA and the City of Colorado Springs. El Paso County, the City of Manitou Springs, and the Town of Green Mountain Falls all impose a use tax on construction materials and motor vehicles independent of each other.

### MOBILE VENDORS

Those retailers who carry their inventory with them and make sales from that inventory directly to customers are classified as mobile vendors and must collect all sales taxes applicable to the locations where they sell. This includes State, city, and county sales taxes as well as the PPRTA sales tax.

For example, a mobile salesman sells tools in El Paso County. In addition to collecting State, El Paso County, and applicable city sales tax, the salesman must collect PPRTA sales tax on the sale of tools anywhere in the County, except for sales made within the towns of Calhan, Fountain, Monument, Palmer Lake, or Ramah.

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## **DELIVERY OF GOODS**

Local sales taxes of state-collected cities, and PPRTA sales taxes, are not collected when a retailer delivers tangible personal property, via the retailer's vehicle or via common carrier, to a destination outside the boundaries of the retailer's local taxing jurisdiction. Delivery of tangible personal property into another state-collected local taxing area, including the PPRTA, does not require the vendor to collect the local sales taxes of the delivery area if the vendor does not have a business presence there. Be sure to check with home-rule, self-collected cities such as Colorado Springs, since rules will vary for such cities.

## **LEASES OF TANGIBLE PERSONAL PROPERTY**

Lessors who have a physical location in the PPRTA area are responsible for taxing leases in the same manner as they tax leases for the State of Colorado. Beginning January 1, 2005, all new leases of 36 months or more, by lessors located in the PPRTA area, are subject to PPRTA sales tax on lease payments, along with State sales tax, County sales tax, and city sales tax if applicable. For leases or rentals lasting less than 36 months, the lease payments may be exempt from the PPRTA sales tax if the lessor paid the applicable State and PPRTA sales or use tax when the equipment was acquired. Any taxable lease of property located within El Paso County, but not located within the towns of Calhan, Fountain, Monument, Palmer Lake or Ramah, is subject to the PPRTA use tax if no PPRTA sales tax is charged by the lessor. Be sure to check with the City of Colorado Springs for their specific rules regarding leases of tangible personal property.

## **EQUIPMENT OR SUPPLIES USED IN THE COURSE OF OPERATING A BUSINESS**

Unless it is for resale, the purchase of equipment or supplies by a business located within the PPRTA area is subject to the PPRTA sales or use tax.

For example, a restaurant owner located in Colorado Springs purchases equipment from an out-of-state seller. The restaurant owner must file a use tax return and pay the PPRTA use tax on the purchase if the PPRTA sales tax was not charged by the seller. The owner may also owe State of Colorado and City of Colorado Springs use taxes on the purchase if State and City sales taxes were not charged by the seller.

Goods purchased by a business for resale in the normal course of business are exempt from tax. However, goods removed from inventory for the use of the business are subject to use tax and must be reported on line 10 of the State of Colorado Combined Retail Sales Tax Return for all applicable jurisdictions, including the PPRTA. Use tax on goods removed from inventory is also applicable to the City of Colorado Springs.

For example, a clothing store owner located in Colorado Springs takes home a shirt to give to his daughter for her birthday. The owner must report and remit State and PPRTA use tax on the store owner's cost of the shirt on line 10 of the Colorado Combined Retail Sales Tax Return and City use tax on the City of Colorado Springs Sales and Use Tax return.

## **SALES AND USE TAX ADMINISTRATION AND INFORMATION**

The Colorado Department of Revenue is responsible for administration of the PPRTA sales and use tax. The Taxpayer Services Division of the Colorado Department of Revenue is a great source for information regarding the PPRTA sales or use tax. Their phone number is (303) 238-7378, or visit their web site at [www.taxcolorado.com](http://www.taxcolorado.com). You can also find more information about State-collected local taxes in State FYI, SALES 62.

Please remember that, although the tax is collected within El Paso County, the PPRTA tax is for a separate entity and must be separately reported under "Special Districts" on your State sales tax return. PPRTA tax may not be combined with County sales tax or any municipal sales tax into one rate.

If the PPRTA tax rate is not shown separately in the Special Districts column of your State return, contact the Department of Revenue to have your account changed to include the PPRTA tax. If you need to submit your PPRTA taxes immediately, and your form does not have the Special Districts Column, you can list the PPRTA taxes collected on a separate sheet of paper along with your account number.

Businesses must remit their taxes in accordance with the filing requirements of the State of Colorado. State sales tax returns are due by the 20<sup>th</sup> day of the month following the filing period.

Please let us know if you have questions that are not covered by this brochure so we can address them in future information materials.

The Colorado Department of Revenue usually holds a general sales and use tax workshop on the first Thursday of every month at 2:30 p.m. at their office at 4420 Austin Bluffs Parkway in Colorado Springs. The Department can answer specific questions about the PPRTA sales and use tax for interested persons. For further information about the class, please call (719) 594-8706.

## **AND FINALLY...**

To all businesses in the PPRTA area, THANK YOU! Thank you for collecting the PPRTA sales tax and making it possible to provide improved transportation services for our residents.

This brochure is intended to provide general information about the Pikes Peak Rural Transportation Authority sales and use tax. This brochure is not a legal document. If you have specific questions about the PPRTA tax as it applies to your particular circumstances, please contact the Colorado Department of Revenue, Taxpayer Services Division at 1375 Sherman Street, Denver Colorado, 80261, or call them at 303-238-7378. You can also visit their web site at [www.taxcolorado.com](http://www.taxcolorado.com).