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GIFT CERTIFICATES

This tax guide is prepared and published for the information of the general public and all persons in business pursuits who would be required to make payment of Sales Tax or Use Tax under provisions of Chapter 25, Article III of the Code of the City of Fort Collins (the "Tax Code"), as well as for the guidance of the City employees whose responsibility it is to collect the taxes imposed by the Tax Code and the enforcement thereof. The following guide is exactly as it says, a GUIDE, and not to be relied upon as an official interpretation of the Tax Code applicable in all circumstances. Instead, specific reference should be made to the Tax Code and related ordinances for what is required in any particular circumstance.

The sale of a gift certificate is the sale of an intangible "right" to exchange the value of the certificate for goods or services. As the sale of an intangible, it is not subject to sales or use tax.

Sales or use tax is due on the total sales price of the tangible personal property upon redemption or exchange of a gift certificate for tangible personal property or a taxable service.

The vendor selling gift certificates is liable for the sales or use tax on the printing cost or purchase price of the actual certificates, as the physical certificates are tangible personal property not for resale.

EXAMPLE

A person purchases a tie that costs \$25 by using a gift certificate worth \$15 and pays the balance in cash. Tax on the transaction is applied to the full \$25 sale price.

CITY OF FORT COLLINS SALES AND USE TAX ORDINANCE

Section 25-71 Definitions.
Section 25-73 Imposition of sales tax.

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