

Sales Tax – Colorado

The following informational sections are summaries and not complete texts of any federal, state, or local laws, nor are they written in the exact language of the laws. In addition, the following sections are not inclusive of every law or regulation applicable to a business. They are intended as an informal educational tool for the benefit of the Franchisee.

The following text has been taken from information provided on the Colorado Department of Revenue web site at www.revenue.state.co.us.

What Is the Sales & Use Tax?

The Colorado sales tax rate is 2.9 percent. In addition to its own sales tax, the state collects sales taxes for many Colorado cities and counties and several special districts.

For more information regarding local sales tax collection responsibilities, request **FYI Sales 62**, Guidelines for Determining when to Collect State-Collected Local Sales Taxes, from the Colorado Department of Revenue. Some home-rule cities enact their own sales tax ordinances and collect their own taxes. Contact home-rule cities directly for their rules regarding sales taxes. To find out whether a local government has a sales tax, what the rate is, whether it is home rule, and all other local sales/use tax rate information, request **DRP 1002**, Colorado Sales/Use Tax Rates. This publication is updated each January and July and is located on the web site at www.taxcolorado.com. Sales tax rates can be viewed at www.taxview.state.co.us.

Colorado collects sales taxes for the RTD/CD/FD (Regional Transportation District/Scientific and Cultural Facilities District/Metropolitan Football Stadium District). This combined special district encompasses most of the seven-county Denver-Boulder metropolitan area. Colorado also collects the RTA (Rural Transportation Authority) tax. DRP 1002 lists the Special District and RTA boundaries.

A business can discover the sales tax rate for the business location and obtain a chart of how much tax to charge on a specific item. This sales tax rate generator is now available on the Department of Revenue's Web site at www.businessstax.state.co.us.

Consumer Use Tax is a complement to state sales tax. The state consumer use tax rate and the state sales tax rate are 2.9 percent.

Use tax must be paid by businesses and individuals who purchase goods when the seller did not or could not collect sales tax (for example, purchases from an out-of-state retailer who does not collect Colorado sales tax).

Colorado law requires that state sales or use tax be paid on all non-exempt tangible personal property that is sold, leased, or delivered in Colorado for use, storage, distribution or consumption in the state.

For further information contact the Colorado Department of Revenue online at

www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

Are There Additional Taxes?

Denver Metro Area Special Taxing District : RTD/CD/FD Sales and Use Tax

Most of the Denver metropolitan area lies within a special tax district. It is actually three separate tax districts with almost identical boundaries. The authorities and sales/use tax rates are:

- Regional Transportation District (RTD), 1.0 percent;
- Scientific and Cultural Facilities District (CD), 0.1 percent; and
- Metropolitan Football Stadium District (FD), 0.1 percent.

The total sales/use tax collected for this combined district is 1.2 percent. RTD/CD/FD tax is imposed on all transactions that are subject to state sales and use tax. Exception: RTD/CD/FD sales tax, but not use tax, is imposed upon machinery and machine tools even when those items are exempt from state sales and use tax.

The RTD boundaries include the counties of Denver, Boulder, Broomfield (except certain areas immediately adjacent to I-25 and Highway 7 interchange), Jefferson, Adams (west of Box Elder Creek), Arapahoe (south of I-70 west of Picadilly Rd. to Jewell, then west of Gun Club Rd. to Quincy, then generally west of Monaghan Rd., including Arapahoe Park and Aurora Reservoir), and Douglas (northern portion, including all of Lone Tree, Park Meadows, plus parts of Castle Rock), and parts of Weld County that have been annexed by the City of Longmont and the Town of Erie since 1994. For more information regarding RTD/CD/FD boundaries, call the RTD at 303-299-2484.

The Scientific and Cultural Facilities District and Football District, which each have a 0.1 percent sales and use tax, are also included in Lone Tree, but only in those areas annexed by Lone Tree after May 25, 1994.

A sales/use tax of 0.1% for the Scientific and Cultural facilities District (CD) applies to all sales that are also subject to the RTD tax; except that the CD does not apply to portions of the Lone Tree and Park Meadows Mall area as described above.

Because the RTD/CD/FD has a use tax, businesses not located in the RTD/CD/FD that make regular shipments into the district or have established nexus (a sales presence) in the district should collect the RTD/CD/FD sales tax and remit it on their sales tax returns. If the RTD/CD/FD tax is not collected by the vendor, the consumer located within the district must pay use tax, using a use tax return. See section entitled 'How To Remit Use Taxes.'

