

# City of Loveland

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DOING BUSINESS WITHIN THE CITY LIMITS OF LOVELAND

PHYSICAL PRESENCE NEXUS VS. ECONOMIC NEXUS

# What to Expect.

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In this presentation, we will go over:

- What nexus is, and how to determine if you have it.
- How to get a sales tax license.
- What tax rate should be collected.
- How to remit sales tax to the City of Loveland.
- Frequently asked questions.



# What is Nexus?

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Asking if you have nexus with the City of Loveland is like asking if are you doing business within the City of Loveland.

The City of Loveland has guidelines to help determine if you are doing business within the city limits. If you are doing business within the City of Loveland, you will fall into one of two types of nexus groups:

- Physical presence nexus or economic nexus.

\*If you fall into one of these groups, you are required to:

- Have a City of Loveland sales tax license.
- Collect sales tax from your Loveland customers.
- Remit sales tax to the City of Loveland.

\*Exception: if your company is manufacturing only, wholesale only, or non -taxable service only, you are not required to obtain a sales tax license for the City of Loveland.



# How to Create Physical Presence Nexus:

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Performing or providing services or selling, leasing, renting, delivering, or installing tangible personal property for storage, use, or consumption within the City of Loveland.

Engaged in business in Loveland includes, without limitation, any of the following activities:

- Directly, indirectly, or by a subsidiary, maintaining a building, store, office, salesroom, warehouse, or other place of business within the city;
- Sending one or more employees, agents, or commissioned sales persons into the city to solicit business or to install, assemble, repair, service, or assist in the use of its products, or for demonstration, or for any other reason;
- Maintaining one or more employees, agents, or commissioned sales persons on duty at a location within the city;
- Owning, leasing, renting, or otherwise exercising control over real or personal property within the city.

## Physical Presence Nexus

has been in place since 1998. This is not a new law. It was NOT enacted due to the Wayfair Case.

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# How to Create Economic Nexus:

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Businesses with physical presence nexus in Colorado



Ship taxable items into/within Loveland.

Businesses that do NOT have physical presence nexus in Colorado



Have more than \$100,000 in Colorado taxable sales and ship taxable items into Loveland.

# How to Apply for a Sales Tax License.

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## **APPLY ONLINE**

Go to [www.cityofloveland.org/salestax](http://www.cityofloveland.org/salestax)

Click on Online portal Citizen Access.

Follow the prompts to complete Citizen Access registration and then apply for a sales tax license.

## **APPLY USING A PAPER FORM**

Go to [www.cityofloveland.org/salestax](http://www.cityofloveland.org/salestax)

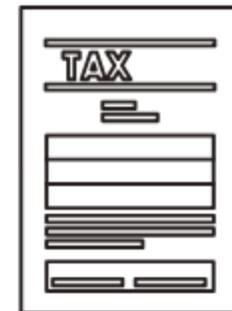
Click on Forms

Click on Sales Tax Application

Print, complete, and mail or walk in.

## **BENEFITS TO APPLYING ONLINE**

- ❖ View your license number immediately.
- ❖ Have online access to your account.
- ❖ File returns immediately.
- ❖ Pay returns and balances due.
- ❖ Renew your sales tax license.
- ❖ It's fast, easy, and secure.



# Charging the Correct Sales Tax Rate.

Sales tax rates may change based on where your business is located and where your customer is taking possession of the taxable item.

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## Businesses that have physical presence nexus in Colorado:

Customer takes possession of the item at your store (physical location in Loveland).

- Charge the sales tax rate per your location. If you are within the city limits of Loveland, you will charge 6.7% (2020 Sales Tax Rate)

Shipping the item to a customer in Loveland (regardless of transportation type):

- If you have \$100,000 or less in Colorado taxable sales you can choose to collect sales tax based on where you shipped the item (destination sourcing) OR you can choose to collect the sales tax based on where your business is located. This 2nd option is only available until the Colorado Department of Revenue creates it's own GIS system.
- If you have more than \$100,000 in Colorado taxable sales, you are required to collect sales tax based on where you shipped the item (destination sourcing).

# Charging the Correct Sales Tax Rate continued...

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## Businesses that do NOT have physical presence nexus in Colorado:

- If you have \$100,000 or less in Colorado taxable sales you are not obligated to collect sales tax.
- If you have more than \$100,000 in Colorado taxable sales, you are required to collect sales tax based on where you shipped the item (destination sourcing).



# Remitting Sales Tax to the City of Loveland

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Remitting sales tax to the City of Loveland can be done two different ways. Both of these options are located on our website [www.cityofloveland.org/salestax](http://www.cityofloveland.org/salestax).

A sales tax return with payment must be submitted for every filing period. If you have zero sales to report, you are still required to file a return, reporting zero sales.

## 1. Online Portal– Citizen Access.

- File and pay your return online.

## 2. Paper form.

- Drop it off or mail it in, with a check or money order.

# Frequently Asked Questions

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Can we choose which type of nexus we have?

- No. If your business actions create nexus on any level, you are required to license, collect, and remit.

When will the Colorado Department of Revenue's GIS system be created?

- The Colorado Department of Revenue anticipates their GIS system to be up and running by June 2020.

How can we find out if an address is within the city limits of Loveland?

- Go to [www.cityofloveland.org/salestax](http://www.cityofloveland.org/salestax)
- Click on Address Locator on the left side bar

How do I know what the sales tax rate is for other city's or jurisdictions?

- Colorado Department of Revenue's form DR1002 gives a list of all jurisdictions and their sales tax rates.
- Contact the home rule city's for their sales tax rates.
- After June 2020 you will be able to use the Colorado Department of Revenue's GIS system.

# THANK YOU

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## Contact Information

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