



**Town of Windsor**  
**Finance Department - Sales Tax Division**

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[www.windsorgov.com](http://www.windsorgov.com)

# **FREQUENTLY ASKED QUESTIONS**

## **LEASES OF MOTOR VEHICLES and OTHER TANGIBLE PERSONAL PROPERTY**

*Windsor is a Home Rule City effective January 1, 2005. Wherever the Windsor Municipal Code makes references to Title 39, Chapter 26 C.R.S. (Colorado Revised Statutes) it means that the provisions of such title are in effect as of December 31, 2004, unless specifically stated to the contrary in the Windsor Municipal Code. Changes in the Colorado Revised Statute after December 31, 2004 may or may not be adopted by the Town of Windsor. (Always check for updates)*

Windsor Municipal Code Section 4-3-480 - Tax on credit sales. "Whenever tangible personal property is sold... under a conditional sales contract or rental purchase contract, whereby the seller retains title as security for all or part of the purchase price, the total tax, based on the total selling price, shall become immediately due and payable."

Leases are subject to the same sales taxes as if an outright sale of property has taken place. If the lessor retains title to a vehicle or equipment in the Town, the lessor meets the definition of "engaged in business", Windsor Municipal Code, Sec. 4-3-30, and the vendor must obtain a Windsor sales tax license, and must collect and remit the Windsor sales tax due.

### **COLLECTION REQUIREMENT ON LEASES**

**Leases more than 36 months:** When the right to continuous possession or use for more than three (3) years of any article of tangible personal property is granted under a lease contract, sales tax shall be determined based upon a monthly lease payment. The lessor must be licensed with the Town and the lessor shall calculate, collect and report sales tax directly to the Town.

**Leases 36 months or less:** In the event the lease is less than 36 months – the Town may allow the lessor to opt to collect the sales tax on (1) the entire value of the lease, or (2) each individual lease payment. However, once the vendor establishes how the tax is collected, they are not allowed to deviate from the selected approach.

*Location of the "lessor"* - The lessor location is a factor in determining how the tax is imposed. If a lessor prepares the lease papers and the lessee obtains tangible personal property from the lessor, then the location of the lessor is used as the lessor's location. If a leasing or finance company prepares the lease papers, but the tangible personal property is obtained from a store or company other than the location of the leasing company, the location of the store is used as the location of the lessor. If a broker prepares the lease papers, the location of the broker is used as the location of the lessor.

*Location of the "lessee"* – The lessee location must also be considered. The address where the vehicle is to be garaged should be used as the lessee location. If the vehicle is garaged in Windsor (see the town of Windsor Street/Address Locator found on the website) then Windsor sales tax is applicable.

If the locations of both the lessor and the lessee are in the same jurisdiction, then sales tax is calculated based on the regulations in that local jurisdiction. However, if the locations of the lessor and lessee are in different jurisdictions, the lessor **must** calculate, collect and remit all applicable city, county, and state sales tax **based on the jurisdiction of the lessee**.

## **DEFINITIONS:**

*Engaged in Business* in Windsor means performing or providing services, or selling, leasing, renting, delivering, installing or any activity in connection with the selling, leasing, renting, delivering or installing in the Town of tangible personal property by a retail sale as defined, for use, storage, distribution or consumption within the Town. Including the following acts or methods of transaction business:

- a. Maintaining with the Town, directly or indirectly or by a subsidiary, an office, building, structure, store, distribution house, salesroom or house, warehouse, mobile vendor or other place of business.
- b. Maintaining within the Town an office for employees, agents or commissioned sales persons to solicit business or to install, assemble, repair, service or assist in the use of its products, or for demonstration or other reasons.
- c. Owning, leasing, renting or otherwise exercising control over real or personal property within the Town.

*Gross Taxable Sales* means all sales at retail, valued in money, when such sales are made under conditional sales contract or under other forms of sale where the payment of the principal sum hereunder is extended over a period longer than sixty days.

*Sale or Purchase* means to include installment and credit sales and the exchange of property/title as well as the sale for money...conditional or otherwise, for a consideration, constituting a sale within the Town of Windsor.

*Lessor* is defined as a leasing company, broker or dealership that prepares the lease and/or delivers the property to the lessee.

*Lessee* is defined as the person or company that leases the property.

## **MOTOR VEHICLE – Lease vs. Purchase:**

- The “**Lease**” of a motor vehicle is not looked at the same as a purchase of a vehicle. The lease is subject to Windsor sales tax when the location of the lessee is within the Town of Windsor city limits. Sales tax on a motor vehicle lease should be calculated on the Monthly lease payment and the sales tax is reported directly to the Town of Windsor. The lessor must hold an annual Town of Windsor Sales Tax/Business license.
- The “Purchase” of a motor vehicle – There is no sales tax due on the “**purchase**” of any motor vehicle made by a Town of Windsor resident regardless if the purchase is made inside or outside the city limits. Windsor has never imposed Use Tax or Sales Tax on motor vehicle sales from dealerships located outside of the Town of Windsor city limits. Effective February 1, 2011 the Town of Windsor City Council imposed a sales tax exemption on motor vehicles “purchased” from dealerships located within the city limits if the buyer is a Town of Windsor resident. (WMC Sec. 4-3-180(d)) This ordinance did not include exemptions on the lease of a motor vehicle.
- Windsor *does not permit an exemption* on the purchase or on the lease of machinery or machine tools used in manufacturing. (Windsor Municipal Code, Sec. 4-3-180 and 4-3-200) even though the State of Colorado does allow this exemption.

## **REFERENCES:**

(To access the two links below, simply press Ctrl and click over the website address.)

The Town of Windsor Sales & Use Tax regulations are in Chapter 4, Article III of the Municipal Code, which can be viewed on-line [www.windsorgov.com](http://www.windsorgov.com). Click on **Our Government**, select **Municipal Code** and **Chapter 04 - Revenue and Finance**.

The Colorado Department of Revenue Sales & Use Tax regulations are in Title 39, Chapter 26 C.R.S., which can be viewed on-line at [www.revenue.state.co.us](http://www.revenue.state.co.us). To get to the Sales Tax Information, Click on Taxation – FYIs - Sales Tax.

This FAQ is provided as general information concerning the Town of Windsor sales tax regulations. It is represented in straightforward language and in a good faith effort to provide accurate and complete information. It is not, however, binding or intended to alter, replace or supersede the Town of Windsor or State of Colorado regulations or law.