To find out whether a customer delivery address is within RTD/CD/FD boundaries, contact RTD at 303-299-2484.

For further information contact the Colorado Department of Revenue online at www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

Enterprise Zones

An enterprise zone is defined as an economically distressed area of Colorado in which special tax incentives are offered to businesses that locate or expand in the zone. The purpose of the tax incentives is to create new jobs and investments in the zone. Sixteen areas of Colorado have been designated as enterprise zones. There are seven possible income tax credits available, and two sales and use tax exemptions. For further information, see **FYI General 6**, General Information About Colorado Enterprise Zones.

Alcohol Beverage Taxes

The tax rate for beer is 8 cents per gallon; for vinous liquors (wine) 7.33 cents per liter; and for spirituous liquors 60.26 cents per liter. Hard cider made from apples or pears is taxed at the rate of 8 cents per gallon and otherwise taxed as a vinous liquor unless expressly accepted. Other ciders continue to be taxed the same as vinous liquors. The Wine Industry Development Act of 1990 was enacted to promote and develop the Colorado wine industry through funding from three surcharges:

- Vinous Surcharge of 1 cent per liter on all vinous liquors sold, offered for sale, or used in this state;
- Colorado Winery Surcharge, a graduated rate of 5 cents, 3 cents and 1 cent per liter, on vinous liquors produced by Colorado licensed wineries and sold, offered for sale, or used in this state;
- Grape Tax of \$10 per ton of grapes of the *vinifera* varieties, or other produce used in the production of wine in this state by a licensed Colorado winery.

For further information, see **FYI Excise 12**, Colorado Alcoholic Beverage Wholesalers and Manufacturers—General Information.

Local Taxes

In addition to state taxes listed in this FYI, some counties, cities and special districts impose sales and use, lodging, and/or other taxes.

For information on contacting city and county tax offices, see DRP 1002.

For further information contact the Colorado Department of Revenue online at www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

What Sales Are Taxable?

Tangible personal property includes all goods, wares, merchandise, products and commodities, and

all tangible or corporeal things and substances that are dealt in, capable of being processed and exchanged, except newspapers excluded by the law.

The term does not include real property, such as land and buildings, nor tangible personal property that loses its identity when it becomes an integral and inseparable part of the realty, and is removable only with substantial damage to the premises.

Property severed from real estate becomes tangible personal property.

See **Reg. (39-)26-102.15**, Tangible Personal Property—Defined.

For further information contact the Colorado Department of Revenue online at www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

Who Must Register for a Sales Tax License?

There are two types of Colorado sales tax licenses.

Standard Sales Tax License

A person or business having a permanent location where retail sales are conducted on a regular basis must obtain a Standard Sales Tax License. [§39-26-103 C.R.S.] The fee for a two-year license is \$16, plus a one-time-only \$50 deposit. The deposit is automatically refunded to the business after \$50 in state sales tax has been remitted to the Department. However, if a retail business fails to remit sales tax to the Department, the deposit will not be refunded. Under Colorado law the deposit is only refundable to the extent the business remits sales tax. For example, if a retail business collects and remits \$30 in state sales tax, the Department will then refund only \$30. If a business fails to remit any sales tax, no portion of the \$50 deposit will be refunded regardless of the length of time the business is open. Standard sales tax accounts must be renewed every two years at a fee of \$16. If the business has more than one permanent sales location, each location must have a license.

Four to six weeks should be allowed to receive a license in the mail. If application for a license is made in person at one of the Taxpayer Service Centers, a license number is issued immediately. The actual license will then be sent within two weeks.

Special or Single Event Sales Tax License

- If a retailer (business, vendor or organization) with a fixed location who possesses a Standard License elects to participate in a special sales event at a location other than the regular place of business (such as fairs or festivals), the retailer must also obtain a Special Event Sales Tax License. Flea markets, which are held on a regular basis, are not considered Special Events. Those with a valid Standard Sales Tax License are not required to pay a Single or Special Events License fee since they already have an established account.

- Businesses that have no permanent place of business but sell goods at fairs, festivals,

bazaars, etc., must obtain a Special Event Sales Tax License.

- This license is applied for on form **DR 0589**, Vendor Special Event License Application for Single or Multiple Events.

For information on selling at flea markets, see **FYI Sales 55**, Flea Markets and Swap Meets, located on the Department of Revenue Web site at www.taxcolorado.com.

Sales tax licenses provide a sales tax exemption to vendors on items purchased for resale.

