Regulation 39-30-106. Enterprise zone machinery and machine tool sales tax exemption.

(1) Exemption provided. An exemption from Colorado sales tax is provided with respect to the purchase of machinery, machine tools, or parts thereof, or material for construction or repair of machinery or machine tools, in excess of $500 to the extent the machinery or machine tools is used exclusively in a manufacturing process carried on in a Colorado enterprise zone. This exemption applies to machinery, machine tools and parts purchased on or after January 1, 1988, and to material for the construction or repair of machinery or machine tools purchased on or after June 7, 1989. Machinery, machine tools, and parts purchased prior to June 7, 1989 did not qualify for this exemption unless it/they were capitalized on the taxpayer's books and met the definition of "qualifying property" as contained in section 48 of the internal revenue code as such section existed prior to the enactment of the "Revenue Reconciliation Act of 1990".

(2) Declaration of entitlement. Whenever a taxpayer making a purchase of machinery, machine tools, parts thereof, or material for the construction or repair of machinery or machine tools which qualifies for the exemption provided for by section 39-30-106 wishes to claim such exemption, he must complete two copies of Form 1191, "Sales Tax Exemption on Purchases of Machinery and Machine Tools", give one copy to the vendor and send the other copy to the Department of Revenue within 20 days of the date of the purchase. The Department of Revenue will then determine whether or not the exemption claim is valid.