Instructions for Standard Municipal Home Rule Affidavit of Exempt Sale

These instructions are specific to the jurisdiction in which this purchase has been made. Qualifying for an exemption may differ for each jurisdiction, and these instructions are not intended to set forth the requirements of any jurisdiction other than the one indicated.

General Instructions

Purpose of Form
This form is used to certify to sellers that a purchase qualifies for exemption under Article 7, Chapter 2 of the Colorado Springs City Code.

For sellers, accepting and keeping this document helps you get correct information about the purchaser, which allows you to prove this is an exempt sale during a tax audit.

For Purchasers, completing this document and giving it to a seller helps to speed up your purchase process.

Reminders

Furnish to the seller. This form should be furnished to the seller charging the tax. Do not send this form to the taxing jurisdiction. This form is not for organizations to request certification of their tax-exempt status.

Direct payment is required. Purchases must be billed to and paid directly by the funds of the organization or agency to qualify for exemption. Payment in cash (without a purchase order) or by personal check or personal credit card disqualifies a purchase from exemption even if the purchaser is subsequently reimbursed. Purchases made on credit cards issued by the organization but where the cardholder receives and pays the bill and is subsequently reimbursed also do not qualify for exemption.

Reimbursement disqualifies exemption. If the organization or agency will be reimbursed, in whole or in part, the purchase is disqualified from exemption.

Any purchases supported by outside funds, directly or indirectly, does not qualify for exemption. Common examples **disqualifying** the exemption, *but not limited to*: include food for a banquet where **tickets** are sold, hotel rooms or meals for a conference funded by **registration fees**, and any purchase paid for or offset by **grants, fundraising proceeds, donations, sponsorships**, or pass through payments.

Disputed tax must be collected. If there is a dispute between the purchaser and the seller regarding whether the tax applies, Section 2.7.401 of the City Code requires the seller to collect the tax. The seller should give the purchaser a receipt showing the tax collected. The purchaser may apply to the applicable municipality directly for a refund by filing a *Claim for Refund* form along with the appropriate documentation within 60 days of the date of the purchase.

Signature required. The individual making the purchase must sign and date the form at the bottom. A separate affidavit may be required for each transaction. General purchaser or store information may be completed in advance and kept on file by the seller or purchaser for ease of use.

Purchaser Instructions

Purchase details. Identify the accurate qualified exemption reason and complete the required information for that exemption.

Purchaser information. Print the legal name of the organization or agency. Governmental agencies should include the government's name and the department or agency, for example, the US Department of Transportation, Colorado Department of Education, or Adams County Human Services. Abbreviations such as "Dept." are acceptable but do not use acronyms. List the organization's or agency's mailing address, municipality, state, and zip code.

Expedite purchase. Purchase details and purchaser information may be completed in advance, and the partially completed form kept on file by the purchaser for completion at the time of each transaction.

Declaration of affiant. The individual purchasing on behalf of the exempt organization or agency (the affiant) must complete the declaration.

Signature. You are swearing, under penalty of perjury, to the accuracy of the statements made in this Affidavit. Carefully read and ensure that you understand each item before signing this Affidavit; after reviewing the form for accuracy, sign and date the form. Furnish this form to the seller. Do not send a copy to the municipality.

Seller Instructions

Sellers have the burden of proving that a transaction was properly exempted. If the municipality subsequently disallows an exemption, you (the seller) could be liable for the tax, penalties, and interest. This form is provided to help you determine if a sale qualifies for exemption. The sale is not exempt from taxes simply because this Affidavit is completed. The responsibility for proper collection of taxes remains with the seller. You are encouraged to obtain this form for each transaction and complete all information in the lower *Seller Verification* section.

Resale/Wholesale transactions. To qualify as an exempt purchase for resale or wholesale, the items purchased must be reasonably deemed for sale in the ordinary course of business of the purchaser. For resale/wholesale transactions, the seller must collect the applicable license information and exercise sound judgment and a reasonable amount of skepticism to ensure the items purchased are reasonably for sale in the purchaser's ordinary course of business.

For example, a restaurant would not be allowed to buy dish soap for **resale** because restaurants do not sell dish soap in the ordinary course of business but instead **use** dish soap in the operation of the business. Dish soap is not a reasonable purchase for a restaurant; this is not an exempt transaction.

(Sellers Instructions Continued)

The Affidavit needs to be completed in its entirety. Be sure the information is complete, accurate, and legible. Review the information, and particularly verify that the government ID number and purchaser's name are correct. Also, be sure that the digits required from the credit cards are correct. Only record and keep those digits from the credit card the Affidavit requires. The purchaser's signature should be the same as on their driver's license.

Sellers should review guidance on accepting government credit cards. Not all cards qualify for exemption, even though they bear specific listed characteristics.

Collection of this form does not provide a safe harbor from disallowance by the municipality. Retain this form for at least three years.

City of Colorado Springs Specific Instructions

Charitable & Religious Organizations. Direct sales to and direct purchases by religious and charitable organizations, in the conduct of their religious and charitable functions and activities only, provided that a letter of exemption from the City is possessed by the organization. A copy of the City Certificate of Exemption should be retained with this completed Affidavit.

