

## **Sales Tax - Selling a business**

*What does the Colorado Department of Revenue require when someone is selling a business?*

It is required that when selling a business that all Colorado sales and use taxes due be current and that all applicable taxes be paid to date and a return filed. Even if a return has no amount due, the seller must file a FINAL return with a zero amount in order to avoid a non-filer notice. Therefore, all businesses taxes due must be complete at the time of sale.

The seller must collect and pay sales tax on the sale of tangible personal property on a DR 0100A "Retail Sales Tax Return for Occasional Sales" after selling the property to the purchaser. This would include business fixtures, furniture, etc. Inventory not used for resale is taxable. The tax must be remitted to the state no later than the 20th of the month following the sale of the business. If sales tax is not collected on the tangible personal property by the seller, then the purchaser must remit the sales tax on a DR 0100A.

It is also advisable that the seller obtain a tax status letter Form DR 0096 from the Department of Revenue. The tax status letter will provide the purchaser with the seller's current tax standing. The purchaser may request the letter with a power of attorney from the seller. The tax status letter form DR 0096 "Request for Tax Status Letter" may be found on the department's Web site at [www.taxcolorado.com](http://www.taxcolorado.com)

Finally, the seller **must** close the account with the Colorado Department of Revenue. A purchaser of a business cannot operate under the same business license as a previous owner. See also Closing a Business

Please note that any contracts between the seller and the purchaser do not supersede any Colorado Revised Statute pertaining to taxability on the sales of tangible personal property.