

Regulation 39-21-110.5– Rate of interest.

(1) Net Colorado Tax Liability Defined

(a) The net Colorado tax liability for income tax is defined as the total Colorado tax, alternative minimum tax and recapture of prior year credits less all income tax credits other than the state sales tax refund, withholding credits, and estimated tax credits.

(b) The net Colorado tax liability for severance tax is defined as the total tax less the ad valorem credit, the impact assistance credit, and the underground/lignitic coal credits.

(c) The net Colorado tax liability for sales tax is defined as the tax due after deducting the service fee and includes the tax due on items removed from inventory. The net tax liability and accompanying interest will be computed separately for sales tax collected from customers and for sales tax paid to vendors for each taxing jurisdiction.

(d) The net Colorado tax liability for consumer use tax is defined as the total tax less the credit for sales tax paid in another state. The net tax liability and accompanying rate of interest will be computed separately for each taxing jurisdiction included on a taxpayer's account.

(e) The net Colorado tax liability for wage withholding tax is defined as the tax withheld.

(f) The net Colorado tax liability for estate tax is defined as the total tax payable to Colorado from the estate tax and the generation skipping transfer tax.

(g) The net Colorado tax liability for retailers use tax is defined as the tax due after deducting the service fee. The net tax liability and accompanying rate of interest will be computed separately for each taxing jurisdiction included on a taxpayer's account.

(h) The net Colorado tax liability for gasoline and special fuel tax is defined as the total tax due less the tax paid at retail during the tax period. For international fuel tax agreement (IFTA) payments, any tax refund subject to interest shall only include a refund of Colorado fuel taxes.

(i) The net Colorado tax liability for gasoline or special fuel tax paid by a distributor is defined as the tax imposed on the gasoline acquired during the month less the 2% credit for losses and the .5% credit for expenses and bad debts.

(j) The net Colorado tax liability for passenger mile tax is defined as the total passenger mile tax due.

(k) The net Colorado tax liability for cigarette tax is gross amount of tax due less the discount allowed.

(1) The net Colorado tax liability for tobacco products tax is the total tax computed on the invoice price less exempt sales, the credit for exported, returned and destroyed products and the service fee allowed.

(2) The calculation of the net Colorado tax liability will include all tax and credit adjustments including those reported on original and amended returns, refund claims, and audit adjustments. This calculation will include adjustments reported on a refund claim, which is the subject of the interest computation.

(3) Multiple amended returns and claims for refund may be combined in determining the correct interest rate to be paid.

(4) The period for which the net tax liability is computed generally means the reporting period for which the tax return is filed. If a refund claim cannot be accurately matched to the original return reporting period, the Department shall make a determination of the refund distribution when determining the appropriate interest rate to be paid.