

Colorado Service Fee for Cigarette and Tobacco Taxes

(also known as the "Vendor's Fee")

Cigarette Distributors

Pursuant to C.R.S. 39-28-104 (1) The Colorado cigarette tax service rate (also known as the vendor's Fee) will go back to 4% effective July 1, 2005 on the cigarette tax base. The service/vendor's fee is offered for timely payments only on the cigarette tax base currently in statute and not on the excess tax imposed by Amendment 35 effective January 1, 2005.

The new vendor's fee effective July 1, 2005 is .9524%. The calculation to arrive at the service/vendor's fee is as follows: (10 mills divided by 42 mills, the new rate, equals 23.8%, this percentage is then multiplied by the 4% vendor's fee to arrive at .9524%). The correct vendor's fee will be printed on the July 2005 Colorado Cigarette Tax Return (DR 0221).

Tobacco Distributors

Pursuant to C.R.S. 39-28.5-106 (2) The Colorado tobacco products service rate (also know as the vendor's Fee) will go back to 3.33% effective July 1, 2005 on the tobacco products tax base. The service/vendor's fee is offered for timely payments on the tobacco products tax base currently in statute and not on the excess tax imposed by Amendment 35 effective January 1, 2005.

The new vendor's fee effective July 1, 2005 is 1.665%. The calculation to arrive at the service/vendor's fee is as follows: (vendor's fee 3.33% divided by 2 to arrive at 1.665%). The correct vendor's fee will be printed on the 3rd quarter 2005 Tobacco Products Tax Return (DR 0229).

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