

# MANDATORY ELECTRONIC FUNDS TRANSFER

## REGULATION 39-26-105.5

- (1) **Qualifications.**
  - (a) A sales tax licensee who had a Colorado state sales tax liability of more than seventy-five thousand dollars in the previous calendar year must remit all state and state-administered city, county, and special district sales taxes by electronic funds transfer for the following calendar year. State-administered local sales taxes paid by the licensee are not included in the calculation of the seventy-five thousand dollar threshold.
  - (b) The Department does not collect the sales taxes for home rule municipalities that collect and administer their own sales taxes.
- (2) Electronic funds transfer shall be made using standard banking conventions as outlined in the application and agreement for electronic funds transfer between the taxpayer and the Department.
- (3) If the vendor fails to pay taxes by electronic funds transfer or is delinquent in filing the tax return, any required schedules, or the payment of tax, other than in unusual circumstances shown to the satisfaction of the Executive Director, the vendor shall not retain this vendor's fee and shall remit to the Executive Director an amount equal to the full amount of the tax due for the filing period. See, 39-26-105(1), C.R.S.
- (4) **Undue Hardship.** The Department may grant in cases of undue hardship a yearly waiver from the requirement to remit all sales tax payments by electronic funds transfer. The Department will grant such request if it determines, to the satisfaction of the executive director, that good cause exists. Taxpayers may submit a written request to the Department each year, upon receiving notice from the Department of the requirement to make electronic funds transfer, by sending such written request to:

Colorado Department of Revenue  
Excise Unit, Room 237,  
PO Box 17087,  
Denver, CO 80217-00873

  - (a) Undue hardship means excessive or extraordinary hardship. Undue hardship will be determined on a case-by-case basis, will be fact-specific, and will be limited to the information provided by the taxpayer. Undue hardship cannot be established by general and conclusory statements or on a general distrust of information technology such as the Internet, electronic communications, or the security of information provided by means of electronic transfer. Undue hardship may be demonstrated by the documented general unavailability of the technology and communications systems necessary for electronic filing and electronic payment. Undue hardship may also be demonstrated on the basis of the substantial financial cost to the taxpayer relative to the amount of the tax owed by the taxpayer for the current tax year.

### Cross Reference

- (1) Necessary Forms, Department Publication DRP-5782, "Electronic Funds Transfer (EFT) Program for Tax Payments" describing the electronic funds transfer program, and Form DR-5785, "Authorization For Electronic Funds Transfer (EFT) For Tax Payments," can be found at

[www.colorado.gov/revenue/tax](http://www.colorado.gov/revenue/tax) > Forms > Forms by Number. These forms must be completed for authorization to use electronic funds transfer.