

City of Colorado Springs

Tax Guide

Made to Order, Manufactured, Fabricated Articles, and Works of Art

CS CODE SECTION

2.7.104 Words and Phrases:
Purchase or Purchase Price (h)
2.7.102, 2.7.201, 2.7.301
2.7.308, 2.7.312, 2.7.438

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

01/2019

Question? email us at:
salestax@springsgov.com

Made to Order and Manufactured Articles

Retail sales or purchases of made-to-order, manufactured or fabricated articles are taxable at the full price charged to the customer. The sales price includes the gross value of all materials, labor, service, and profit. Fabrication or assembly labor charges are taxable even if the customer provides the materials.

Common Example

A furniture company is hired to make a custom dining room table for a client. The company invoices the following items; lumber \$3,400.00, misc. supplies \$75.00, labor \$1,775.00 for a total amount due of \$5,250.00. The full amount of \$5,250.00 to manufacture the table is taxable. The labor to fabricate the article is taxable as it converts raw materials (lumber, nails, glue) into a usable finished good (table). Installation labor is distinctly different and is not taxable.

Works of Art

Tangible personal property specifically produced by an artist on commission, as an exclusive item, is considered a work of art and not subject to sales tax. The artist is subject to the payment of sales or use tax on the materials necessary in the creation of the work of art that was contracted or commissioned.

Any subsequent sale of the original work of art or copies of that work of art are sales of tangible personal property is subject to city tax.

Common Example

1. A public relations firm commissions an artist to draw a portrait of a star football player. The public relations firm will have 5000 copies of the artwork made into posters to sell to fans. The artist owes sales or use tax on the materials consumed in the performance of their commissioned work of art and does not charge sales tax for the original portrait. However, the public relations firm is required to collect sales tax on the retail price of the posters sold and delivered into the City.