DR 1191 (10/17/13)

COLORADO DEPARTMENT OF REVENUE

Denver CO 80261-0009
(303) 238-SERV (7378)



Sales Tax Exemption On Purchases Of Machinery And Machine Tools

Seller			Colorado Sales Tax Account Number			
Address	City			State	Zip	
Purchaser			Colorado Sales Tax	Colorado Sales Tax Account Number		
Address	City			State	Zip	
Date of Purchase (MM/DD/YY)		Amount of Purchas	Is Equipment Leased	l Pur	chased	
Description of Item(s) Including Machine Parts						
How Used in Manufacturing						
End Product		How Sold	sale 🗆 Retail 🗆	New \square	Used	
	(See Instruction	ses Located in is on Reverse Sid		es		
Amount of Purchase for Machinery, Machine Tools and	l Parts					
Materials used in the construction of machinery and m	achine tools (after (06/07/89)				
I hereby certify that					is	
entitled to the exemption on purchases of n		Purchasing Firm or Fachine tools.	Person)			
Name of Person Authorizing Purchase (please print)						
By (Authorized Signature of Purchasing Firm)			Title			

DR 1191 Instructions

General Information

Purchases of machinery or machine tools and parts thereof are exempt from state sales and use tax when the machinery will be used in manufacturing. 39-26-709(1)(g), C.R.S.

To qualify the machinery must:

- Be used in Colorado.
- Be used directly and predominantly to manufacture tangible personal property for sale or profit.
- Be of a nature that would have qualified for the federal investment tax credit under the definition of section 38 property found in the Internal Revenue Code of 1954, as amended. This includes tangible personal property with a useful life of one year or more and limits qualifying purchases of used equipment to a maximum of \$150,000 annually,
- Be included on a purchase order or invoice totaling more than \$500,
- Be capitalized.

Enterprise Zones

The manufacturing exemption is expanded to exempt additional purchases from sales and use tax when machinery is used solely and exclusively in an enterprise zone. Equipment that is used both within and outside an enterprise zone only qualifies for the regular statewide exemption, as is equipment used at a location prior to that location's designation as an enterprise zone.

[C.R.S. 39-30-106(1)]

- Machinery used solely and exclusively in a designated enterprise zone may be capitalized or expensed to qualify for the exemption.
- Materials for construction or repair of machinery or machine tools are exempt from the state sales and use tax if the machinery is used exclusively in an enterprise zone.
- Mining operations are included in the definition of manufacturing when performed in an enterprise zone.
 For further information, see FYI Sales 69, "Enterprise Zone Exemption for Machinery and Machine Tools Used in Mining."

Local Taxes

Cities, counties and special districts may or may not exempt manufacturing equipment from local sales taxes. Refer to publication DR 1002 for a list of localities that exempt this equipment from local tax. The Regional Transportation District and the Cultural District (RTD/CD) may impose a sales tax on manufacturing equipment, but cannot impose a use tax on the equipment.

Claiming The Exemption

Complete form DR 1191 Sales Tax Exemption on Purchases of Machinery and Machine Tools. Give one copy of the completed form to the seller of the machinery and a second copy to the Department of Revenue. The purchaser must also keep a copy. An exemption cannot be claimed for sales tax paid in another state which is credited against Colorado sales or use tax.

Note: Acceptance of this certificate by the seller removes any sales tax liability from the seller and the purchaser is liable for any subsequent sales or use tax liability for the purchase.

For further information regarding the manufacturing exemption, see FYI Sales 10 available on our Taxation Web site at www.TaxColorado.com, or call (303) 238-SERV (7378).