

Withholding Tax - Employee

All data presented here is for general information purposes only. For specific, or more detailed information please refer to Colorado Department of Revenue publications, the Colorado Revised Statutes, or contact the Fair Share Section directly.

Individuals

The Colorado Department of Revenue has compared the withholding credit you claimed on your 104 Income Tax Return with the withholding information provided by your employer(s) or payor(s).

An inquiry letter was previously mailed to you to request information about your circumstance. If no response was received within the allotted time, a Notice of Deficiency was issued to collect the presumed tax owed. If you do not agree with the assessment, please note the following:

- You must provide documentation to verify the credit you claimed. Documentation can include copies of your W-2 and/or 1099 statements, year-end paystubs, or letterhead documents from your employer(s) or payor(s) for the year in question. Once the information is received by this department we will compare the data against our records, and make a determination about your tax obligation.

Frequently Asked Questions

Is there a due date for filing a protest of an assessment?

In lieu of a request for hearing, a taxpayer may file a written brief with the department to be taken into consideration. The brief must include all necessary documentation to support the request for reconsideration, and must be filed with the department within 30 days after the issuance of the original assessment. [39-21-103(7) C.R.S.]

What is the penalty that is listed on my assessment?

Depending on the nature of assessment, there are several applicable penalty types. For wage withholding assessment purposes, the following represent the most common:

Pursuant to Colorado Revised Statute 39-22-621(2)(a), a penalty may be assessed on any delinquent filing. This penalty is assessed at the rate of 5% of the balance of tax due for the first month or partial month of delinquency and .5% for each additional month or fraction thereof, not to exceed 12%.

Colorado Revised Statute 39-22-621(2)(b) allows an assessment of penalty on any delinquent payment. This penalty is assessed at the same rate as the delinquent filing penalty but it is charged on the underpayment or nonpayment of tax irrespective of when the return is filed. When both the delinquent filing penalty and the delinquent payment penalty apply, only the larger of the two will be assessed.

If any part of a deficiency is due to negligence or disregard of the laws, rules, or regulations, but is without intent to defraud, a penalty is assessed at the rate of 25% of the balance of tax due. This is in addition to the deficient tax amount, plus any other penalties and/or interest assessed. [39-22-621(2)(h)]

How is the interest assessment calculated?

Interest is charged on any tax due from the due date to the date such tax is paid. Interest rates fluctuate from year to year, but are defined each January 1 and are based on the prime rate as of the preceding July 1 plus 3%. A historical accounting of the penalty rate is available on the Colorado Department of Revenue main web page. The calculation for determining the interest due is as follows, a calculation must be completed for each year the tax remains unpaid:

Tax due x total days unpaid within the year / 365 days x interest rate = interest due

I agree with the assessment, but cannot make payment in full by the due date on my bill. What can I do?

Please contact our Collection Section at (303) 205-8291 to set up payment arrangements.

I do not agree with the answer I received after I submitted a protest. Do I have any recourse?

If you filed your written brief within 30 days after the original assessment was issued, you may request a hearing with the Executive Director of the Department of Revenue. For more information about this process, please refer to Colorado Revised Statute 39-21-103.

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