

FYI – For Your Information

Passenger Mile Tax

GENERAL INFORMATION

What is Passenger Mile Tax?

Colorado law requires payment of the passenger-mile tax when vehicles designed to carry passengers are operated for the transportation of passengers for compensation.

A passenger mile tax account is required for owners and operators of commercial vehicles designed for 14 or more passengers when:

- transporting passengers who operate intrastate.
- International Fuel Tax Agreement (IFTA) carriers transporting passengers interstate.

NOTE: Passenger mile tax must be reported in addition to the IFTA report.

A vehicle carrying passengers that makes two trips or less each month in Colorado is allowed to pay the tax on a trip-by-trip basis. The fee is \$25 or the actual tax, whichever is greater. The formula used to calculate the tax is $\$0.001 \times \text{number of passengers} \times \text{number of Colorado miles}$.

APPLICATION PROCEDURES AND LICENSE REQUIREMENTS

You must submit a completed "Application for Passenger Mile Tax Account" (DR 0278).

One license will be issued to each passenger mile tax account. You are

required to make copies of the license for each qualified vehicle. Any vehicle subject to passenger mile tax must have a valid license in the vehicle at all times. Failure to display a copy of the license will subject the operator to purchase of a trip permit.

The license is valid for the current calendar year. The license will be renewed automatically each year providing that the account is in good standing.

EXEMPTIONS

The passenger-mile tax does not apply to passenger services rendered **within** the boundaries of a city, city and county, or incorporated town by a company engaged in the mass transportation of people by buses or trolley coaches.

The passenger-mile tax does not apply to taxicabs, hotel buses, sightseeing buses, or limousines operated exclusively **within** the boundaries of a city, city and county, or incorporated town.

NOTE: Commercial passenger carriers operated by public school districts, churches, boy or girl- scout troops, or similar organizations are exempt from the passenger-mile tax if no direct charge is made for transportation to the user of the service.

The above exemptions **do not** apply to commercial passenger carriers, including mass transit vehicles, when the vehicles are operated outside the above-designated areas.



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

Fuel Tax: (303) 205-8205
www.taxcolorado.com

BOND REQUIREMENTS

A bond will not be required except in those instances when a licensee fails to file timely reports, when taxes have not been remitted or when an examination of the accounts indicates a financial guarantee is necessary. The bond (if required) **must be twice** the estimated average net tax liability for the reporting period. This bond is to be determined by the Department of Revenue.

RECORDKEEPING

A complete record of all trips must be maintained. For audit purposes, all records must be retained for three years from the due date of the return or date filed (whichever is later). Each trip must be recorded with the following information:

- date of the trip
- vehicle identification number (VIN)
- origin
- destination
- miles traveled in Colorado
- number of passengers
- number of passenger miles

The passenger mile detail of passenger buses (DR 0011) should be used to track this information. A copy of the DR 0011 is attached to this FYI.

FILING REQUIREMENTS

The Department of Revenue will send you a quarterly passenger mile tax return (DR 0133). This return will be mailed out near the end of the quarter and is due by the end of the following month (i.e., the return for the period of April – June would be due July 31).

Failure to receive the form does not relieve you of your legal responsibility to file the return by the due date. Notify the department, if for some reason you do not receive the form.

PORT CLEARANCE

Buses with a passenger capacity of 14 or less (inclusive of driver) do not have to stop and clear Colorado Ports of Entry.

Commercially licensed buses with more than a 14 passenger capacity are not required to stop and clear provided that the bus is legally licensed and registered to operate in the state of Colorado.

NOTE: This information **does not** apply to vehicles registered and used as recreational vehicles.

FURTHER INFORMATION

FYIs and commonly used forms are available on the Web 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 the authority to bind the Department, has not formally reviewed and/or approved these FYIs.

