

City of Colorado Springs

Tax Guide

Automotive Vehicles

Any motor vehicle purchased by a Colorado Springs resident must be registered at the address of the owner's primary residence located within the City of unless the vehicle is **permanently** operated and maintained at a different location.

City sales tax is due on the net purchase price of the vehicle. The net purchase price is calculated as the total purchase price less any amount allowed by a licensed motor vehicle dealer for a trade-in. The purchaser must pay city sales tax to the seller if the seller is licensed and authorized to collect and remit city tax. If the seller is not licensed and authorized, then the purchaser must pay city tax directly to the City or the El Paso County Division of Motor Vehicles.

Vehicles Purchased by Businesses

Any motor vehicle purchased by a business must be registered at the address from which the vehicle is principally operated and maintained. If the address is located within the City of Colorado Springs, city tax is due on the purchase. Sales Tax is applied to the purchase of a vehicle by a business in the same manner that it is applied to the purchase of a vehicle by an individual.

CS CODE SECTION

2.7.104 Words and Phrases:
Automotive Vehicles,
Purchase or Purchase Price
Purchase or Sale
2.7.302, 2.7.434, 2.7.435,
2.7.442, 2.7.606, 2.7.805 D

Related Tax Guides

Lodgers and Campground
Rental Tax, Tips, Gratuities and
Service Charges, Use Tax

This guide provides an overview of specific subject matter and is not intended to be substituted for the full text within the City of Colorado Springs Sales Tax Code

01/2019

Leased Vehicles

A motor vehicle leased for 30 or more days by a Colorado Springs resident (lessee) must be registered in the same manner as a purchased vehicle. City sales tax must be collected by the vehicle leasing company (lessor) on each lease payment.

If at the start of a lease the lessee was not a Colorado Springs resident, and the lessee subsequently becomes a Colorado Springs resident, the vehicle must be reregistered in the City at the lessee's new address within 30 days of becoming a resident. The lessor must then begin collecting city sales tax on the lease payments.

If the lessor is not licensed or fails to collect city sales tax, the lessee is required to remit city use tax on the lease payments directly to the City.

Question? email us at:
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Leased Vehicles Continued

However, if the sales tax on these payments is legally required to be paid to a previous jurisdiction, the City will allow a credit for comparable taxes paid.

A lessor may apply to the Director of Finance for permission to pay one lump sum tax payment on the entire purchase price of the property to be leased in lieu of computing and paying tax upon each lease charge.

Vehicles Received as a Gift

Vehicles claimed as gifts between family members that are truly gifts without consideration are not subject to city sales tax. However, any assumption of debt (lien) between family members is consideration and causes the transaction to be subject to city tax. The taxable value of the vehicle is the debt plus any other consideration given.

The donor and the recipient are considered family members if one of the following relationships exists:

- A. Spouse
- B. Parent, grandparent
- C. Child, grandchild
- D. Brother, sister

Claimed gifts between parties not included in these family relationships are presumed to be with consideration and subject to city tax. The exchange of a vehicle is taxed at fair market value as determined using the Kelley Blue Book, NADA, or Black Book.

Common Examples

1. A grandfather, who holds a free and clear title, gifts a vehicle to his granddaughter. The transfer of the vehicle to his granddaughter is not subject to city tax.
2. An individual has a loan on an RV and would like to transfer it to his brother. The brother will assume the loan payments. Since a financial consideration is involved, city tax is due on the value of the loan balance.

Residency Guidelines

A person's residence for motor vehicle registration purposes shall be their principal or primary home to be determined in the same manner as residency for voter registration purposes. Active members of the U.S. Armed Forces temporarily living in Colorado Springs may elect to register a vehicle in their state of residence. If they do not elect to register the vehicle in their state of residence, they must register the vehicle at their residence in Colorado Springs.



Residency Continued

Common Examples

1. A Colorado Springs resident owns a home in the City and a ranch in the mountains. The vehicle is principally operated and maintained in Colorado Springs. When purchasing a new car, the individual properly paid city sales tax to the dealer and registered his vehicle in Colorado Springs.
2. An individual buys a 4-wheel-drive vehicle which is permanently operated and maintained at his ranch in the mountains. This vehicle is registered correctly in the mountain county, and no sales or use tax is due to Colorado Springs.
3. An individual is a resident of Colorado Springs and owns a business in the City of Widefield. The individual purchases a truck for the business and registers it at the business address. The truck is principally operated and maintained at the business location. The vehicle is properly registered at the business address; therefore no Colorado Springs tax is due on the purchase.
4. An individual is a resident of Colorado Springs and registers their personal vehicle at the business address in the City of Widefield. The individual's vehicle is improperly registered outside the City of Colorado Springs because their personal residence is inside the City.
5. An active duty military member who lives in Colorado Springs purchases a new car and registers it in the state of Texas. Texas is the military members declared state of residency. The military member is not required to pay city sales taxes on the purchase of the vehicle provided he has presented the proper forms to the dealership or the Department of Motor Vehicles. If the military member elected not to register his vehicle in Texas, he must register the vehicle at his address in Colorado Springs and pay city tax.