



Gifts, Premiums and Prizes

Purchases of tangible personal property for use as gifts, premiums or prizes, for which no valuable consideration is received from the recipient, are subject to tax on the total purchase price; the purchaser is deemed to be the user-consumer of such property.

Examples would be gifts given to all individuals who attend a time-share real estate presentation, regardless of whether the individual buy or invest in the proposals.

If the property is purchased from a licensed Loveland vendor, sales tax should be paid to the vendor upon such purchases. Any person purchasing tangible personal property to give away in any manner without contingencies is a user or consumer and is liable for the tax thereon; such property includes advertising gifts and articles given as prizes, premiums, and for goodwill.

Where the donor of a tangible personal property gift and the receiver of the gift are involved in other financial dealings and the gift is contingent upon the "donee" entering into other transactions, the transfer of taxable property is subject to sales tax as a quid pro quo sale. Where the gift receiver's true object is to obtain the tangible personal property "gift," or the value of the "gift" exceeds the other values obtained by the "donee", the "donor" must remit sales tax on the fair market value of the taxable tangible personal property. Where the gift is secondary to the other transactions, the donor shall be subject to sales tax on the acquisition cost of the property. Examples include a service station giving a case of soda pop to everyone who buys over a minimum amount of gasoline; the soda pop is treated as sold by the service station at the station's cost.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT LOVELAND TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LMTC (LOVELAND MUNICIPAL TAX CODE) AND APPLICABLE RULES AND REGULATIONS.