The **Aurora Municipal Code** imposes a use tax upon the privilege of using, storing, distributing, or consuming tangible personal property or taxable services purchased, leased or rented at retail in the City.

Tangible personal property used by a retailer, wholesaler, or salesperson to sample, demonstrate, or display goods available for sale is subject to Aurora sales tax. If Aurora sales tax is not paid to a licensed vendor at the time of purchase, then the purchaser must remit use tax directly to the City. This may occur if sample units are purchased as part of a quantity of units for resale.

The intent of the purchaser to subsequently resell sample, demonstration, or display units does not necessarily qualify the items for exemption even if the units are carried as “inventory” on the purchaser’s books. Rather, the purchaser must show clearly that the primary purpose of the purchase is resale in an unaltered condition and basically unused by the purchaser. In general, taxation is the rule and exemption the rare exception. If the sample, demonstration, or display units are subsequently resold, sales tax must be collected on the sales price at that time.

The basis of the use tax is the purchase price paid for the sample, display or demonstrator units. No reduction in the tax is permitted on account of the length of time the items are used, the amount of consumption, or tax collected on future sales of the units. If the sample, demonstration, or display units are fabricated by the user, the basis of the tax is the cost of raw materials.

### Examples

1. **Company A** is an Aurora electronics retailer. To induce customers to purchase goods, Company A uses some of its inventory as demonstrator units on its sales floor. These demonstrator units are connected to a power source and are operated during store hours. Company A does not adjust its inventory values on its books, as these units will ultimately be resold.

   Since the demonstration units remain for sale and are ultimately sold, company A does not owe a use tax. Company A must collect sales tax on the sale of the demonstration units.

2. **Company B** is a furniture retailer with a showroom in Aurora. Company B uses furniture, rugs, and decorative accessories and fabric swatches in its showroom. Customers who like the furniture select the desired fabric pattern and place an order.

   Some orders are filled immediately with stock in Company B’s attached warehouse, and others are fabricated and delivered to the customer at a later date. Some of the floor samples are eventually touched up and sold at a reduced retail price. The rest are discarded. The decorative accessories are either re-used or discarded.

   Company B must pay a use tax on the purchase price paid for all of the floor samples and decorative accessories. Company B must also collect sales tax on the price charged for the floor samples that are subsequently resold.

3. **Company C** is a grocer. On the weekends Company C offers its customers samples of food taken from inventory and prepared for consumption. Company C must pay use tax on its cost of the inventory, including any napkins, toothpicks, disposable cups, which it uses to distribute the samples.

4. **Company D** is a shoe retailer. Customers at Company D’s store try on shoes for fit and appearance. Customers may briefly walk in the shoes within the store, but they must use socks and cannot remove them from the store to prevent wear. If the customer is satisfied with the sampled pair of shoes, they purchase that pair. Because the shoes are sold in an unaltered condition and basically unused, Company D does not owe a use tax. Company D must collect a sales tax on the price charged for the shoes.

5. **Company E** is a second-hand store. It acquires used goods for sale from its retail storefront in Aurora. Company E places its inventory on its sales floor for sale in an “as is, where is” condition. Although Company E is displaying its merchandise, the goods are unaltered between the time of acquisition and resale. The fact that the goods are used when Company E acquires them does not subject Company E to a tax on such acquisition. When Company E subsequently sells the products at retail, it must collect a sales tax on the price charged even though tax may have been collected on a previous transactions involving the goods when they were purchased new.

### Related Topics

**Automobile Dealers & Demonstration Vehicles**
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
§ 130-199. Use tax credit

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