



Points of Compliance Tool Kit



COLORADO
Department of Revenue
Taxation Division

DR 1104 (12/12/14)

Tool Kit | Table of Contents



Introduction

Colorado Sales Tax License 5 Points of Compliance **1**

1 Filing

The primary demonstration of compliance with Colorado tax law **2-5**

2 Jurisdictions

All areas for which taxpayers are to collect, file and remit state-collected tax **6-8**

3 Trust

Collecting state-collected tax dollars solely for remittance to the Colorado Department of Revenue **9-10**

4 License

Responsibilities pertaining to the fees, renewal, maintenance and display of the Colorado Sales Tax License **11-12**

5 Purchases

Purchasing items for resale with a Colorado Sales Tax License **13-14**

Colorado Sales Tax License Points of Compliance

Colorado Sales Tax License Education comprises five essential areas of proper conduct to help businesses evaluate whether or not they are compliant with Colorado tax laws.

5 Points of Compliance

- Filing** - To file and remit state-collected taxes per required frequency whether or not sales were made, even in the case of zero sales or zero tax due
- Jurisdictions** - To identify and comply with Colorado tax collection that corresponds to the taxpayer's state, state-collected county, state-collected city and special district jurisdictions
- Trust** - To conduct business transactions involving the sale of tangible personal property in the State of Colorado from the position of trust to collect and remit all state-collected tax dollars
- License** - To properly display the Colorado Sales Tax License in a conspicuous place at the business location, to update all business information, to pay appropriate application fees and to renew the license in timely manner
- Purchases** - To purchase only non-taxable items for resale with a Colorado Sales Tax License

Education Components:

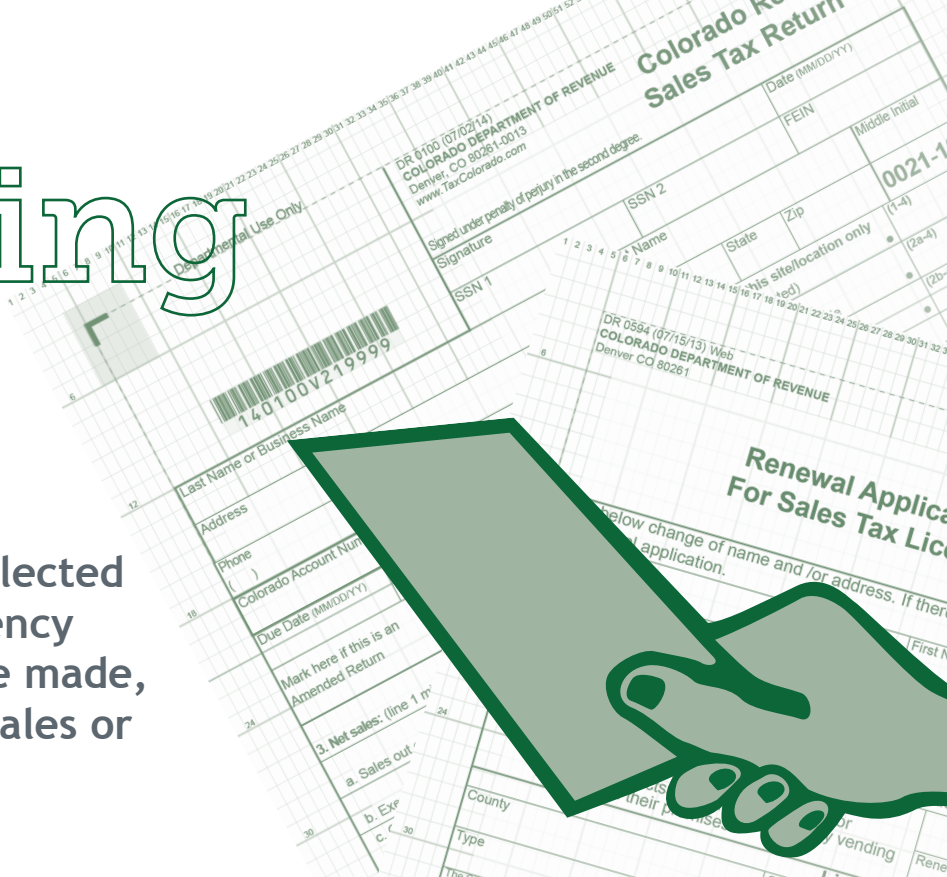
- Sales Tax License Tool Kit
- Sales Tax License training video
- Sales Tax License live class

Colorado Department of Revenue staff can assist you with any questions regarding License Education.



