

The Louisville Municipal Code (LMC) defines “purchase” or “sale” to include the acquisition for any consideration by any person of tangible personal property or services that are purchased, leased, rented, sold, used, stored, distributed, or consumed.

Purchase or Sale includes capital leases, installment and credit sales, and property and services acquired by:

- Transfer, either conditionally or absolutely, of title or possession or both of tangible personal property, other taxable products, or taxable services
- Lease agreement
- Lease-purchase agreement
- Rental
- Grant of license
- Royalty agreements
- Performance of taxable services
- Barter or exchange for other tangible personal property, other taxable products or services

Conditional Sales/Lease-Purchase Agreements/Secured Sales

A conditional sale or lease-purchase sale of tangible personal property is generally sold under one of these agreements;

- where the retailer retains title as security for all or part of the purchase price
- when the retailer takes a chattel mortgage or other secured interest to secure all or part of the purchase price

The total tax based on the total purchase price becomes immediately due and payable to the City of Louisville. This tax is to be charged and collected by the retailer. The retailer may not collect sales tax on each lease payment. No refund or credit is allowed to either party in the case of repossession of the tangible personal property.

Retailers of Leased or Rented Personal Property

Retailers leasing or renting tangible personal property for use in the City must obtain a Louisville Sales/Use Tax License and collect Louisville sales tax on the lease payments.

Tangible personal property that is purchased exclusively for rental or leasing inventory is exempt from City sales tax provided that the property is not otherwise used for the purchaser’s general business or personal use.

Sales tax is due upon the rental or leasing price of any tangible personal property regardless of whether sales or use tax has been previously paid for the tangible personal property.

Purchasers or “Lessees” of Tangible Personal Property

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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Leased and Rented Property/Credit Sales

The purchaser or “lessee” of tangible personal property or services taxed under the LMC is responsible to remit use tax to the City if a lawfully imposed sales tax is not charged or paid for the goods or services leased, rented, used, consumed or distributed in the City.

Please see the “Price/Purchase Price” publication in this Tax Guide for additional information.

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Department of Finance – Sales Tax and Licensing Division
749 Main Street - Louisville, CO 80027
Office (303) 335-4514 – Fax (303) 335-4529
www.LouisvilleCo.gov