

FYI – For Your Information

Passenger Mile Tax

GENERAL INFORMATION

What is Passenger-Mile Tax?

Colorado law requires payment of passenger-mile tax when vehicles of a certain size carry passengers for compensation [C.R.S. §42-3-304(13)].

A passenger-mile tax account is required for owners and operators of commercial vehicles designed for fifteen or more passengers, when operating either intrastate or interstate.

A vehicle carrying passengers which is registered in another state, and makes an occasional trip into Colorado, is allowed to pay the tax on a trip-by-trip basis. The fee shall be \$25.00, or the actual tax, whichever is greater. The formula used to calculate the tax is $\$0.001 \times \text{Number of passengers} \times \text{Number of Colorado miles}$.

Notes:

- Passenger mile tax is governed by the capacity of the vehicle; it does not matter how many passengers are carried at a given time. In other words, a bus capable of transporting fifteen passengers, which on a given trip, carried only five passengers, would be subject to passenger-mile tax for those five.
- Passenger-mile tax does apply to mass-transit vehicles.
- In cases where both IFTA and passenger-mile tax apply, both returns must be filed.
- Passenger mile tax does not apply to vehicles registered and used as recreational vehicles.

APPLICATION PROCEDURES AND LICENSE REQUIREMENTS

Operators must submit an Application for Passenger-Mile Tax Account (DR 0278).

One license will be issued to each account. Operators 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 result in the operator being required to purchase a trip permit.

The license is issued for a calendar year. It will be renewed automatically, provided that the account is in good standing.

EXEMPTIONS

Passenger-mile tax does not apply to miles driven within a city or an incorporated town. It does apply to miles driven in unincorporated areas, as well as to miles driven on federal and state highways.

Accordingly, if a bus first travels within a city, then drives on a federal highway, then exits the federal highway to drive in a city again, passenger-mile tax is due on the miles driven on the federal highway.

A similar result occurs if a bus travels from one city to another, passing through an unincorporated area.

For example, a bus capable of carrying fifteen passengers, for hire, drives through the city limits of Fort Collins. Upon reaching I-25, it travels southbound to Denver. There it exits at 38th Avenue.



Colorado Department
of Revenue
Taxpayer Service Division
1375 Sherman St.
Denver, Colorado 80261
Fuel Tax: (303) 205-8205
www.taxcolorado.com

In such a circumstance, the distance traveled from the city limits of Fort Collins, to the 38th Avenue exit, on I-25, would be subject to passenger-mile tax.

BOND REQUIREMENTS

A bond will not be required, except in such cases that a licensee fails to file timely reports, fails to remit taxes as due, or when an examination of the account otherwise indicates that a financial guarantee is necessary [C.R.S. §42-3-309(4)(a)].

If required, the bond will be twice the estimated average net tax liability for a reporting period. The amount of the bond, if needed, will 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 the date the return was actually filed, whichever is later.

For each trip, the following information must be recorded:

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

Form DR 7011 can be used to track this information.

FILING REQUIREMENTS

Returns (DR 0133) are to be filed quarterly. The returns will be mailed to taxpayers near the end of the quarter, with a due-date at the end of the following month. For example, a return for the period of April – June would be due on July 31st.

Failure to receive the form does not relieve the taxpayer of his/her responsibility to file the return by the due-date. Please notify the Department, if, for some reason, you do not receive a form.

PORT CLEARANCE

Buses with a capacity of fourteen, or fewer, passengers do not need to stop and clear a Colorado Port of Entry.

Commercially licensed buses with a passenger capacity of greater than fourteen are also not required to stop and clear a Colorado Port of Entry, provided that they are legally licensed and registered to operate in Colorado.

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.