



WESTMINSTER

Sale/Purchase of a Business

USE TAX

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Buying a Business in Westminster

- The *Westminster Municipal Code* imposes sales or use tax upon the purchase price paid for tangible personal property, except inventory held for resale acquired with the purchase of a business.
- Sales or use tax is due even if the seller or transferor had previously paid Westminster sales/use tax on the property sold because use tax is transactional (imposed each time a taxable event occurs).
- This includes property taken in exchange for assumption or forbearance of outstanding indebtedness.

Taxable Basis

- The taxable basis is the price of such property as recorded in the bill of sale or agreement.
- If the purchase is a lump-sum transaction, and the price of the property is not separately stated in the bill of sale or agreement, then fair market value of the property or the book value income tax depreciation purposes shall be the taxable basis.

Reporting and Payment of Use Tax

- Use tax must be reported on an *Initial Use Tax Return*, which must be filed and paid by the 20th day of the month following the sale/purchase date. Otherwise, penalty and interest will be due on the tax amount owed.
 - Penalty is 10% of the tax due.
 - Interest accrues at 1% per month on the tax due.

Due Diligence

- Purchasers are cautioned that liens for the seller's outstanding taxes may have attached to the property offered for sale.
 - Ask for a *Certificate of Taxes Due* from the Seller.

Request for Certificate of Taxes Due

Other Westminster Tax Forms:

<https://www.westminsterco.gov/694/Westminster-Tax-Publications>

Please also see our tax compliance guides on this page.

Sales Tax Division

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