## **EXTENSIONS OF SALES AND USE TAX RETURNS**

## 39-26-105.1(B)

The executive director has authority to grant extensions of time for filing sales tax returns; but, extensions will not be granted unless the taxpayer can show that filing on or before the due date would result in an undue hardship.

- (1) **General Rule.** The Department may grant an extension of time to file a sales or use tax return upon a showing of good cause.
  - (a) Taxpayer has the burden of demonstrating the factual and legal basis for granting the extension.
  - (b) The Department will consider a number of factors, including whether:
    - (i) filing on the deadline will create an undue hardship for the taxpayer;
    - (ii) taxpayer previously made requests for extensions of time;
    - (iii) the circumstances giving rise to the request for extension are not under taxpayer's control; and,
    - (iv) if the extension is based on taxpayer's neglect, the neglect was not willful or a reckless disregard of taxpayer's filing obligation.
- (2) **Extension Request.** Taxpayer must file a request for an extension of time in writing in order to document that a request has been made. The Department may grant an extension without a written request if it is satisfied that good cause exists for an extension.
  - (a) The request must provide the name of the taxpayer, Department tax account number, and the date to which taxpayer is requesting an extension
- (3) Granting an extension of time does not relieve taxpayer from interest charges, but granting an extension relieves taxpayer from penalty and penalty interest that would otherwise apply for filing a return after the due date.
- (4) An extension of time applies only to the return described in the Department's approval.
- (5) **Bulk close-out sale.** The deadline for a taxpayer to file a tax return for and to pay such sales or use taxes that arise from the sale of all or substantially all of a commercial entity or charitable organization's taxable property or services as part of a liquidation, merger, or reorganization of such entity or organization is automatically extended for four months. This automatic extension does not apply when the purchase prices for such taxable property or services are known at the time of sale, such as auction sales, inventory reduction or asset liquidation sales by retailers to the general public, and sales from an entity or organization to another entity or organization as part of a liquidation, merger, or reorganization who have agreed to the price(s) of such taxable property or services at the time of sale. The extension does not toll the accrual of interest after the original filing deadline. A taxpayer whose deadline for filing a tax return is automatically

extended by this rule may request an additional extension of time pursuant to subparagraph (1), above.

## Cross Reference(s):

(1) For a mailing address and phone number to make an extension request, please see the Department's website at www.colorado.gov/revenue/tax.