

# ***FYI – For Your Information***

## ***DOR Requirements for Business Tax Filing, Tax Account Registrations & Changes in Account Status***

This FYI is intended to provide information to businesses about maintaining their business tax accounts with the Department of Revenue.

Businesses are required to follow particular guidelines that make the administration of taxes and tax laws go more smoothly for both the business and the department.

### ***BUSINESS TAX RETURNS***

Taxpayers who do not collect sales or withholding tax during a given tax period must file a -0- (zero) return even if no payment is due. Use the number -0- on the tax return. If the business does not file any return, a non-filer notice will be issued automatically. On the sales tax return, **be sure to place a -0- in all columns that apply to the jurisdictions in which you must collect tax.**

### ***BUSINESS CHANGES***

Contact the Department of Revenue in writing (Registration Control, Colorado Department of Revenue, 1375 Sherman St., Room 86, Denver, CO 80261) or by telephone, (303) 232-2416 to make any or all of the following changes to a tax account.

- When a business closes or when one of the business's locations (branches) closes, the taxpayer must immediately notify the department of the closure. Include the effective date of closure.

The department will then close the business registration (account) number or the branch number (if a location is closing). Promptly notifying the department of the closure avoids issuance of non-filer notices.

The following changes must be made by completing a "Colorado Business Registration" (CR 100) and submitting it and any fees associated with the change to the department.

- If a business's ownership status changes (for example, from a partnership to a individual ownership), the business must obtain a new registration (account) number. The department closes the previous registration (account) number and opens a new account for the new taxpayer entity.
- If a business opens an additional branch location, contact the department about adding a location (branch) to the existing account. The fee for each additional location is \$16. However, the \$50 deposit is not charged on additional locations. The \$10 trade name registration fee is due if a different name is used for the new location.
- A mobile business (selling out of a truck or other vehicle), must have a branch registration for each jurisdiction (city/county) in which sales are made. There is no \$16 fee for these branches. But a sales tax license (\$16 fee) and \$50 refundable sales tax deposit are required for the mobile business.



Colorado Department of Revenue  
Taxpayer Service Division  
1375 Sherman St.  
Denver, Colorado 80261

Sales Tax: (303) 232-2416  
Withholding Tax: (303) 232-2416  
Income Tax: (303) 232-2446  
Severance Tax: (303) 232-2446  
Fuel Tax: (303) 205-5967

Allow four to six weeks to receive a license in the mail. If you apply for a license in person at one of the Taxpayer Service Centers a license number will be issued immediately. The actual license will then be sent to you within two weeks. This timetable also applies for trade name registration applications.

### **WHAT TO DO WHEN PURCHASING OR SELLING A BUSINESS**

When a business is purchased by another party, both the old and new business operator must be sure to follow through on certain steps with the Department of Revenue and with other agencies. [Reg. 39-26-117.1].

- The previous business should close its business tax account or change its address (if the business is moving) with the Department of Revenue.
- The purchaser may request a tax status letter (DR 96) from the seller. The Department of Revenue will issue the letter at the present owner's (seller's) request. The letter will indicate whether all business taxes have been paid.
- The previous owner must pay any sales taxes that have been collected prior to the sale of the business. The sales taxes must be filed within 10 days of the sale. The new business owner becomes liable for any unpaid tax due on sales made by the previous owner.
- The new business should open a business tax account with the Department of Revenue. If moving from a different location, the business should make the address change with the department.
- A new tax rate may be in effect at the business's new location. Refer to the Department of Revenue publication "Colorado Sales/Use Tax Rates" (DRP 1002) for local tax rates throughout the state. This publication is updated in January and July each year.
- If the business sale took place in a home-rule city, both the old and new owner should contact the city for sales tax and zoning information.

- The sale of a business usually includes tangible personal property. Therefore, the buyer who is purchasing business assets must pay state sales tax and, if applicable, city and/or county sales tax. The sales tax must be paid on equipment, furniture and fixtures, whether new or used. If vehicles are involved in the sale, sales tax on vehicles is paid to the county where the vehicles are registered. The person selling the business may **not** collect sales tax on the vehicles. However, the seller should provide the buyer with an itemized list of the vehicles and the vehicle identification numbers (VIN). If the vehicles are used in the business and are garaged at the business location, they must be registered in the county where the business is located.
- The business purchaser remits tax on the purchase of the business on the "Combined Annual Retail Sales Tax Return" (DR 100A). It must be filed with the department on or before the 20th day of the month following the close of the taxpayer's accounting period (monthly, quarterly, annual).
- If the business is a restaurant or food service, the new business owner should contact the county health department where the business is located to find out about requirements for registering with the health department.
- If the business will sell liquor, the Liquor Enforcement Division, (303) 205-2300, should be notified of the ownership change.

### **FURTHER INFORMATION**

Single FYIs are free from the Taxpayer Service Division. They may be obtained at any statewide Taxpayer Service Center; or by writing to the Colorado Department of Revenue, 1375 Sherman St., Denver, CO 80261; or by calling the DOR Forms Hotline at (303) 232-2414. Please use the FYI number (General 1, Sales 9, etc.) when ordering FYI publications. FYIs and commonly used forms are available on the Web at [www.revenue.state.co.us](http://www.revenue.state.co.us)