



## 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.

For example, purchasing food for a banquet for which the organization sells tickets as a fundraiser would not qualify for an exemption. Alternatively, purchasing hotel rooms and meals for a conference where the organization collects registration fees from attendees would not qualify.

**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.** The City of Colorado Springs provides an exemption for organizations certified exempt under 501(c)(3) of the Internal Revenue Code. When granted an exemption by the City, a Certificate of Exemption is issued to the organization. A copy of the Certificate of Exemption should be retained with this completed Affidavit. For organizations outside the City, a copy of the letter from the IRS certifying exemption as a 501(c)(3) organization may be accepted in lieu of a city-issued Certificate of Exemption.

**Wholesale/Resale Transactions.** Colorado Springs does not issue wholesale or resale licenses. A copy of the state wholesale license or city resale certificate should be retained 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](http://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: \_\_\_\_\_

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

**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: \_\_\_\_\_

**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 \_\_\_\_\_

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

**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.”

**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
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## Seller Verification

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