



COLORADO • SINCE 1878

## Bundled Tangible Personal Property & Services

The Louisville Municipal Code (LMC) imposes its sales and use tax on the purchase price paid for tangible personal property.

When the charges for tangible personal property are combined with other charges that are not separately stated on the customer invoice, the full invoice amount is subject to City of Louisville sales tax.

When separately stated on a customer invoice, charges for labor, freight/shipping, finance charges, installation, preparation and some other services are not subject to Louisville sales or use tax. In the case of manufactured items, the cost of all materials used to fabricate the item, including any labor, profit, overhead or other services performed, **must** be included in the gross selling price to the consumer.

For the sale or transfer of telecommunication equipment to a consumer as an inducement to a consumer to enter into or to continue a contract for telecommunication services, the taxable purchase price for sales or use tax purchases means the monetary amount paid by the consumer less any sales commission or other compensation received by the retailer as a result of the consumer entering into or continue a contract for telecommunication services.

### **Examples**

Louisville Resident A purchases a home theatre system. Company B delivers the system, sets it up in the resident's home and tests the system for proper operation. Company B invoices the resident \$5,000 for the system, delivery and set-up. Company B must collect and remit city sales tax on the full \$5,000.

Louisville Resident C purchases a pool table for their home. Company D delivers the pool table, assembles it, and tests it for condition and levelness. Company D invoices Louisville Resident C \$7,000 for the pool table, \$45 for delivery and \$150 for assembly. Company D must collect and remit city sales tax on the \$7,000 charge for the pool table. The other items are exempt when separately stated.

Louisville Business X contracts for the painting of their offices with Contractor Y. Contractor Y charges the business \$2,800. The full price of \$2,800 is taxable to Business X even though part of the \$2,800 charge is for labor and part of the charge is for paint, materials and supplies because they were not separately stated on the invoice.

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The information contained in the Tax Guide publications is intended to offer general guidance in layman's terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.

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