Filing

“To file and remit state-collected taxes per required frequency whether or not sales were made, even in the case of zero sales or zero tax due”



This Point of Compliance is first because **filing** is a primary demonstration of compliance with Colorado tax law.

- **Filing** is a requirement of Colorado Sales Tax License holders.
- **Filing** is the ONLY means for taxpayers to report their proper tax collection.
- **Filing** is the ONLY means for taxpayers to report whether or not there is tax due.
- **Filing** is best accomplished electronically through the free Revenue Online service, www.Colorado.gov/RevenueOnline.

You will **file** your **first return** on or before the following date:

Your **filing** frequency (monthly, quarterly or annual) is recorded below:

Quarterly returns are due by the 20th of the month following the reporting period.

- The January-March return is due by April 20th
- The April-June return is due by July 20th
- The July-September return is due by October 20th
- The October-December return is due by January 20th

Monthly returns are due by the 20th of the month following the reporting month.

- The May return is due by June 20th; the June return is due by July 20th; the July return is due by August 20th, etc.,

Failure to file, even in the event of zero sales or zero tax due, can result in penalties to the taxpayer as well as further action taken by the Colorado Department of Revenue.

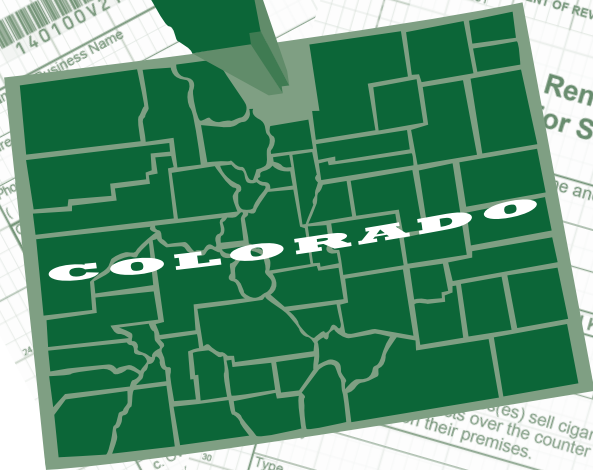


- Taxpayer remittance of state-collected taxes allows the Colorado Department of Revenue to distribute state-collected tax dollars to appropriate local governments.
- Taxpayer timely remittance of state-collected taxes per required frequency reduces the State costs of collecting outstanding state-collected taxes caused by non-compliance.
- **Filing** does not depend on whether or not sales were made, zero sales or zero tax due because **filing** is required reporting from the taxpayer to the Colorado Department of Revenue regardless of those factors.
- Zero sales or zero tax liability must be reported each filing period.
- **Filing** is required regardless of sales and when **zero tax is due**.
- Colorado Department of Revenue **filing** assistance is available at www.TaxColorado.com:
 - See **Quick Answers**
 - View **Education and Legal Research** for tax classes
 - Log into **Revenue Online** to send a secure message
- Colorado Department of Revenue Service Center or Call Center staff can be contacted for further assistance.



Jurisdictions

“To identify and comply with Colorado tax collection that corresponds to the taxpayer’s state, state-collected county, state-collected city and special district jurisdictions”

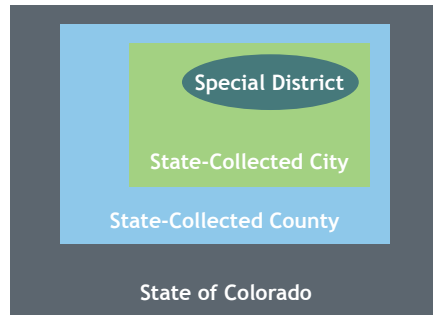


This Point of Compliance addresses **all the jurisdictions** for which taxpayers are required to collect, **file** and remit state-collected tax.

