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## Tax Compliance Guide

### Freight, Delivery, and Transportation Topic 308

(03/2020)

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The *Westminster Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property sold at retail in the City. To the extent a sufficient, legally-imposed sales/use tax was not paid to the City or another municipality at the time of purchase, Westminster use tax is due. The taxable purchase price is defined, in part, as the amount of money received or due in cash and credits inclusive of charges for freight, delivery, and transportation. These charges are subject to tax even when separately stated on the purchase invoice.

Charges representing the actual cost of postage purchased from the U.S. Postal Service are exempt from tax if separately stated.

Transportation via a third party, when arranged and paid for directly by the purchaser who thereby assumes the risk of loss, and not billed as part of the transaction by the retailer, is not subject to Westminster sales/use tax.

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### Examples

1. Customer A purchases a television from a licensed Westminster retailer, who charges her a fee for delivery to her home in the City. This charge, in addition to the purchase price paid for the television, is subject to City sales tax.
2. Business B is a small accounting & bookkeeping firm in the City. Business B purchases three computers for firm use from a vendor out of the City. In addition to the price of the computers, the vendor charges a shipping and handling fee, but does not collect City sales tax. Business B must report and pay a use tax on the purchase price of the computers, including the shipping and handling fee, on the next periodic City sales/use tax return (line 8).
3. Business C purchases checks via the Internet from a licensed Westminster retailer to be sent to Business C's offices in the City. The retailer charges a fee for postage and handling. Although the retailer properly collected sales tax on the price of the checks, they failed to collect tax on the postage and handling fee. This fee is subject to tax because the actual charge for postage was not separately stated. Business C must report and pay a use tax on the next periodic City sales/use tax return (line 8).
4. Business D purchases tools from a Denver retailer. Business D hires a third-party freight company to deliver the tools to its Westminster facility. Because title passes to Business D when the freight company receives the shipment in Denver, Denver sales tax is due on the price of the tools.

Business D must report and pay a use tax on the difference between Denver's combined rate and Westminster's combined rate on the next periodic City sales/use tax return (line 8). Business D does not need to pay use tax on the freight bill received from the third-party freight company.

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### Related Topics

Deliveries Outside the City

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### Citations

*Westminster Municipal Code*  
§ 4-2-2. Definitions

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.

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### Contact Us

For additional assistance, please contact us:

City of Westminster  
Sales Tax Division  
4800 West 92<sup>nd</sup> Avenue  
Westminster, CO 80031

**Phone:** (303) 658-2065

**Fax:** (303) 706-3923

**E-mail address:** [salestax@westminsterco.gov](mailto:salestax@westminsterco.gov)

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