



COLORADO
Department of Revenue

Taxation Division

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GIL-19-003

December 27, 2019

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Re: Colorado Sales & Use Tax Applicability to Gift Wrapping Services

Dear XXXXXXXXXXXX,

You submitted a request for guidance regarding the applicability of sales & use tax on gift wrapping services.

The Colorado Department of Revenue (“Department”) issues general information letters and private letter rulings. A general information letter provides a general overview of the relevant tax issues, but is not binding on the Department. A private letter ruling provides a specific determination for a specific set of facts, is binding on the Department but not on the taxpayer, and requires payment of a fee. For more information about general information letters and private letter rulings, please see Department Rule 1 CCR 201-1, 24–35–103.5.

The Department treats your inquiry as a request for a general information letter. It is important to remember that general information letters, such as this one, are general discussions of tax law and are not binding on the Department. If you would like the Department to issue a private letter ruling on the issue raised here, you may submit a request and pay the fee in compliance with Department Rule 1 CCR 201–1, 24–35–103.5.

Discussion

Colorado levies sales tax on the retail sale of tangible personal property¹. The Department believes that, in general, the customer’s purpose in paying for gift wrapping is to obtain decorative packaging for the product the customer has purchased. There is no question that this decorative packaging is tangible personal property to which Colorado sales tax applies.

That the retailer may call it a “gift wrapping service fee” and expend some labor in manipulating the materials that create the final packaging does not transform the sale into the sale of a service because the customer’s ultimate goal in paying the fee is to obtain tangible personal property (the decorative packaging) that covers or otherwise conceals the product purchased².

¹ § 39-26-104(1)(a), C.R.S.

² See 1 Code Colo. Regs. 201-4, Regulation 26-102.12; 1 Code Colo. Regs. 201-5, SR-40.

Miscellaneous

This letter represents the good faith opinion of Department personnel who are knowledgeable on state taxes issues. However, the Department does not make a specific determination on any of the issues raised and the Department is not bound by this general information letter.

The Department administers state and state-administered local sales and use taxes. This letter does not address sales and use taxes administered by self-collected home-rule cities and home-rule counties. You may wish to consult with those local governments that administer their own sales or use taxes about the applicability of those taxes. Visit our website at www.colorado.gov/tax for more information about state and local sales taxes.

Sincerely,

Office of Tax Policy Analysis
Colorado Department of Revenue