- Colorado tax structure encompasses four jurisdictions:
 - State
 - County
 - City
 - Special District (RTD - Regional Transportation District is an example)
- All businesses located in Colorado are required to collect state sales tax on tangible personal property.
- Colorado businesses located in, or with business activity in, a state-collected county are required to collect county sales tax on tangible personal property.
- Colorado businesses located in, or with business activity in, a state-collected city are required to collect city sales tax on tangible personal property.
- Colorado businesses located in, or with business activity in, a special district are required to collect special district tax on tangible personal property.
- Colorado businesses located in, or with business activity in, cities that have enacted a home-rule charter to administer and collect their own local sales and use tax are required to contact that city and abide by their tax laws.
- Colorado businesses that deliver or ship tangible personal property must collect sales tax or use tax for the jurisdictions shared by the retailer and purchaser.



- Colorado businesses **must identify all** tax jurisdictions where they have business presence to ensure compliance with tax law.
- The number of jurisdictions can vary depending upon location.





Trust

“To conduct business transactions involving the sale of tangible personal property in the State of Colorado from a position of trust to collect and remit all state-collected tax dollars”



This Point of Compliance highlights the position of trust of each Colorado business to carry out State tax law by collecting tax that is solely for remittance to the Colorado Department of Revenue and is not treated as earned income.

- Businesses act on behalf of the State of Colorado when they obtain and use a Colorado Sales Tax License.
- Businesses are entrusted to collect and remit taxes that belong to the State of Colorado and local jurisdictions.
- When businesses carry out the position of trust that accompanies the Colorado Sales Tax License, costs of tax collection compliance measures are prevented.
- When a business files on time, they receive a benefit of retaining a small percentage of the tax for timely filing.
- State-collected tax revenue distribution is governed by the Colorado Legislature, not by individuals, businesses or government agencies.
- State-collected tax revenue does not belong to any business, is not earned business income, and is solely for remittance to the Colorado Department of Revenue.
- When the position of trust to collect tax in all jurisdictions is not carried out by a business, the Colorado Department of Revenue has statutory responsibility to track uncollected tax dollars that belong to the State of Colorado and local jurisdictions.
- When the position of trust to file and remit tax is not carried out by a business, the Colorado Department of Revenue must take appropriate steps to assure compliance with tax law.
- Colorado Sales Tax License Education supports businesses in carrying out the position of trust.



License

“To properly display the Colorado Sales Tax License in a conspicuous place at the business location, to update all business information, to pay appropriate application fees and to renew the license in timely manner”



This Point of Compliance addresses the administrative responsibilities pertaining to the fees, renewal, maintenance and proper display of the Colorado Sales Tax License.

- Colorado Sales Tax License application fees are prorated on a 2-year cycle that begins in January of even-numbered years.
- Current license fees are noted on the CR 0100.
- A Colorado Sales Tax License must be displayed in a conspicuous place at the physical business location.
- An expired or inactive Colorado Sales Tax License is not valid.
- A Colorado Sales Tax License with an old address or outdated business information is not valid.
- Colorado Sales Tax License responsibilities are published in several Colorado Department of Revenue publications.
- Changes to mailing address can be made in Revenue Online at www.Colorado.gov/RevenueOnline
- Changes to site location must be made on the DR 1102 or through direct communication with Colorado Department of Revenue.
- Changes in type of ownership or business location require a new Colorado Sales Tax License.
- Renewal notices are sent out by the Colorado Department of Revenue, but it is the responsibility of the business to renew.



Purchases

“To purchase only non-taxable items for resale with a Colorado Sales Tax License”



This Point of Compliance underscores the parameters defined by Colorado tax law for making purchases with a Colorado Sales Tax License.

- Purchasing items for resale with a Colorado Sales Tax License is a privilege extended to Colorado business owners and business representatives.
- The purchase of non-taxable items for resale with a Colorado Sales Tax License includes raw materials, components and ingredients of products for resale.
- The purchase of non-taxable items for resale with a Colorado Sales Tax License does not include tools, products or machinery to produce products for resale.
- The Colorado Sales Tax License is not intended for the purchase of personal goods or business assets by a business owner or business representative without paying tax.
- Businesses must keep and preserve all invoices of goods and merchandise purchased for resale for three years.
- Records of purchases for resale must be available for review by the Colorado Department of Revenue.
- If a business owner or business representative takes out of its inventory goods that were purchased without paying tax and uses the goods for personal or business purposes, sales tax must be paid on those goods on line 10 on the DR 0100 Colorado Retail Sales Tax Return.
- Any licensed account, exclusive of wholesale accounts, that shows no sales tax filing and remittance for any period of 12 consecutive months will be closed automatically by the Colorado Department of Revenue.