

City of Colorado Springs

# Tax Guide

## Gifts and Giveaways

A bona fide gift of property from one individual to another is not taxable provided the transfer of property is unilateral, unconditional, and no consideration of any kind is involved. The City of Colorado Springs Tax Code provides no exemption for the **sale or purchase** of tangible personal property to be used as gifts or giveaways. The purchaser must pay sales or use tax on the purchase price of the item given away.

### Common Examples

1. An office supply company buys calendars to be given away as a promotion. The company is subject to paying sales tax on the purchase price of the calendars. If sales tax was not paid at the time of purchase, the office supply company must pay use tax.
2. A local appliance company hosts a grand opening event and is giving away a refrigerator and a dishwasher. The appliance company is liable for remitting use tax on the cost of the two items removed from inventory.
3. An individual buys a new refrigerator from a vendor located in Colorado Springs and plans to donate it to a church. City sales tax must be paid on the purchase of the refrigerator. There is no exemption for sales tax on items purchased to be donated.
4. An individual purchases a watch from a jeweler located in the City. The individual intends to give the watch as a gift to a friend. The individual must pay city sales tax to the vendor on the initial purchase of the watch. There is no further tax liability on the transfer of property between the individual and the friend as long as the gift was given unilaterally, unconditionally, and there was no consideration of any kind involved.

### CS CODE SECTION

2.7.104 Words and Phrases:  
Adjusted Gross Sales and Services,  
Distribution,  
Price or Purchase Price,  
Retailer  
2.7.201

### Related Tax Guides

Automotive Vehicles (Gifts of)  
Exempt Purchases Converted to  
Taxable Use

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*This guide provides an overview of specific subject matter and is not intended to be substituted for the full text within the City of Colorado Springs Tax Code.*

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01/2019

Question? email us at:  
salestax@springsgov.com