
Tax Compliance Guide

Gas, Electricity, & Steam Topic 343

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The *Westminster Municipal Code* imposes a sales tax upon the purchase price paid for gas, electricity, and steam furnished for domestic, commercial, or industrial consumption. To the extent that a sufficient, legally-imposed sales/use tax was not paid at the time of purchase to the City or another municipality, Westminster use tax is due.

Usage Based Exemptions

Some taxing jurisdictions provide an exemption for domestic consumption and certain other uses such as commercial restaurant or manufacturing consumption. The *Westminster Municipal Code* provides no such exemption. Qualifying wholesale, government, and charitable organization purchases of gas, electricity, and steam are exempted similar to other purchases of tangible personal property and taxable services.

Renewable Energy

The *Westminster Municipal Code* provides no exemption for electricity generated from renewable sources nor does it provide an exemption for equipment used in generating renewable energy. Businesses installing equipment in the City to generate such electricity must pay sales/use tax on the cost of such equipment as well as collect sales tax on the price of the electricity generated and sold to customers within the City.

Examples

1. Business A is a solar company. Business A makes agreements with property owners to install photovoltaic systems with no upfront cost. Upon installation, the property owner purchases the electricity generated by the system for the term of the agreement. At the conclusion of the agreement, Business A either removes the equipment, or sells it to the property owner for fair market value.

Business A must register with the City and pay Westminster sales/use tax on its cost of the system. Business A must also collect sales tax on the purchase price charged to the property owner for the electricity generated by the system. If Business A sells the equipment to the property owner for fair market value, Business A must collect sales tax on the price charged to the property owner for the equipment.

Related Topics

Construction – Solar Systems
Restaurants & Bars
Governments & Charitable Organizations
Special Fuels
Wholesale Sales

Citations

Westminster Municipal Code
§ 4-2-3. Rate; Imposition & Collection; Distribution
§ 4-2-5. Transactions and Items Subject to Tax
§ 4-2-6. Exemptions from Sales Tax
§ 4-2-7. Exemptions from 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

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