



COLORADO

Department of Revenue

Taxation Division

Office of Tax Policy
P.O. Box 17087
Denver, CO 80217-0087

DOR_TaxPolicy@state.co.us

GIL-18-003

January 30, 2018

XXXXXXXXXXXXXXXXXX
Attn: XXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX

Re: Tax on Signage

Dear XXXXXXXXXXXX,

You submitted on behalf of your client ("Company") a request for guidance relating to the applicability of sales and use tax to various charges for the sale, delivery, and installation of signage.

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 this request as 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 Company would like the Department to issue a private letter ruling on the issue raised here, Company can submit a request and pay the fee in compliance with Department Rule 1 CCR 201-1, 24-35-103.5.

Issue

Does sales or use tax apply to charges for delivery and installation?

Background

Company, which is located outside Colorado, sells custom-made signage to customers located in Colorado. The signage is attached either to a building or to a pole that is cemented into the ground. The signage is delivered and installed by third parties. Company is registered to do business and holds a sales tax license in Colorado. Company's charges for delivery and installation are separately stated on the invoice and these charges are higher than what the third-parties charge the Company.

Discussion

Colorado levies sales and use tax on the sale, use, storage, or consumption of tangible personal property but not on services.¹ Delivery and installation are typically classified as services and, therefore, the charges for these services are not taxable, unless the provision of the service is inseparable from the sale of the taxable goods or the charge for the service is not separately stated.² Tax is collected only on the price paid by the customer³ for the signage and not on the delivery or installation charges if those charges are separately stated and the customer is not required to purchase delivery or installation services from Company as part of the sale of signage.

Colorado administers sales tax for special districts (e.g., the Regional Transportation Authority), most Colorado counties, and certain cities. The sales taxes of some counties and cities (known as home-rule cities and counties) are not administered by the state of Colorado. The Department does not administer the use tax for any local tax jurisdictions except special districts. For a list of local tax jurisdictions administered by the Department, see Department Form DR 1002 on Colorado Sales/Use Tax Rates.

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 here 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 home-rule cities and home-rule counties. You may wish to consult with local governments which administer their own sales or use taxes about the applicability of those taxes. Visit our web site at www.colorado.gov/tax for more information about state and local sales taxes.

Enclosed is a redacted version of this letter. Pursuant to statute and regulation, this redacted letter will be made public within 60 days of the date of this letter. Please let me know in writing within that 60 day period whether you have any suggestions or concerns about this redacted letter.

Sincerely,

Office of Tax Policy
Colorado Department of Revenue

¹ §39-26-104, C.R.S.

² See Special Regulation 1 C.C.R. 201-5: SR 18 (Transportation Charges), and Department Regulation §§ 39-26-102.7(a)(5), -102.12.

³ See Special Regulation 1 C.C.R. 201-5: SR 10(3) (Contractors) for lump sum v. time-and-material contracts.