Standard or Special Event licenses may be required and sales tax collected by charitable organizations depending upon how long the group sells during the year and how much sales tax is collected. See **FYI Sales 9**, Sales Tax Licenses, for more information.

These licenses also obligate the licensee to collect all applicable state and local sales taxes and remit the money to the Colorado Department of Revenue.

Licenses can be obtained by completing a **CR 0100**, Colorado Business Registration, available at any Taxpayer Service Center statewide, or on the Web.

For further information contact the Colorado Department of Revenue online at www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

What Other Licenses Do I Need and Where Do I Get Them?

There are several types of sales tax licenses. The type of license that an individual, business or organization applies for depends upon how the business plans to sell. All state sales tax licenses applicants must pay a fee for their license.

- Wholesale License: This license is required for businesses that make sales only to other licensed vendors for resale. Application for the wholesale license is made on **Form CR 0100**.
- Multiple Events License: This license is for those who sell retail at more than one special event in any two-year period. Multiple Event licensees may participate in any number of events at various locations (other than their regular place of business, if any) during the two-year period the multiple event license covers, but no more than three times at a given location. This license is applied for on form **DR 0589**, Vendor Special Event License Application for Single or Multiple Events.
- Retailer's Use Tax: Retailers that sell in Colorado but have no actual physical location in the state must apply for a Retail Use Tax license on **Form CR 0100**. Out-of-state retailers are required to collect the 2.9 percent state sales tax and any applicable special district and local taxes.

For further information contact the Colorado Department of Revenue online at

www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

What Are Common Exemptions?

For state-collected jurisdictions, most goods are subject to sales tax, and most services are not. However, exempt services must be billed separately to keep their nontaxable status. Goods exempt by law from state and state-collected local sales taxes include, but are not limited to:

- prescription drugs, insulin and insulin supplies;
- prosthetic and medical supplies prescribed by a doctor.

In addition, some items are exempt from state sales and use tax, but may be subject to city and county sales taxes, at the option of the local jurisdiction. These include, among others,

- food for home consumption and
- electricity, gas and fuel oil for residential use.

For further information contact the Colorado Department of Revenue online at www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

How Do I Obtain Exemption Certificates?

Not all non-profit entities are able to obtain a Colorado state sales tax exemption certificate.

A non-profit organization must qualify under Section 501(c)(3) of the Internal Revenue Code. If a non-profit group or organization does not qualify under federal guidelines they generally would not qualify for state exempt status.

However, even if an organization has a federal 501(c)(3) exemption status, this does not automatically guarantee a state exemption. The Colorado Department of Revenue reserves the right to review any application for exempt status and determine if the organization falls within state guidelines and requirements.

For example, a public school may have a federal and state exemption; however, a group affiliated with the school such as a PTO or PTA would not qualify.

How can someone verify a sales tax exemption number?

The Department of Revenue offers a 24-hour automated service for those wanting to verify a Colorado Sales Tax License or Sales Tax Exemption Certificate for a specific business or organization. This service will inform those inquiring whether or not a certificate is valid. Anyone who is using this online service must already know the Exemption Certificate number assigned by the Department of Revenue.

This system is online at www.taxview.state.co.us/ or by calling 303-238-FAST (3278).

For further information contact the Colorado Department of Revenue online at www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

Filing

The 13-Month Filing Period

A 13-month filing period allows certain businesses to file a state retail sales tax return on a 13-month basis rather than the standard monthly or quarterly filing. Few businesses engage in 13-month or even 13-week (4-4-5 filing) filing periods.

To be on a 13-Month Filing Status a business **MUST** seek permission in writing explaining why they need to file on a 13-month filing basis. Approval is granted only by the Colorado Department of Revenue. This normally is only approved under certain circumstances when a business's fiscal year accounting does not correspond with the state's normal filing frequency requirements.

Any business granted a 13-Month Filing Period filing status must file the [DR 0100](#) on the 20th day of the month following the end of the filing period; and, 13-month and 13-week filers must file all applicable taxes.

Filing a Zero Return

Taxpayers who do not collect sales tax during a filing period must file a '0' (zero) return even if no payment is due. On the sales tax return, **Form DR 0100**, enter '0' on lines 1, 9 11, 15 and in every column related to a jurisdiction for which the business must collect tax.

See online Zero Tax Filing at: taxview.state.co.us/zero.

EFT Remittance

Remittance by electronic funds transfer (EFT) is required for all state and local sales taxes required to be remitted to the Department of Revenue if the liability for state sales tax for the previous calendar year was more than \$75,000.

A business may also elect to remit sales tax by EFT even if it collected less than \$75,000 per year.

