



SALE OR PURCHASE OF BUSINESS ASSETS

When selling or purchasing a business or business property, the City of Centennial requires that the following provisions of the Sales and Use Tax Ordinance are met:

NEW BUSINESS REGISTRATION OR SALES TAX LICENSES REQUIRED

License/Registrations are nontransferable. For any sale, transfer or purchase of a business, new licenses are required.

FINAL RETURN AND PAYMENT DUE

A final sales tax return must be filed and all taxes due must be paid by the taxpayer selling or transferring the business within fifteen (15) calendar days after the date of sale.

TAX DUE ON BUSINESS PROPERTY/ASSETS

Sales tax is imposed on the sale or purchase price of tangible personal property that is acquired as part of the purchase or transfer of a business. There is no sales tax due on items purchased that are part of the business' inventory and are items for resale. The sales tax is due on the purchase price of the business' assets, excluding inventory items for resale. These items are normally recorded in the purchase agreement or bill of sale as a list of assets or an exhibit to the agreement that lists the assets. If the specific price/value of the assets is not listed in the agreement, it must be reported to the City as the amount equal to or greater than the fair market value of the assets. If the sale or transfer is a "lump-sum" transaction, the sales tax is due on the book value of the assets. The City of Centennial sales tax is due even if the seller or transferor paid Centennial sales tax on the assets at the time they were purchased because sales tax is transactional (imposed each time a taxable event occurs).

A "Sales Tax Return for the Purchase of Business Assets" must be filed and the sales tax due must be paid on the purchase of business assets. This return can be obtained on the City's website at www.centennialcolorado.com and must be filed and paid within **fifteen (15) calendar days** after the date of sale to avoid penalties and interest. Every person who purchases a business inside the City must file a "Sales Tax Return for the Purchase of Business Assets" even if no sales tax is due.

ALL PRIOR TAXES DUE

Taxes due upon the sale of a business or stock of goods includes all sales tax collected or which should have been collected prior to the sale, and all building materials use taxes accruing or payable prior to the Sale.

SELLER AND PURCHASER BOTH LIABLE FOR TAX

Until all taxes due are paid in full, both the former owner and the purchaser remain responsible for the taxes due and both are subject to the City's collection procedures. A purchaser is not relieved of any liability for past taxes on the basis that the City has taken collection action against the seller.

PURCHASER MUST WITHHOLD PAYMENT TO SELLER OF AMOUNT OF TAXES DUE UNTIL PROOF OF PAYMENT

The purchaser of a business must withhold a sufficient amount from the purchase money to cover any outstanding taxes until the previous owner produces a receipt from the City showing that all taxes have been paid in full. If an outstanding balance of sales or building material use tax exists at the time of sale or transfer, the purchaser must pay the tax to the City at that time.

ORDINANCE CITATIONS RELATED TO DISCUSSION: *CMC Sec 4-1-610 Obligations on Sale or Purchase of Business or Property;*

THE ABOVE INFORMATION IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT CENTENNIAL TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE CENTENNIAL SALES AND USE TAX ORDINANCE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.