



Town of Windsor
Finance Department - Sales Tax Division

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FREQUENTLY ASKED QUESTIONS

STARTING, BUYING OR CLOSING, SELLING A BUSINESS:

WHAT IS REQUIRED FOR LICENSING, REPORTING FINAL SALES TAX DUE, AND PAYMENT OF TAX DUE ON TANGIBLE BUSINESS ASSETS?

In Windsor, a sales tax license terminates the day the business changes ownership or quits. No license shall be transferable. The new owner is required to **obtain a new sales tax license** prior to the first day of business under their ownership.

A Final sales tax return and payment must be remitted to the Town of Windsor within fifteen (15) days after the business is sold or the taxpayer quits business. A final return must include all current and delinquent sales tax, penalty and fees collected through the last day of business.

Sales tax must also be remitted for tangible personal property assets acquired with the purchase or transfer of possession of the business based on the purchase price paid, within fifteen (15) days of purchase. Colorado Department Of Revenue requires payment within twenty (20) days of purchase (*see CDOR FYI Sales 74 for more state information*). Tangible assets do not include tax on inventory that is intended to be resold to the public in the course of *regular business*. *Examples of tangible assets would include items like cash registers, shelving, scales, machinery, tools, ice makers, ovens and appliances, furniture, non-disposable dishes and service wear, utensils, linens, etc.*

The Purchaser shall withhold sufficient money to cover all taxes until such time that the former owner produces a receipt from the Director showing all taxes have been paid in full.

Both the Seller and Purchaser is personally liable for all sales tax due and both are subject to tax collection proceedings for unpaid taxes, interest, and penalty and collection costs. Delinquent taxes are a subject to a lien on both the seller and purchaser.

A bona fide gift of tangible personal property is not a "sale".

No final inspection shall be made by the Building Inspector and no Certificate of Occupancy shall be issued unless all taxes due have been paid. *Town of Windsor Ordinance, Sec 4-45*

CHECK OFF LIST IF YOU ARE THE **SELLER OF THE BUSINESS**

- ✓ Notify the sales tax office, in writing, the final business date, update your contact information and provide name and contact information of the purchaser.
- ✓ Remit and sign the Final return & payment within fifteen (15) days after the business or stock has sold or the taxpayer quits business.
 - must include all current and delinquent sales tax, penalty and fees collected through the last day of business and any sales tax due on the sale of tangible property.
- ✓ Obtain a receipt from the Finance Director showing all taxes have been paid in full.

CHECK OFF LIST IF YOU ARE **STARTING, BUYING OR TAKING OVER A BUSINESS**

- ✓ Obtain a new Town of Windsor sales tax license prior to first business day.

The license application may be downloaded from the Town of Windsor website at www.windsorgov.com; then click on **Doing Business - Sales Tax - Applications and Forms**. This is a PDF format and you must have at least Version 6.0 Adobe Reader, or Internet Browser, or Netscape to print.

- ✓ Remit the tax on the purchase price paid for the tangible property assets acquired with the purchase or possession of a business within fifteen (15) days – if it hasn't been paid by the seller (look for the receipt showing all taxes are paid in full).
 - Do not include inventory items that are to be resold in the course of regular business operations.
 - Tax price is based on the price paid for such chattels as recorded in the bill of sale or agreement at the time of sale or transfer, provided that the valuation is as great as or greater than the fair market value.
 - Tax for LUMP-SUM or PACKAGE DEALS shall be based on book value if no determination has been made.
 - Tax when a business is a TAKE OVER in return for the assumption of outstanding indebtedness, shall be paid on fair market value.
- ✓ Purchaser is required to withhold money, sufficient of the purchase, to cover all said taxes until the former owner produces evidence that taxes have been paid in full OR the Purchaser may pay the tax on the tangible personal property assets directly to the Town of Windsor Finance Department.

For more information on Licensing or Seller and Purchaser Liability, call the Sales Tax Office at (970) 674-2486 or go on-line and read the Municipal Code Sections 4-3-310 and 4-3-430.