To establish an electronic funds account with the Department, a completed **Form DR 5785**, Authorization for Electronic Funds Transfer (EFT) for Tax Payments, must be submitted.

EFT web page: www.revenue.state.co.us/TPS_Dir/wrap.asp?incl=eft

For further information contact the Colorado Department of Revenue online at www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

Available Online Resources

Links

Department of Revenue Online: www.revenue.state.co.us/main/home.asp

Sales & Use Tax home page: www.revenue.state.co.us/taxstatutesregs/salesindex/salestable.html

Forms Online: www.revenue.co.us/TPS_Dir/wrap.asp?incl=salestaxforms

Information on Tax Classes: www.revenue.state.co.us/TPS_Dir/wrap.asp?incl=publiceducation

FYI Publications on Sales Tax: www.revenue.co.us/TPS_Dir/wrap.asp?incl=Sales

To Order a Sales Tax Information Packet: www.revenue.co.us/TPS_Dir/wrap.asp?incl=dr1674

Colorado Department of Revenue's website: www.revenue.state.co.us/main/home.asp

Tax rates online: www.taxview.state.co.us/

Sales tax rates: www.taxview.state.co.us/

Business registration tutorial: www.revenue.state.co.us/TPS_Dir/wrap.asp?incl=virtualcr0100intro

Services available at www.taxcolorado.com (Online Services)

Electronic Payment (EFT): Businesses can make payments on the Internet or by telephone. Register to make Electronic Payment via the no-cost ACH debit service. See Form DR 5785, Electronic Payment Authorization, to sign up.

Sales Tax ZeroFile: Safely and easily file a Form DR 0100, Colorado Sales Tax Return, for state and state-collected local sales tax when there is zero net sales (line 3 of form DR 0100) and no sales tax due. Any filing period type (monthly, quarterly, annually, and seasonal) is eligible. Retailers with only one location and with net sales of zero and no payment due may use this system. There is no need to send a paper form. Also available by calling 303-205-TAX0 (8290).

Sales Tax Account History: Allows businesses to review their tax account payments back to December 2002. Users will need their account number to obtain a PIN for security purposes.

The following services are available on the Web at taxcolorado.com, Sales Tax Information, or by telephone at 303-238-FAST (3278):

Local Sales Tax Rates: A fast way to find sales tax rates for ANY local jurisdiction

Sales Tax License Verification: Confirm whether a Colorado sales tax license or exemption certificate is valid. If you have a sales tax license or exemption certificate number, you can find this

information quickly.

Retailers' Sales Tax Rates: Check on the sales tax rates at your specific business location(s).

Did you know you can register your business online?

New employers can complete the business registration Form CR 0100 at <https://secure.cdle.state.co.us/CR100/>, submit it and immediately receive information they need to conduct business in the state for Department of Labor and Employment (DOLE) purposes. The information to obtain sales tax license and/or wage withholding account will be forwarded to the Department of Revenue.

However, if fees are due for a sales tax account registration, the DOLE registration form must be printed and mailed together with any applicable fee payment to the Department of Revenue, 1375 Sherman St., Denver, CO 80261-0013. The Department of Revenue sales tax account will not be set up until payment is received. Allow 8 weeks for processing before the registration/account information is available on the web site or the automated telephone services.

If the business already has a Colorado Department of Revenue account number, an online application SHOULD NOT be completed.

For further information contact the Colorado Department of Revenue online at www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

Miscellaneous Information

Sales Tax (Nexus)

Nexus is the actual physical location or substantial (example: an employee) presence within the State of Colorado even if the business is home-based in another state. Nexus determines whether or not a company has to register and comply with Colorado sales tax law.

To establish substantial or sufficient nexus for sales tax would require that a retailer or manufacturer selling tangible personal property have an office, store, warehouse, or other place of business, representative or an agent selling within Colorado. In this case, Colorado state sales tax must be collected.

If the sale is made through catalog sales or another mail advertising media the business must collect sales tax if nexus has otherwise been established in Colorado. If an out-of-state business or subsidiary is selling by catalog, mail advertising media, telephone or Internet in Colorado but has no physical location/presence or has not established nexus, then Retailers Use Tax should be collected on those sales, rather than State Sales Tax. *See FYI Sales 5*, Sales Tax Information for Out-of-State Businesses.

Special District Taxes

Below are links to special district taxes collected and administered by the Colorado Department of Revenue.

