



## FYI General 5

### General Information about Colorado State Taxes

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#### Income Tax

The statutory state income tax rate for resident individuals, estates and trusts is 4.63 percent of Colorado taxable income. To find the Colorado taxable income, use the following computation:

#### Federal Taxable Income

PLUS (+)	Any state income tax included in federal itemized deductions
PLUS (+)	Non-Colorado state & municipal bond interest
PLUS (+)	Lump sum distributions from pension or profit-sharing plan not included in federal taxable income
MINUS (-)	State income tax refunds included in federal taxable income
MINUS (-)	Interest on obligations of the United States
MINUS (-)	Previously taxed PERA or School District #1 benefits from 1984-1986
MINUS (-)	Pension exclusion of up to \$20,000 if age 55-64, \$24,000 if age 65 or older
MINUS (-)	Colorado Source Capital Gain
EQUALS (=)	Colorado Taxable Income

Allowable credits include taxes paid to other states; and a child care credit for full-year and part-year residents.

The first \$20,000 of pension or annuity income is exempt from tax for retired individuals aged 55 to 64, and for individuals receiving the pension as the result of the death of the individual who earned the pension. The first \$24,000 of pension or annuity is exempt from tax for retired individuals aged 65 and over. For further information, see FYI Income 2, Pension/Annuity Subtraction.

The Colorado corporation income tax applies to net income derived from Colorado sources. The tax rate is 4.63%.

#### Sales and Use Tax

The state imposes a sales and use tax of 2.9 percent. Many cities and counties impose their own local sales/use tax on purchases and transactions within their boundaries. The Colorado Department of Revenue, in addition to collecting state sales and use tax, collects sales tax on behalf of more than 175 cities and counties. These jurisdictions are referred to as "state collected." All Colorado counties that impose sales tax are state collected (except Denver and Broomfield).

Cities which have enacted a "home-rule" charter, and which have elected to administer their own local sales and use taxes, is referred to as "self-collected" or "self-administered." Self-administered jurisdictions have the right to establish their own regulations regarding those goods and services upon which to impose their local sales and use taxes, and must be contacted directly for that information.

For detailed information about local sales rates in cities and counties where the state collects the tax, see Revenue Online, [www.Colorado.gov/RevenueOnline](http://www.Colorado.gov/RevenueOnline) or publication Colorado Sales/Use Tax Rates (DR 1002).

For state-collected jurisdictions, most goods are subject to sales tax, and most services are not. However, exempt services must be billed separately to keep their nontaxable status. For example, if you call a plumber to your house to fix a leaking sink, the parts the plumber uses in the repair are taxable, but his labor is not. However, if the plumber bills you in a lump sum, where parts and labor are not listed separately on the bill, the entire amount is taxable.

State-collected local jurisdictions must abide by state rules regarding which goods and services are subject to sales and use tax and which are not. Goods exempt by law from state and state-collected local sales taxes include, but are not limited to, prescription drugs, insulin and insulin supplies; prosthetic and medical supplies prescribed by a doctor. In addition, some items are exempt from state sales and use tax, but may be subject to city and county sales taxes, at the option of the local jurisdiction. These include among others food for home consumption, and electricity, gas and fuel oil for residential use.

If you know the sales tax rate for your business location, you may obtain a chart of how much tax to charge on a specific item. This sales tax rate generator is available on Revenue Online, [www.Colorado.gov/RevenueOnline](http://www.Colorado.gov/RevenueOnline).

For more detailed information on state-collected local taxes, see FYI Sales 62, Guidelines for Determining When to Collect State-Collected Local Sales Tax.

### **RTD/CD SALES AND USE TAX**

Most of the Denver metropolitan area lies within a special tax district. It is actually separate tax districts with almost identical boundaries except that the Scientific and Cultural Facilities District covers more of Douglas, Adams and Arapahoe counties. RTD/CD tax is imposed on all transactions that are subject to state sales and use tax. Exception: RTD/CD, sales tax, but not use tax, is imposed upon machinery and machine tools even when those items are exempt from state sales and use tax.

Revenues from the RTD tax help finance the Denver metro area public transportation system. Proceeds from the CD tax are distributed to counties within the district for museums, zoos, the arts and other cultural programs.

