



## GIFT CERTIFICATES

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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 the City of Fort Collins Sales and Use 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 used in any case of law. Please refer to the City of Fort Collins Sales Tax Ordinance for any references to your particular business operation for the official laws imposed by the City.

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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