
Tax Compliance Guide

Construction – Sign Permits Topic 360

(10/2006)

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NOTE: THIS INFORMATION IS PROVIDED BY THE SALES TAX DIVISION. PLEASE DIRECT ANY QUESTIONS REGARDING SALES AND USE TAX TO THAT OFFICE AT (303) 658-2065

Signs, even when affixed to real property, are considered completed units of tangible personal property. As such, the purchase price paid for a sign is subject to sales tax. Sign companies must obtain a City sales/use tax license and collect sales tax on signs sold in the City. Sign companies may not sell signs on a lump-sum contract basis.

The *Westminster Municipal Code* defines the taxable purchase price to include the gross value of all materials used, labor and services performed and the profit thereon. Additionally, charges for freight, delivery, and transportation are also part of the taxable purchase price. Charges for installation labor may be excluded from the taxable purchase price if they are separately stated on the invoice. Charges for fabrication or manufacturing labor are taxable even when separately stated.

Sign companies must report and pay use tax on the cost of construction materials and supplies used during the installation process. An estimated pre-payment is not collected when a building permit is issued. As such, the actual use tax due must be reported on the periodic City sales/use tax return (line 8).

Examples

1. Sign Company fabricates an electric sign for a Westminster business. Sign Company charges the business \$5,000 for the sign plus \$700 for installation which is separately stated on the invoice. As part of the installation Sign Company does the electrical work using \$100 in electrical construction materials. Sign Company must collect and remit sales tax on the \$5,000 charge for the sign. Additionally, Sign Company must remit use tax on the \$100 in construction materials used on the job.

Citations

Westminster Municipal Code

- § 4-1-5. Retailer Responsible for the Collection & Payment of Tax
- § 4-2-2. Definitions
- § 4-2-3. Rate; Imposition and Collection; Distribution
- § 4-2-5. Transactions & Items Subject to Tax
- § 4-2-6. Exemptions from Sales 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

For additional assistance, please contact us:

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