Not all organizations meet the criteria for exemption. While some entities qualify for exemption from federal income tax under section 501c3 of the Internal Revenue Code, they may not necessarily qualify as charitable organizations for city sales and use tax purposes. Examples of such organizations include non-profit or private clubs, employee or social clubs, non-profit recreational organizations, lodges, patriotic organizations, fraternities, sororities, professional or trade organizations or associations, civic organizations, labor unions, and political organizations. However, religious and charitable organizations that do meet the qualifications must serve an indefinite number of people and provide voluntary assistance to meet physical, mental, or spiritual needs, thereby alleviating the burden on government resources.

Wholesale/Resale Transactions. Wholesale and resale transactions have undergone significant regulatory changes in Colorado Springs since September 2020. The adoption of Marketplace Facilitator, Marketplace Seller, and Economic Nexus rules by the city has rendered the classification of wholesale/resale exceptionally rare. Consequently, most businesses are now obligated to collect city taxes. It's important to note that Colorado Springs no longer issues wholesale or resale licenses. However, if a business qualifies as a wholesaler or reseller, it should attach a copy of the state wholesale license or city resale certificate along with this Affidavit.

Construction materials. This Affidavit may not be used to purchase construction materials. The City of Colorado Springs does not exempt the purchase of materials by contractors performing a contract with a governmental entity (i.e., Federal, State, Local, including schools) or a Religious or Charitable organization. Contractors are deemed to be the end users of the construction materials and are not exempt from tax payments.
The full text of the City of Colorado Springs Tax Code can be viewed at coloradosprings.gov

Standard Municipal Home Rule Affidavit of Exempt Sale

This form is provided by home rule municipalities within the State of Colorado to record supporting information for any transaction on which an exemption from tax is claimed. The form is maintained by the seller for tax-exempt sales. **Furnish this form to the seller. Do not return this form to the taxing jurisdiction.**

Purchase Details

☐ **Purchase for resale - or -** ☐ **Purchase for wholesale** **(Qualifications may vary by jurisdiction – see instructions)**

State license number (not FEIN number):_____ Expiration:_____

Local license number (if applicable):_____ Issuing municipality:_____

☐ I affirm items purchased are for resale/wholesale in the ordinary course of business. Initial_____

☐ **Purchase by religious or charitable organization** **(Exemptions may vary by jurisdiction)**

State tax-exempt number (not FEIN number):_____

Local tax-exempt number (if applicable):_____

Issuing municipality:_____

Payment information (required to meet one of the following):

☐ Paid by cash and accompanied by a purchase order from the organization

☐ Paid by check drawn on funds of the exempt organization

☐ Paid by purchasing card bearing information of the exempt organization

The embossed name of the card is:_____

☐ Paid by commercial card, not a personal credit card - card's last four digits:_____

Registration fees, ticket sales from attendees, sponsorships,or similar reimbursements to the organization disqualify the tax exemption, see instructions

☐ **Purchase for federal, state, or local government**

Credit card number (first six and last four only:_____-_____XX-XXXX-_____

Federal government (payment information – required to meet one of the following):

☐ GSA SmartPay3 card – fleet card: green with picture of a road

☐ GSA SmartPay3 card – purchase card: red with picture of an eagle

☐ GSA SmartPay3 card – travel card: blue with picture of an airplane

☐ GSA SmartPay3 card – integrated card: gold with picture of a globe

☐ GSA SmartPay3 card – tax advantage travel card: silver with picture of a hotel and car

☐ Dept of Interior agency-issued card – agency name_____

State and local government (payment information – required to meet one of the following):

☐ Paid by cash and accompanied by a purchase order issued by the government agency

☐ Paid by check issued by and drawn on funds from the government agency

☐ Paid by government purchase card as designated on the card

State tax-exempt number printed on the card (Colorado only):_____

☐ Check if the card states "for official state use only" or "tax exempt."

Not all military travel/ P-Cards qualify. Go to the GSA Smart-Pay website to identify the exemption status.

☐ **Purchase for foreign and diplomatic exemptions (required to meet the following):**

☐ Purchaser presents a state department-issued card with the name/photo of the bearer on the card.

If presented with this card, documentation of the form of payment is not required (excluding a mission card).

☐ **Other qualified exemption**

Nature of exemption:_____ Exempt number:_____

Purchaser Information

Legal Name of Company/Organization/Agency Name			**Purchaser Name (Printed)**	
Address		**City**	**State**	**Zip + 4**
Phone	**Government Issued ID #**	**Description of Normal Course of Business**		

Under penalty of perjury, I swear or affirm that the information on this form is true and correct as to every material matter. I affirm that the items purchased tax-exempt will be used for official business of the above-named organization or agency. I accept that I remain directly liable for the taxes and any applicable penalty or interest if my purchase is found to not qualify for the exemption or if the information asserted in this form is deemed fraudulent.

Signature	**Date**

Seller Verification

Seller Name	**Location #**	**Date**	**Transaction ID**	**Employee ID# / Initials**
Description of Items Purchased or Attach Duplicate Receipt/Invoice			**Exempted Amount of Purchase**	