

# CITY OF STERLING

## 2010

SALES & USE TAX RETURNS



**KEEP THIS BOOKLET**

### CONTENTS

- General instructions
- Specific instructions
- Annual supply of tax returns
- Taxpayer's copies of returns
- Account change/closure form
- Claim for exemption from Sterling tax

**PLEASE FILE IN A SAFE PLACE**

# City Of Sterling

## Sales and Use Tax Returns

### GENERAL INSTRUCTIONS

**FORMS FOR REPORTING:** This booklet contains the forms you will need to report and send payments of City of Sterling Sales and Use Tax for the calendar year. The sales tax returns are printed with your business and billing names, address, and account number, plus the period covered and due date for each return. These are placed in the booklet in the order in which they should be used. Please be careful to use the return that corresponds to the period for which you are filing.

**CHANGES OR CLOSURES:** The Sterling city code requires that you must notify the city if one or more of the following occurs:

- (1) Change of business location.
- (2) Change of mailing address.
- (3) Change of business or trade name.
- (4) Sale of the business.
- (5) Merger of the business with another business.
- (6) Closure / termination of operation of the business.

In order to inform the city, please place an “X” on the appropriate line near the bottom of the sales tax return. If necessary, you may explain details on an attached sheet of paper. Also, please use the Account Change or Closure Form, included in this booklet, to notify the city of any change in the trade (or d/b/a) name, business or mailing address, or contact person, or to notify the city that you need to close your sales tax account. If the business ownership changes, the new owner must apply for his/her own business account number and personalized forms. Please remember, a vendor selling or closing the business must file a final sales tax return on or before the 20<sup>th</sup> day of the month following the close or sale of the business.

An application for a City of Sterling Sales Tax License can be obtained from the city’s Finance Department, or on the City’s website at [www.sterlingcolo.com](http://www.sterlingcolo.com). Also, blank sales tax forms are available at the Finance Department, or on the website, until new printed forms are available.

**KEEPING RECORDS:** Records of both purchases and sales, including sales invoices and purchase orders, must be retained for a period of three years. The burden of proof for exempt sales rests with the seller. A form entitled Claim For Exemption From Sterling Tax is included in this booklet. It is to be used by vendors to document exempt sales. Retain copies of sales tax reports. Records must be open for inspection by authorized representatives of the Finance Director, City of Sterling.

All sums of money paid by the purchaser to the seller as city taxes shall be, and remain, public money, as property of the City. Failure to file a return and pay the taxes collected will result in an assessment from the City for an estimated amount of taxes due. Therefore, it is important to file a return and pay all taxes collected on a timely basis, and to maintain sufficient records to prove the amount of taxes collected and paid. The absence of sales or tax liability does not excuse taxpayers from their obligation to file returns for any reporting period.

## IMPORTANT POINTS TO REMEMBER

- A return **MUST** be filed even when no tax is due.
- Please read the **SPECIFIC INSTRUCTIONS** thoroughly before completing your return.
- Be careful to use the return that corresponds to the period for which you are filing.
- You are welcome to send your completed and signed returns in the envelopes provided.
- Enclose your check, payable to the *City of Sterling*.
- **Please do not staple your check to the return.**
- All late returns must be accompanied by the appropriate penalty and interest (see line 12 of the return).
- Rounding amounts on returns is an acceptable means of completing your return. Your sales tax remittance must not differ from the exact amount of tax collected by more than 50 cents. To use this method, round all amounts from 0 through 50 cents down to 0 (zero) cents, and increase all amounts from 50 to 99 cents to the next dollar.

Returns must be filed with the City of Sterling, at the address below, or in person at the Finance Department at city hall, on or before the 20<sup>th</sup> day of the month following the close of the tax period. (If the 20<sup>th</sup> falls on a holiday or a weekend, your due date is the next available working day.) **Mailed returns must be postmarked by the due date, or late penalties and interest are due.**

## FOR ADDITIONAL INFORMATION, CONTACT:

City of Sterling  
Finance Department  
P. O. Box 4000  
Sterling, CO 80751

Telephone: (970) 522-9700

E-mail: [salestax@sterlingcolo.com](mailto:salestax@sterlingcolo.com)

*The pages which follow are your specific instructions, your Sales and Use Tax return, and other forms.*

