



Excise 23

Excise Tax on Retail Marijuana

GENERAL INFORMATION

Retail marijuana is subject to a 15% excise tax on the average market price of retail marijuana. The excise tax is imposed on the first sale or transfer from a retail marijuana cultivation facility to a retail marijuana store, retail marijuana product manufacturing facility or to another retail marijuana cultivation facility.

The tax shall be calculated on the basis of the category of the retail marijuana product (i.e., Flower, Trim, or Immature Plant) being sold or transferred.

Examples: the total weight of a sale or transfer of trim that does not include any bud or concentrate shall be multiplied by the average market rate for trim and the result shall be multiplied by 15% to arrive at the amount of excise tax due. In the case of a sale or transfer of concentrate created by a retail marijuana cultivation facility, the tax shall be calculated by multiplying the amount of trim that was used to create the concentrate by the average market rate for trim, adding the result of the amount of bud used to create the concentrate multiplied by the average market rate for bud, and multiplying that sum by 15% to arrive at the amount of tax due

There is no excise tax on medical marijuana that is one-time transferred from a medical marijuana business to a retail marijuana store, retail marijuana products manufacturing facility, or retail marijuana cultivation facility. However, if the medical marijuana is transferred to a retail marijuana cultivation facility, the subsequent sale or transfer from the retail marijuana cultivation facility to a retail marijuana store, a retail marijuana products manufacturing facility or another retail marijuana cultivation facility, including but not limited to a transfer from the retail marijuana cultivation facility to another retail marijuana establishment under common ownership with the retail marijuana cultivation facility, is subject to the retail marijuana excise tax. The transfer of medical marijuana to a retail marijuana establishment can only occur once.

If a city or county imposes an excise tax on retail marijuana, that excise tax should be reported and remitted directly to that city or county.

Medical marijuana is not subject to the 15% retail marijuana state excise tax.

For additional information, visit the Colorado Taxation Division Web site, www.TaxColorado.com. Click on "Other Taxes" at the top of the page. Then click on "Marijuana Tax Information."

OTHER TAX REQUIREMENTS

Retail marijuana and retail marijuana-infused products are also subject to sales tax. For information on retail marijuana sales tax see FYI Sales 93, Sales Tax on Marijuana.

AVERAGE MARKET RATE

The department will determine the average market price of Flower, Trim, and Immature Plant twice a year to be effective each January 1 and July 1. The average market price can be found at www.TaxColorado.com under "Other Taxes" then "Marijuana Taxes."

SALES TAX LICENSE REQUIREMENTS

A sales tax license or wholesale tax license is required for each marijuana cultivation facility. If a cultivation facility is owned by and located at the same address as the retail marijuana store or dispensary and the retail store already has a retail sales tax license, no additional sales tax license is required for the marijuana cultivation facility. If the marijuana cultivation facility's location is not at the same address as the dispensary, a wholesale sales license is required.

BOND REQUIREMENTS

A retail marijuana cultivation facility is required to provide a surety bond to the department in an amount equal to twice the anticipated monthly excise tax due. A completed Retail Marijuana Surety Bond (DR 1619) must be submitted to the department before any retail marijuana sales or transfers by the retail cultivation facility can be made. The surety bond must be issued by a company authorized to do business in Colorado.

FILING REQUIREMENTS

Retail marijuana excise tax can be reported electronically through Revenue Online. The Retail Marijuana Excise Tax is due the 20th of each month for transfers or sales made in the previous month. **A return must be filed even if no sales were made or if no tax is due for the period. Returns with a “zero” tax must be filed to avoid non filer notices and penalty assessments. The Retail Marijuana Excise Tax Return is filed on Revenue Online at www.Colorado.gov/RevenueOnline.**

EXEMPTIONS

There are no exemptions for retail marijuana excise tax.

PENALTY AND INTEREST

Cultivators who neglect or refuse to file a marijuana excise tax return or who fail to pay the marijuana excise tax by the due date will be assessed a penalty. Interest is due on missing and late payments of the retail marijuana excise tax.

CREDITS/REFUNDS

If credit exceeds tax due, a Claim for Refund (DR 0137) must be submitted to request a refund.

RECORDKEEPING REQUIREMENT

Colorado law requires that every retail marijuana cultivation facility keep at each licensed place of business complete and accurate records for that place of business for at least four years after filing.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.