

COFTS Information and Instructions

The following is information that can help you to file your DR 7050/DR7055/DR7056 fuel distributor tax return.

To accurately report fuel transactions, fuel is received and reported on one of four schedules:

- Schedule 1 – Fuel received with Colorado fuel tax already paid
- Schedule 2 – Fuel received from another Colorado licensed distributor with tax not paid (deferred)
- Schedule 3 – Fuel imported from another state direct to customer, neither tax paid or exempt
- Schedule 4 – Fuel imported from another state into storage

Once fuel is disbursed, it is reported on one of six schedules:

- Schedule 5 – Fuel sold, tax is collected and due to State of Colorado
- Schedule 6 – Fuel disbursed to another Colorado licensed distributor, no tax due to State (tax-deferred)
- Schedule 7 – Fuel is exported out of Colorado
- Schedule 8 – Fuel is sold to the U.S. Government
- Schedule 9 – Fuel is sold to a Colorado government entity, with Fuel Tax Exemption Certificate
- Schedule 10 – Fuel is sold without excise tax (ex. Dyed diesel, propane used for home heating and aviation fuel sold to FAR 121/135 scheduled air carriers)

Fuel not disbursed is counted as inventory.

As of January 2014, special fuel types liquefied petroleum gas (054), liquefied natural gas (225) and compressed natural gas (224) will be taxed at a different rate than other special fuels. These rates will change annually through 2019. In addition, these three fuel types will be subject to the liquefied petroleum gas and natural gas inspection fund. All LPG (propane), LNG and CNG manufacturing and distribution for any purpose whatsoever must be reported.

Prior to January 2014, liquefied petroleum gas was subject to a \$10/tank truckload fee that was reported separately on the DR 129. Due to the addition of natural gas fuels to the liquefied petroleum gas and natural gas inspection fund surcharge, the reporting of the surcharge is now based on a per gallon basis. The Inspection Fee for each gallon of LPG (propane), LNG and CNG will be calculated at \$.00125 per gallon and will be reported and paid at the time gallons are reported for disbursement, in the same way the Environmental Response Surcharge is reported and paid. As with the Environmental Response Surcharge, only exported, railroad and aviation gallons are exempt from the fee.

Please see the following instructions for reporting various common activities:

- Dyed fuels must still be reported on the DR 7055 and DR 7056 but are excluded from the tax calculation in the special fuels column. The Environmental Response Surcharge is assessed on dyed and tax-exempt fuels as well as gasoline and special fuels.
- The tax-exempt decal sales program was discontinued on December 31, 2013. Purchases of LPG (propane), LNG and CNG are to be reported in the same manner as gasoline and diesel.
- Sales of LPG (propane) for home heating are exempt (to the end user) from excise tax per GIL13-025. When reporting home heating sales, please list the purchaser and the FEIN, if available. If the purchaser does not have an FEIN, please list 55-5555555 for the FEIN. Home heating sales are reported on Schedule 10. The General Information Letter GIL13-025 can be found on the Department of Revenue Web site, www.taxcolorado.com, under the Tax Library link.
- Pump/disbursement sales of LPG (propane), LNG and/or CNG can be reported as a total of tax-collected sales. Pump/disbursement sales of LPG (propane), LNG and/or CNG are reported on Schedule 5. The distributor may aggregate figures under the listing 'Total Sales' using FEIN 99-9999999. Sales to contracted private commercial fleets and sales to government entities should be reported by entity.
- Taxpayers reporting CNG and LNG manufacturing and disbursement at the same location (such as a fueling facility) should report gallons sold as received on schedule 2 and disbursed on schedule 5.
- When fuel is distributed with the Environmental Response Surcharge or Liquefied Petroleum Gas and Natural Gas Inspection Fee already paid, list those gallons on line 27 in the appropriate fuel type column of the DR7050B form of the distributor spreadsheet, or click 'edit' next to DR7050 in the Web Entry filing program and enter the gallons in the appropriate fuel type box. The Surcharge or Fee will not be charged again.
- All fuel blending activities must be reported. If you are blending fuel types, the initial receipt of the fuel(s) should be reported on Schedule 2. The fuel components pulled for blending should then be reported on Schedule 6 as disbursements to yourself, with a mode of transportation of "BA" (book adjustment). The blended fuel product should then be reported on another Schedule 2 with the mode of transportation as "BA". The blending transactions should be linked by a common document number and date. Correctly entered blending transactions are summarized on the DR7050 return, line 17.
- Distributors engaged in the activity of blending biodiesel with dyed petroleum diesel will report this activity using transportation mode "DA" (dyed adjustment). Mode "DA" functions in a similar manner to Mode "BA" mentioned above, however, the summary of dyed fuel blending transactions is not shown on the return.
- When reporting dyed diesel inventory on the distributor spreadsheet, the reporting should occur on form 7050B with the beginning inventory figure entered beneath Line 5 and the ending inventory amount entered beneath Line 13 in the Blend Comps column.
- When reporting regular fuel inventory on the distributor spreadsheet; on form 7050B, enter your beginning fuel inventory on Line 14 and ending inventory on Line 19 in the appropriate column(s). **NOTE:** *Beginning inventory for the current period must match the ending inventory for the previous filing period. Otherwise, your filing may be rejected.*

- When reporting regular fuel inventory or dyed diesel inventory using the COFTS Web Entry filing program, enter your inventory in the DR 7050 section. Click 'edit' next to DR 7050 and enter your 'ending inventory'. **NOTE:** *Your beginning inventory for the current filing period is the same as the ending inventory from the prior filing period.*
- Enter gallons for which the Colorado Department of Revenue has issued a Letter of Credit on the DR7050B form of the distributor spreadsheet in the appropriate fuel type column. If you are using Web Entry to file your return, enter these gallons by clicking on 'edit' next to DR7050, and enter the gallons in the appropriate fuel type box on the Letter of Credit line.
- If you have sold fuel (clear or dyed) to railroads, enter these gallons on line 27, in the appropriate fuel type column of the DR7050B form of the distributor spreadsheet, or click 'edit' next to DR7050 in the Web Entry filing program and enter the gallons in the appropriate fuel type box.