## SPECIFIC INSTRUCTIONS FOR SALES/USE TAX RETURN

- LINE 1 GROSS SALES AND SERVICES:** Report all receipts for the period covered. This should include all sales, both retail and wholesale; services rendered; rent receipts; and all amounts both taxable and non-taxable, which you received doing business.
- LINE 2 BAD DEBTS COLLECTED:** Report the bad debts collected which were previously deducted on Line 4D – “Bad Debts Charged Off.”
- LINE 3 TOTAL LINES 1 + 2:** Add Lines 1 and 2, and record the sum on this line.
- LINE 4 DEDUCTIONS:** The following items are exempt from taxation:
- A** Deduct all services that are nontaxable.
  - B** Deduct sales made to other STERLING-LICENSED RETAILERS who purchase such merchandise for the purpose of resale to the consumer.
  - C** Deduct all sales delivered to the purchaser outside the city limits of Sterling, if BOTH the following conditions exist: (a) The sale is to a purchaser who is a nonresident of Sterling and (b) Delivery is made by common carrier, conveyance by the seller, or by mail to the purchaser OUTSIDE the City of Sterling.
  - D** Deduct all sales which were originally YOUR TAXABLE SALES, and which you now deem “uncollectible” or “bad” and have written off as such.
  - E** Deduct the value of property traded-in, which will be resold in the usual course of your business.
  - F** Deduct all your sales of gasoline and cigarettes.
  - G** Deduct all qualifying sales you made to exempt organizations.
  - H** Deduct all your sales that were returned by the purchaser and were previously reported as your taxable sales.
  - I** Deduct all your qualifying sales of prescription drugs and prosthetic devices.
  - J – L** Deduct all other exemptions not covered on Lines 4A through 4I. Other deductions MUST BE IDENTIFIED in the space provided. Restaurant utility credits must be submitted on Form DR 1465, filled out in their entirety, and submitted with the appropriate return. Late DR 1465 forms will not be allowed.
- TOTAL DEDUCTIONS:** Total all deductions claimed in Lines 4A through 4L.
- LINE 5 NET TAXABLE SALES AND SERVICES:** Subtract TOTAL DEDUCTIONS from Line 3.
- LINE 6 AMOUNT OF CITY TAX:** Report the amount of sales tax calculated. The sales tax is calculated by multiplying Line 5 – Net Taxable Sales and Services – by the sales tax rate (currently 3%, or 0.03).
- LINE 7 EXCESS TAX COLLECTED:** Report the amount of tax collected in excess of the effective rate of tax levied on retail sales.
- LINE 8 TOTAL SALES TAX:** Add Lines 6 and 7.
- LINE 9 USE TAX:** Use tax is assessed on items that are purchased for the business’ own use, and on which no city sales tax has been paid and no tax exemption exists. List all purchases on a separate sheet of paper as follows: Date of purchase, name and address of vendor, type of product purchased, and purchase price. Enter the total purchase price of products in the blank labeled “Amount Subject to Use Tax” on Line 9. Then calculate the use tax by multiplying the total purchase price of products by the effective use tax rate (currently 3%, or 0.03).

- LINE 10**    **PENALTY AND INTEREST:** If your tax return was mailed or dropped off after the due date, you are required to pay a penalty and interest. The penalty is 10% of Line 8 + Line 9. The interest is 1% per month (or part of a month) of Line 8 + Line 9. Enter the total penalty and interest, and the sum of the two, in the appropriate spaces under Line 10.
- LINE 11**    **TOTAL TAX, PENALTY & INTEREST:** Add Lines 8, 9 and 10.
- LINE 12**    **UNDERPAYMENT ON PRIOR RETURN:** An error notice, a delinquent letter, or a Notice of Assessment will be sent to any taxpayer that is delinquent, or whose underpaid taxes are due. Attach a copy of the notice to your return, and show underpayments due to the City of Sterling.
- LINE 13**    **OVERPAYMENT ON PRIOR RETURN:** An error notice, or Notice of Overpayment will be sent to any taxpayer that has overpaid taxes due. Attach a copy of the notice to your return, and show the overpayment due you.
- LINE 14**    **TOTAL DUE AND PAYABLE:** Add Lines 11 and 12 and subtract Line 13. Make your check or money order payable to the "City of Sterling."

## ACCOUNT CHANGE OR CLOSURE FORM

Use this form to notify the City of Sterling of any change in the trade name (or d/b/a), change of business or mailing address, contact person, or to notify the city that you want to close your sales tax account. If you are closing your account, please indicate the appropriate reason.

### TRADE NAME OR ADDRESS CHANGE

CURRENT NAME AND ADDRESS	NEW BUSINESS NAME AND ADDRESS
Name	Name
Address	Address
City/State	City/State
	<input type="checkbox"/> Business Address <input type="checkbox"/> Mailing Address <input type="checkbox"/> Both

### CHANGE OF OWNERSHIP/BUSINESS CLOSURE

LAST DAY OF BUSINESS:	NEW OWNERSHIP INFORMATION
Reason:	Name
<input type="checkbox"/> Ownership has Changed	Address
<input type="checkbox"/> Business has been permanently discontinued	
<input type="checkbox"/> Business has been sold	City/State

### CHANGE OF CONTACT PERSON

CURRENT CONTACT PERSON	NEW CONTACT PERSON	
Name	Name	
Phone #	Phone #	
Fax #	Fax #	
Authorized Signature	Telephone Number	Account Number

If your retail business location changes during a filing period you must file a separate sales tax return for the taxes collected at each location.

CLAIM FOR EXEMPTION FROM STERLING TAX

Organization Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Phone Number: \_\_\_\_\_

Basis of Exemption: \_\_\_\_\_ - Charitable \_\_\_\_\_ - Governmental

Exemption Number or other evidence of Federal 501(c)(3) Status: \_\_\_\_\_

You must answer yes to all of the following statements for the purchase to qualify for the tax exemption.

Yes No

\_\_\_ \_\_\_ The following purchase is included under and is part of the regular charitable functions and activities of the organizations, or purchased in a government capacity.

\_\_\_ \_\_\_ The transaction is billed directly to the organization and payment is made directly from the organization funds.

*Purchases of food or lodging by individuals do not qualify for the exemption even though the individual will be reimbursed by the organization or government.*

\_\_\_ \_\_\_ No reimbursement for this purchase will be received by the organization such as through the purchase of a ticket, payment of a registration fee, or receipt of a contribution or charge.

*The exemption does not apply to food, beverage, or lodging where the recipient of the food, beverage, or lodging reimburses the organization in any way, such as by the purchase of a ticket, payment of a fee, or making an involuntary contribution.*

The undersigned declares that the above statements are in fact true and that the exemption does apply.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Please Print)



**Vendor's Office Use Only**

Verified direct billing to organization (documentation attached)

Date: \_\_\_\_\_

Initials: \_\_\_\_\_

*Retain this form in your records for audit purposes for at least four years.*