**Tax Compliance Guide**

**Employee Sales**

*(02/2022)*

The *Aurora Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property and certain taxable services sold at retail within the City. Sales and use taxes are transactional, and are therefore imposed upon each taxable transaction.

### Sales to Employees

Sales of tangible personal property and taxable services to employees are subject to tax on the purchase price paid by the employee. Such purchase price may be discounted from the price charged to the general public. If the discounted price is less than the employer’s cost of the item sold, the employer must pay a use tax on the difference between the purchase price paid by the employee and their cost.

### Purchases from Employees

Purchases of tangible personal property and taxable services from employees are subject to use tax on the purchase price paid by the employer. This includes items which the employee purchased for taxable use and previously paid a sales or use tax on. Employers must report the use tax due on their next periodic City sales/use tax return.

### Examples

1. Restaurant A offers employees a 10% discount on all food purchased by employees. Aurora sales tax would be due on the purchase price paid by the employee.

2. An Aurora accounting firm needs a new table for their conference room. Employee B has a table in storage that she purchased and used. Employee B paid sales tax on the table when he/she purchased it. Employee B agrees to sell the table to the firm for $100. Employee B is not licensed to collect City sales/use tax. The firm must report use tax due on the $100 purchase on their next periodic City sales/use tax return.

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**Related Topics**

- Coupons, Discounts, and Promotional Items
- Properly Exempted Purchases Converted to Taxable Use

**Citations**

- *Aurora Municipal Code*
  - § 130-31. Definitions
  - § 130-33. Legislative Intent
  - § 130-156. Taxable Items
  - § § 130-160. Responsibility for payment
  - § 130-161. Schedule of Taxes
  - § 130-196. Levy

**Contact Us**

For additional assistance, please contact us:

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