

# ***FYI – For Your Information***

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

This FYI provides information for businesses about maintaining their business tax accounts with the Department of Revenue.

### ***BUSINESS TAX RETURNS WHEN NO TAX IS COLLECTED***

Taxpayers who do not collect sales tax during a filing 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, **enter -0- on line 9 "sales tax due" and in every column for the jurisdictions in which you must collect tax.**

### ***ELECTRONIC PAYMENT REQUIREMENT***

For any calendar year beginning on or after January 1, 2002, you are required to remit by electronic funds transfer (EFT) all state and local sales taxes to be remitted to the Department of Revenue **if your liability for state sales tax for the previous calendar year was more than \$75,000.** You may elect to remit your sales tax by EFT even if you do not fall under the mandatory requirement.

To establish an electronic funds account with the Department, submit a completed application "Authorization for Electronic Funds Transfer (EFT) for Tax Payments" (Form DR 5785). This form is located on our Web site at [www.taxcolorado.com](http://www.taxcolorado.com)

### ***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) 238-SERV (7378) to make the following change to a tax account.

When a business closes or when one of the business's multiple locations closes, the taxpayer must immediately notify the department of the closure to avoid receiving non-filer notices. Include the effective date of closure. The department will then close the business registration (account) number for that location.

The following changes must be made by completing a "Colorado Business Registration" (CR 0100) and submitting it with any fees associated with the change.

- If a business's ownership status changes (for example, from a partnership to a individual ownership), the business must obtain a new account number. The department closes the previous registration (account) number and opens a new account for the new entity.
- If a business opens an additional location, it must be added to the existing account. The fee for each additional location is \$16, however, the \$50 deposit is not charged on additional locations. The \$8.00 trade name registration fee is due only if a different name is used for the new location.



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

Forms and other services:  
(303) 238-FAST (3278)  
Assistance:  
(303) 238-SERV (7378)  
Fuel Tax: (303) 205-5602  
[www.taxcolorado.com](http://www.taxcolorado.com)

- A mobile business (selling out of a truck or other vehicle), must have an account number for each jurisdiction (city/county) in which sales are made. A sales tax license (\$16 fee) and \$50 refundable sales tax deposit are required for the mobile business, but there is no \$16 fee required for each jurisdiction.
- A different tax rate may be in effect at the new business 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 and can be downloaded from our Web site at [www.taxcolorado.com](http://www.taxcolorado.com)

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 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. There is a \$7 fee.
- 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.
- 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 tangible property 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 for registration requirements.
- If the business will sell liquor, the Liquor Enforcement Division, (303) 205-2300, should be notified of the ownership change.

## ***FURTHER INFORMATION***

FYIs and commonly used forms are available on the Web at [www.taxcolorado.com](http://www.taxcolorado.com)

For additional tax information visit our "Customer Support Site" located on our Web site for "*Frequently Asked Questions.*"

The Colorado Department of Revenue offers automated services for and about businesses. The Sales Tax Information System provides the following automated services:

- Colorado Sales Tax Rates - finds specific city, county and special district rates.
- Verification of Sale Tax License Exemption Numbers - determines whether a Colorado sales tax license or exemption certificate is valid.
- Tax Rates by Account Number - finds sales tax rates and locations for specific sales tax accounts.

These services make it possible for taxpayers to help themselves to information 24-hours a day.

Web users may use the online service at [www.taxview.state.co.us](http://www.taxview.state.co.us)