FYI Sales 14

Special Regulation: Automobile Dealers, Vehicles Used in a Manner That Continues the Right to the Resale Exemption

(1) C.R.S. 42-3-116 (6)(a) sets forth the requirements to receive and use a full-use dealer plate. Any licensed motor vehicle dealer as defined in C.R.S. 12-6-102(13) who meets the requirements to receive Dealer Full-Use Plates and uses these license plates on motor vehicles within all the requirements of the statute and within all the standards of the motor vehicle dealer regulation, "Dealer Full-Use License Plates" shall be considered to have continued the dealers' right to a resale exemption from the sales or use tax.

(2) C.R.S. 42-3-116 and the motor vehicle dealer regulation titled "Use of Dealer Demo License Plates" establish the requirements for the use of Dealer Demo License Plates. Any licensed motor vehicle dealer as defined in C.R.S. 12-6-102(13) who meets the requirements to receive Dealer Demo License Plates and uses these license plates on motor vehicles within all the requirements of the statute and all the standards of the motor vehicle dealer regulation "Dealer Demo License Plates" shall be considered to have continued the dealers' right to a resale exemption from the sales or use tax.

(3) C.R.S. 42-3-116(4)(a) and the motor vehicle dealer regulation titled "Depot License Plates" establish the requirements for the use of Depot License Plates. Any licensed motor vehicle dealer as defined in C.R.S. 12-6-102(13) who meets the requirements to receive Depot License Plates and uses these license plates on motor vehicles within all the requirements of the statute and all the standards of the motor vehicle dealer regulation "Depot License Plates" shall be considered to have continued the dealers' right to a resale exemption from the sales or use tax.

(4) C.R.S. 42-3-116(4)(b) and the motor vehicle dealer regulation titled "Dealer In-Transit License Plates" establish the requirements for the use of Dealer In-Transit License Plates. Any licensed motor vehicle dealer as defined in C.R.S. 12-6-102(13) who meets the requirements to receive Dealer In-Transit License Plates and uses these license plates on motor vehicles within all the requirements of the statute and all the standards of the motor vehicle dealer regulation "Dealer In-Transit License Plates" shall be considered to have continued the dealers' right to a resale exemption from the sales or use tax.

(5) All other vehicles operated in Colorado by a manufacturer or dealer which do not qualify for any of the license plates listed above must be titled to the manufacturer or dealer and the full sales or use tax applies to the lessee's cost or owners cost, with allowances for trade-in of vehicles transferred after use to dealers for resale in Colorado.

(6) For example, a motor vehicle dealer who does not meet the conditions set forth for exemption and who

a) has full use license plates revoked, seized by or returned to the Department and that revocation is finally upheld; or
b) is cited for an unauthorized use of a full use license plate by the Department and that action is finally upheld: will be subject to a sales or use tax on the cost of the motor vehicle.

(7) For example, a vehicle actually sold to an employee, salesman, partner, or other official of the dealer's company is subject to sales tax on the selling price or, if there is a trade-in allowance, on the net selling price of the vehicle.

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