
FUNERARY BUSINESSES

The businesses of cemeteries, mortuaries and crematoriums are subject to sales and use taxes.

The City of Wheat Ridge imposes a sales tax of 3.5% on all sales within the City of tangible personal property and select services to the end user. When no local sales tax or a local sales tax less than that of the City is charged on the purchase of goods, use tax up to 3.5% is due to the City.

Contractors of projects for funeral homes, mortuaries, cemeteries and crematoriums requiring permits must pay advance use tax on 60% of the total value of the project at the time the permit is obtained; the idea is to capture the tax on all building materials and supplies that become part of the structure, as well as on major equipment purchased or rented for use in making it.

Other contractors, such as landscaping services and HVAC maintenance services, should itemize significant goods used in performing the contract and charge sales tax on them. Contracts which are significantly for the conveyance of property (furnishing and installation of blinds, furnishing and installation of water purifier, etc.) and billed as a single sum (lump sum) are subject to tax on the whole. It's best to seek itemized invoices for such. Minimal un-itemized goods used in performing non-permit contracts (such as the small amounts of plant food used by a professional indoor plant care contractor, or furniture polishes and cleaners brought in and used by a janitorial service) are not a matter of concern and are a matter of tax in the contractor's home city. It is a question of itemization and magnitude.

Tangible personal property relevant to the funeral business includes but is not limited to:

In re: cemetery operations

concrete grave vaults
grave liners
grave markers and monuments
grave accessories (flower holders, etc.)
seating
landscaping materials, including plants and chemicals
mausoleum and crypt materials
supplies
tools and equipment
leases and rentals of any of the above items

In re: funerary and mortuary operations
chemicals

tools and equipment
cosmetics
clothing and shoes
wigs
props
caskets
urns
shipping containers
furniture
fixtures
office and hospitality supplies
leases and rentals of any of the above items

Select services include but are not limited to:

telephone
internet
pay television
alarm and security system installation, monitoring, maintenance and repair (includes parts)
information services
by-the-hour services involving equipment, such as snowplowing

A sale occurs for sales tax purposes when title is passed to the end user. When human remains are consigned to a common carrier for delivery for burial, entombment or inurnment elsewhere, title to any associated personal property (i.e., casket, urn or other items provided at that point) is deemed to have passed at the mortuary and sales tax on the personal property, if stated separately, is due. If contracts or invoices are structured so that caskets, clothing, wigs, etc., are itemized, sales tax must be charged on them. If funeral services are billed or contracted at a single sum including preparation, clergy, escort and tangibles, the whole amount is subject to sales tax.

The mortuary is *generally* the end user of embalming chemicals, cosmetics, wadding or placeholders, sutures and stays and must pay sales tax when such items are bought, otherwise use tax must be remitted 20 days after the month acquired. These are items that are common to many jobs and not necessarily specific for any, as would be caskets, urns or wigs; however written evidence to the contrary, in the form of itemized customer invoices or contracts, would prove resale status.



Equipment, furnishings, fixtures and tools are subject to sales tax or use tax. There are no such things as prosthetic devices, in the strictest sense, in the funeral industry, so that exemption is *not* available.

Items that were purchased tax-free for resale, but then used in business are to be included in the use tax return for the month in which used. Donation is considered a business use and use tax would be due on the *cost of acquisition* of any normally resold items so dispensed. A sub-cost sale is subject to sales tax on the price charged.

Wheat Ridge tracks with the State of Colorado in this particular pair of industries. See the State's FYIs on cemeteries and morticians and Wheat Ridge Sales Tax Regulations A90 and A400.