For boundaries of the RTD/CD refer to the publication Colorado Sales/Use Tax Rates (DR 1002).

To find out whether an address you are delivering to is within RTD/CD boundaries, contact RTD.

### **Enterprise Zones**

An enterprise zone is defined as an economically distressed area of Colorado in which special tax incentives are offered to businesses that locate or expand in the zone. The purpose of the tax incentives is to create new jobs and investments in the zone. Sixteen areas of Colorado have been designated as enterprise zones. There are seven possible income tax credits available, and two sales and use tax exemptions. For further information, see FYI General 6, General Information about Colorado Enterprise Zones.

### **Alcohol Beverage Taxes**

The tax rate for beer is 8 cents per gallon; for vinous liquors (wine), 7.33 cents per liter; and for spirituous liquors, 60.26 cents per liter. Hard cider made from apples or pears is taxed at the rate of 8 cents per gallon and otherwise taxed as vinous liquor unless expressly excepted. Other ciders continue to be taxed the same as vinous liquors.

The Wine Industry Development Act of 1990 was enacted to promote and develop the Colorado wine industry through funding from three surcharges:

- Vinous Surcharge of 1 cent per liter on all vinous liquors sold, offered for sale, or used in this state
- Colorado Winery Surcharge, (a graduated rate of 5 cents, 3 cents and 1 cent per liter) on vinous liquors produced by Colorado licensed wineries and sold, offered for sale, or used in this state.
- Grape Tax of \$10 per ton of grapes of the vinifera varieties or other produce used in the production of wine in this state by a licensed Colorado winery.

For further information, see FYI Excise 12, Colorado Alcoholic Beverage Wholesalers and Manufacturers - General Information.

### **Cigarette Tax and Tobacco Products Tax**

The cigarette tax rate is 4.2 cents per cigarette. There is also a tax on other tobacco products of 40 percent of the manufacturer's list price. The cigarette and tobacco products tax is paid by the distributor, and is included as part of the retail price paid by the consumer. Beginning July 1, 2009 retailers will charge the state sales tax on all retail sales of cigarettes. Other tobacco products are subject to sales tax at the point of sale to the consumer. For more information see FYI Excise 15, Cigarette and Tobacco Product Information for Retailers; FYI Excise 16, Cigarette Distributors-General Information; FYI Excise 17 Tobacco Products Distributors-General Information and FYI Excise 18, Master Tobacco Settlement Agreement (MSA).

### **Estate, Inheritance and Gift Taxes**

Colorado estate tax replaced the inheritance tax for decedents who died on or after Jan. 1, 1980. A Colorado Estate Tax Return (DR 1210) must be filed if a United States Estate (and Generation-Skipping Transfer) Tax Return (federal form 706 or 706NA for a nonresident alien decedent) is required to be filed. The Colorado estate tax is the state death tax credit allowable on the federal return, but adjustments may be made if one or more additional states are involved. The Colorado Estate Tax will be phased out after December 31, 2004 as a result of the federal estate tax law changes. For further information, see FYI Estate 1, Colorado Estate Tax.

Colorado has no gift tax on transfers of property by gifts, if the transfers occurred on or after Jan. 1, 1980.

## **Passenger Mile Taxes**

Passenger Mile Tax is collected on vehicles designed to carry passengers or operated for the transportation of passengers for compensation. The rate calculation is: Passengers multiplied by Colorado miles multiplied by \$0.001. A passenger mile account, license, and reporting is required of owners and operators of commercial vehicles designed for 14 or more passengers. For more information see FYI Excise 14, Passenger Mile Tax.

## **FUEL TAX INFORMATION**

### **Fuel Taxes**

Motor fuel and aviation fuel tax returns are required to be filed electronically by all reporters with more than twenty receipt and disbursement transactions. See FYI Excise 5, Colorado Motor and Aviation Fuel Application, Licensing and Reporting Requirements."

### **Motor Fuel Taxes**

Gasoline and/or Special Fuel Excise Taxes: Colorado charges a fuel excise tax on motor fuels. The tax is collected by licensed fuel distributors at the wholesale level, upon acquisition at the terminal rack. The tax rate is \$.22 per gallon for gasoline (including gasohol). The special fuel tax rate is \$.205 per gallon.