- Baseball Stadium District Tax
www.revenue.state.co.us/taxstatutesregs/salesindex/baseballtax.html
- Football Stadium District Tax (FD)
www.revenue.state.co.us/taxstatutesregs/salesindex/footballstadiumdistrict.html
- Local Improvement District Tax (LID)
www.revenue.state.co.us/taxstatutesregs/salesindex/LIDtax.html
- Local Marketing District Tax (LMD)
www.revenue.state.co.us/taxstatutesregs/salesindex/localmarketingdistrict.html
- Mass Transit District Tax (MTS)
www.revenue.state.co.us/taxstatutesregs/salesindex/masstransittax.html
- Regional Transportation District (RTD)
www.revenue.state.co.us/taxstatutesregs/salesindex/rtd.html
- Rural Transportation Authority (RTA)
www.revenue.state.co.us/taxstatutesregs/salesindex/RTA.html
- Scientific and Cultural Facilities District Tax (CD)
www.revenue.state.co.us/taxstatutesregs/salesindex/culturalfacilitiesdistrict.html

The Taxpayer Service Division

This entity offers free sales tax classes. Colorado businesspeople with sales tax accounts and people starting new retail businesses are encouraged to take advantage of this service. Visit the web site at www.taxcolorado.com for updated listings of sales tax classes.

Service Fees Retained by Licensee

Colorado allows sales tax licensees to keep 3.33 percent of the state sales tax collected as a service fee (sometimes called a vendor's fee) for collecting the tax. (The service fee rate increased to 3.33 percent effective July 1, 2005.) The service fee may be taken only if the return is filed and paid on time. Sales and Use Tax Regulation 39-26-105(1)(a) contains more detailed service fee information. Many local jurisdictions grant service fees as well. This information is available in publication DRP 1002, Colorado Sales/Use Tax Rates, available on the Web at www.taxcolorado.com

Additional Tax Information

FYIs and commonly used forms are available on the Web at www.taxcolorado.com For additional tax information visit the "Tax Information Index" which covers a variety of topics including links to

forms, publications, regulations, statutes and general questions and answers. The "Tax Information Index" is located at www.taxcolorado.com FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.

For further information contact the Colorado Department of Revenue online at www.revenue.state.co.us or by calling or visiting one of the offices listed at the end of this section.

Contact Information

Call Center for Colorado Taxes: 303-238-SERV (7378)

Sales Tax/Exemption Certificate Verification: 303-238-FAST (3278)

Sales Tax Rates by Account Number: 303-238-FAST (3278)

Sales Tax Rates by City or County: 303-238-FAST (3278)

EFT/Electronic Payment Helpline: 303-205-8333

Fuel Tax/IFTA Helpline: (303) 205-8205

Office Collections: 303-866-4440, Monday through Friday, 8 a.m. to 5 p.m.

Taxpayer Service Centers

Offices are open for walk-in service Monday through Friday, 8 a.m. - 4:30 p.m. unless otherwise indicated. Services include assistance with tax forms, registration of a new business, tax publications and sales tax classes and/or outreach to communities where no service center is available. The Colorado Tax Information Call Center can also be contacted at 303-238-SERV (7378).

All walk-in business and individual applicants for Business Registration (sales tax and wage withholding tax accounts) at a Colorado Department of Revenue Regional Service Centers must provide valid proof of identification at the time of application. Valid proof includes a Colorado Driver's License, Colorado Identification Card, United States Passport, Resident Alien Card (indicating eligibility for employment), United States Naturalization papers, and/or Military Identification Card.

If the individual is from another state, a valid driver's license or other picture ID from that state is required.

A verifiable, legible photocopy of a Colorado driver's license/ID will be accepted from an agent or representative (an accountant, attorney or relative) setting up an account on behalf of a business applicant.

- COLORADO SPRINGS REGIONAL SERVICE CENTER
4420 Austin Bluffs Parkway
Colorado Springs, CO 80918
- DENVER SERVICE CENTER
1375 Sherman St.
Denver, CO 80261
- FORT COLLINS REGIONAL SERVICE CENTER
April 9 - 13: Monday, 9 a.m. - 3 p.m.; Tuesday, CLOSED; Wednesday through Friday, 9 a.m. - 1 p.m.
April 16 - 30: 8 a.m. - 4:30 p.m.
1121 W. Prospect Rd., Bldg. D
Fort Collins, CO 80526
- GRAND JUNCTION SERVICE CENTER
222 South 6th St., Room 208
Grand Junction, CO 81501
- PUEBLO SERVICE CENTER
310 E. Abriendo Ave., Suite A4
Pueblo, CO 81004