



Summary of Recent Retail Marijuana Excise Tax Changes

As a result of stakeholder feedback during rulemaking, beginning on **January 1, 2018**, there are three changes to the Average Market Rate (AMR) categories, including the addition of two new AMR categories and rates and discontinuing one previous AMR category and rate.

For sales and transfers made starting January 1, 2018:

- The following excise tax category for retail marijuana will be discontinued:
 - **Contaminated Retail Marijuana Product Allocated for Extraction**
- The following two new excise tax categories will be effective:
 - **Bud Allocated for Extraction**, which means Bud that is designated for the extraction of Retail Marijuana Concentrate and not for direct sale to consumers. Beginning **January 1, 2018**, this new AMR category was added for sales of “Bud Allocated for Extraction” by a retail marijuana cultivation to a retail marijuana infused product manufacturer. