Colorado to require online retailers to collect sales tax

Out-of-state retailers will be required to collect state sales tax at the point of sale

September 11, 2018 - DENVER, Colo. - The Colorado Department of Revenue will require out-of-state retailers who do business in Colorado to obtain a state sales tax license.

The change is a result of the U.S. Supreme Court’s decision in South Dakota v. Wayfair, Inc., which struck down the requirement that a retailer have a physical presence in a state in order to be required to collect and remit sales tax.

“Tax collection at the point of sale eases the process for our residents and creates a level playing field for Colorado businesses, as out-of-state retailers will be required to collect state sales tax, just as in-state retailers do today” Colorado Department of Revenue Executive Director Michael Hartman said.

Guidance for out-of-state retailers will be provided by administrative rule and will be consistent with the court’s decision, including prospective application and a small-seller exception for retailers whose in-state sales of products do not exceed $100,000 or 200 transactions annually.

“The Department will ensure fair, efficient and transparent implementation of this decision,” Hartman said. “We will pave the least burdensome road possible for businesses to comply with these regulations.”

Out-of-state retailers can register for a Colorado sales tax license starting November 1, 2018 by visiting www.Colorado.gov/Tax/Sales-Tax-Changes. The deadline to register for out-of-state retailers who do not meet the small-seller exception is November 30, 2018. Out-of-state retailers are not required to collect sales tax on sales prior to the registration deadline.

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