

STATE OF COLORADO

DEPARTMENT OF REVENUE
State Capitol Annex
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Denver, Colorado 80261
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Bill Ritter, Jr.
Governor

Roxanne Huber
Executive Director

GIL-2009-016

July 7, 2009

XXXXXXXXXXXXXX
Attn: XXXXXXXXX
XXXXXXXXXXXXXX
XXXXXXXXXXXXXX

Re: percentage tax v sales tax charts

Dear XXXXXXXXXX,

This letter is in response to the letter you submitted on behalf of XXXXXXXXXX ("Company") regarding the use of percentages or tax charts to calculate sales tax in Colorado.

The Department issues general information letters and private letter rulings. A general information letter provides a general overview of the applicable tax law, does not provide a specific determination, and is not binding on the department. A private letter ruling is a determination of the applicability of tax to a specific set of circumstances and is binding in the department. A party requesting a private letter ruling must provide certain information and remit a fee. For more information about general information letters and private letter rulings, please refer to the Department's regulation 24-35-103.5, C.R.S., which is available on our web site at: www.colorado.gov/revenue/tax.

I will initially treat your request as one for a general information letter because the request does not contain the information or fee necessary for a private letter ruling. You may resubmit this request as a request for a private letter ruling.

Issue

May the Company calculate sales tax by multiplying the taxable sales amount by the sales tax percentage rather than calculating the sales tax by using sales tax charts?

Discussion

Colorado levies a sales tax and this tax is stated as a percentage (currently 2.9%).

1375 SHERMAN STREET
DENVER, COLORADO 80203

§39-26-106(1)(a)(II), C.R.S. Sales tax is computed by multiplying the tax rate percentage times the sales price. Sales tax on an invoice shall be rounded up to the nearest penny for tax greater than .5 cent and rounded down to the nearest penny for tax that is less than .5 cent. All entries on the sales tax return must be rounded up to the nearest dollar. Tax amounts on periodic sales tax returns that are less than fifty cents must be rounded down to zero cents and amounts on those returns that are fifty to ninety-nine cents must be rounded to the nearest dollar. Rounding is required and allowed only on the tax return. The retailer's books, records, invoices, and other sales tax documents must reflect actual tax amounts. Department regulation (39)26-109. Sales tax does not apply in cases where the price of an item is seventeen cents or less. Sales tax does apply where several items are purchased, the price of one or more items is seventeen cents or less, and the total price of all items is more than seventeen cents. §39-26-106(1)(a)(II), C.R.S. and department regulation (39)26-106.2(a). The department does not authorize the use sales tax charts to compute sales tax.

Miscellaneous

Please note that the department administers state and state-collected city and county sales taxes and special district sales and use taxes, but does not administer sales and use taxes for self-collected home rule cities and counties. The department maintains a list of state-administered local jurisdictions as well as self-collect home-rule cities and counties. See, department publication DR 1002. The department has numerous resources to assist retailers with sales and use tax questions, including publications and on-line applications for determining sales tax rates for local jurisdictions. These resources are easily accessed on the department's web site at: www.taxcolorado.org. Click on "Tax" > "Publications / Resources."

Enclosed is a redacted version of this ruling. Pursuant to statute and regulation, this redacted version of the ruling will be made public within 60 days of the date of this letter. Please let me know in writing within that 60 day period whether you have any suggestions or concerns about this redacted version of the ruling.

Sincerely,

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