Sales 93
Sales Tax on Marijuana

GENERAL INFORMATION
All sales of medical marijuana, medical marijuana products, retail marijuana, and retail marijuana products are subject to sales tax.

- Medical marijuana is subject to the 2.9% state sales tax and any local sales taxes.
- Retail marijuana is subject to the 2.9% state sales tax, any local sales taxes and an additional 10% state sales tax. If a city or county imposes a specific tax on retail marijuana, that tax should be reported and remitted directly to that city or county.

For additional information, visit the Colorado Taxation Division Web site, www.TaxColorado.com. Click on “Other Taxes” at the top of the page. Then click on “Marijuana Tax Information.” Retail marijuana and retail marijuana infused products are also subject to excise tax. For information on retail marijuana excise tax see FYI Excise 23.

SALES TAX LICENSE REQUIREMENTS
A sales tax license is required for medical marijuana sales and a sales tax license is required for retail marijuana sales. If a business sells both medical and retail marijuana, a sales tax license for each type of marijuana (medical and retail) is required, even if sold at the same location.

FILING REQUIREMENTS
Retail marijuana and retail marijuana-infused products are reported electronically each month on the Retail Sales Tax Return and also reported electronically each month on the Retail Marijuana Sales Tax Return. The Sales Tax Return and Retail Marijuana Sales Tax Return are filed on Revenue Online at www.Colorado.gov/RevenueOnline.

- The 2.9% state tax and local sales taxes for retail marijuana and accessories are filed on the Retail Sales Tax Return.
- The 10% additional state sales tax for retail marijuana and retail marijuana-infused products is filed on the Retail Marijuana Sales Tax Return. Only retail marijuana and retail marijuana-infused products should be included on the Retail Marijuana Sales Tax Return. Both returns should be filed under the Colorado Account Number that matches the sales tax license for retail marijuana.
- Medical marijuana, medical marijuana-infused products and accessories are reported on the Retail Sales Tax Return. This return includes the 2.9% state sales tax plus any local sales taxes. The sales tax for medical marijuana sales and accessories should be filed under the Colorado Account Number that matches with the sales tax license for medical marijuana. Sales tax for medical marijuana can also be filed electronically through Revenue Online.
- The applicable sales tax return(s) must be filed even if no sales were made or if no tax is due for the period. Returns with “zero” tax must be filed to avoid nonfiler notices and penalty assessments.

PENALTY AND INTEREST
Vendors who neglect or refuse to file sales tax returns or who fail to pay the sales tax by the due date will be assessed a penalty. Interest is also due on missing and late payments of sales tax.

EXEMPTIONS
There are no sales tax exemptions for retail marijuana. Retail marijuana stores may sell retail marijuana for resale to other retail marijuana stores without incurring or collecting the sales tax. The store selling the retail marijuana shall verify the store they are selling has a valid state sales tax license.

Medical marijuana is exempt from state sales tax for patients that are issued a registry card that has a tax-exempt status notation from the Colorado Department of Public Health and Environment (CDPHE). A person qualifies for the tax-exempt status if, depending on the number of people in the patient's family, their income is below a certain level. The tax-exempt patient must provide the tax-exempt registry card to the retailer at the time of purchase in order to be exempt from sales tax.

CREDITS/REFUNDS
If credit exceeds tax due, a Claim for Refund (DR 0137) must be submitted to request a refund.

RECORDKEEPING REQUIREMENT
Colorado law requires that every retail marijuana cultivation facility keep at each licensed place of business complete and accurate records for that place of business for at least three years after filing.

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.