



Apartment Buildings & Property Management Companies

Owners and managers of apartment buildings, and other residential rental and commercial properties in the City of Lakewood, must obtain a Sales and Use Tax License and pay Lakewood sales tax on items purchased, leased or rented for use in and at such properties. If Lakewood sales tax is not paid to a licensed vendor, then a use tax must be remitted directly to the City. Credit may be taken against Lakewood use tax for legally imposed sales or use taxes paid to other municipalities. Such credit cannot exceed the amount of Lakewood use tax due.

Materials used in minor repair work (not requiring a building permit) are subject to sales and use tax. Labor charges for installing or repairing tangible personal property are not subject to sales and use tax, provided such labor charges are separately stated from charges for materials or parts. Sales of completed units of tangible personal property, such as appliances, water heaters, carpet, ready-made cabinets, heating/air conditioning systems, storm doors, sod and similar items, are subject to Lakewood sales and use tax.

Residential and commercial rent charges are not subject to City sales or accommodations tax if the contract is for a period of at least 30 consecutive days. City sales tax applies to the sale or rental of tangible personal property such as items dispensed through coin-operated vending machines (in excess of thirty cents [\$0.30]) and furniture or equipment rental.

Examples

1. Complex A contracts with Vendor B to install hot water heaters in all units. Vendor B charges \$300 for each water heater, plus \$500 freight, and a lump-sum of \$1500 for installation. The \$300 charge for each water heater plus the \$500 freight are subject to sales and use tax.
2. Complex C has an onsite laundry facility that charges \$0.75 per wash and \$0.75 per dry cycle. Sales or use tax should have been paid on the washing machine and dryer at the time of purchase. Therefore, sales tax should not be assessed on the per-use fee (\$0.75).
3. Owner D owns an office complex and rents office spaces fully furnished. Charges for furniture

rental must be stated separately from monthly rent, and City sales tax must be collected on these charges.

Sale or Purchase of an Apartment Building

The *Lakewood Municipal Code* imposes a use tax upon the purchase price paid for tangible personal property acquired with the purchase of a business, which would include the purchase of apartment buildings.

See *Tax Compliance Guide – Sale or Purchase of a Business*

Related Topics

Sale or Purchase of a Business

Citations

Lakewood Municipal Code

- § 3.01.020 Definitions – Use Tax
- § 3.01.210 Property and services taxed
- § 3.01.220 Collections of use tax
- § 3.01.230 Exemptions

Regulations

- § 3.01 Sales and Use Tax Rules and Regulations and Special Regulations
- § 3.01.210 Use tax
- § 3.01.220(1) Use tax reporting
- § 3.01.230(1) Imposition of a use tax
- § 3.01.230(2) Use tax as a complement to sales tax
- § 3.01.270 Sales of business by owner

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT LAKEWOOD TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LAKEWOOD MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

Contact Us

For additional assistance, please contact us:

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