



FYI Sales 8

Sales Tax Requirements for Small Home Businesses

Some home-based craftspersons or artists and many other kinds of small home business operators are not required to obtain a state sales tax license to legally comply with Colorado sales tax laws. You do not have to obtain the sales tax license if:

- You make occasional or isolated sales of tangible personal property from your home, **and**
- Your total sales are no more than \$1,000 per year.

However, you **must collect** state sales tax, and, if applicable, Regional Transportation District (RTD), Cultural Facilities District (CD), and state-collected local tax on the gross sales price of each product you sell. Your total annual sales tax collection must be submitted to the Department of Revenue at the time your individual income tax return is due (April 15). If you file for an extension of time to file your income tax, you will also receive an extension of time to file your sales tax. Use the Retail Sales Tax Return for Occasional Sales (DR 0100A) to report your sales tax collections. **NOTE:** You will not automatically receive the DR 0100A. Download the form at www.TaxColorado.com, the Taxation Web site. [§39-26-103 (9)(d), C.R.S.]

The sales tax license exemption outlined above does not apply to you if you or any member of your household is engaged in a trade or business outside the home where items are sold that are similar to those sold within your home. In this case, you are required to obtain a Colorado sales tax license and to file a Retail Sales Tax Return (DR 0100) on a prescribed schedule.

To determine the correct percentage of sales tax to collect, local sales rates in cities and counties where the state collects the tax, see Revenue Online, www.Colorado.gov/RevenueOnline, click the Business button, and see the listing under BusinessServices. Or refer to the publication Colorado Sales/Use Tax Rates (DR 1002). This publication also lists the home-rule cities for which the state does not collect sales taxes. If your business is in a home-rule city, contact your city officials to find out about local sales tax requirements.