All Colorado fuel distributors, suppliers, exporters, importers, blenders, carriers, and terminal operators must be licensed in Colorado. For information on application, licensing, and reporting procedures see FYI Excise 5 "Colorado Motor and Aviation Fuel Application, Licensing Requirements." The application form is DR 7064. Also see FYI Excise 7 "Tax Refunds for Exempt Use of Fuel."

### **Aviation Gasoline and Jet Fuel Taxes**

The Colorado excise aviation gasoline tax rate is \$.06 per gallon and the aviation jet fuel tax rate is \$.04 per gallon. For exempt uses of aviation fuel, see FYI Excise 5, Colorado Motor and Aviation Fuel Application, Licensing Requirements. Licensing, application, and reporting requirements are the same as for motor fuel taxes.

Sales tax can also apply to aviation fuels. See FYI Sales 57, Sales and Use Tax Applicable to Gasoline and Special Fuels

### **Environmental Response Surcharge Fee**

This fee is collected on motor fuels for the Colorado Petroleum Storage Tank Fund, created to clean up petroleum contamination. A tank-truck load is considered 8000 gallons. The fee is collected, reported, and paid by licensed fuel distributors. For information on the "ERS" fee see FYI Excise 11, Environmental Response Surcharge." The current surcharge rate is available on the Colorado Department of Labor and Employment Web site, under Oil and Public Safety, Fund Section. You can also search for Current ERS Fee at [www.Colorado.gov](http://www.Colorado.gov).

### **Liquefied Petroleum Gas Inspection Fee**

This fee is collected on odorized liquefied petroleum gas for the liquefied petroleum gas inspection fund, created to provide funding for inspection of installations, calibration and adjustment of meters, dispensers and testing. The rate is currently \$10 per tank truckload. The fee is collected, reported, and paid by the person who first purchases or imports the liquefied petroleum gas into Colorado. For information regarding the "LPG" fee see FYI Excise 11 "Environmental Response Surcharge."

### **Liquefied Petroleum Gas (LPG) and Natural Gas (NG) Decal Fees**

Fuel used to operate LPG/NG powered vehicles which are registered in Colorado is prepaid by the purchase of a LPG/NG decal. The fees are as follows for a full year:

<u>Vehicle Weight</u>	<u>Annual Fee Amount</u> (Fees are prorated monthly the first year vehicle is purchased.)
1 – 10,000 lbs.	\$ 70
10,001 – 16,000 lbs.	\$100
Over 16,000 lbs.	\$125

See FYI Excise 1, Information For Fuel Distributors Selling LPG/NG Decals and FYI Excise 6, Liquefied Petroleum Gas (LPG) or Natural Gas (NG) Decals.

### **Severance Taxes**

Colorado imposes severance taxes on oil, gas, metallic minerals, molybdenum, oil shale and coal. See FYI General 4, Severance Tax Information for Owners of any Interest in any Oil and Gas Produced in Colorado.

**Local Taxes**

In addition to state taxes listed in this FYI, some counties, cities and special districts impose sales and use, lodging, and/or other taxes.

For detailed information about local sales rates in cities and counties where the state collects the tax, see Revenue Online, [www.Colorado.gov/RevenueOnline](http://www.Colorado.gov/RevenueOnline) or refer to the publication Colorado Sales/Use Tax Rates (DR 1002).

**Motor Vehicle Registration Tax**

If you are a resident of Colorado and own or control the use of a motor vehicle in Colorado, you must title and register it in Colorado. A vehicle must be titled and registered within 45 days of the date of purchase. New residents must title and register their vehicles within 30 days of establishing residency. Applications for titles and regular license plates are processed at the County Motor Vehicle office in the county where you reside. Check the blue pages of a local telephone directory under the Colorado County listing for the office in your county.

License, ownership tax and other fees that you will pay when you title and register a vehicle depend on several factors including vehicle type, weight, year of manufacture, and original taxable value.

**Property Tax Information**

Property taxes are administered by the counties through the Colorado Department of Local Affairs. If you have questions about your property taxes, check the county listing in the blue pages of a local telephone book for the Colorado county property tax office that applies to you, contact the Department of Local Affairs, Property Tax Division at (303) 866-2371.

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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.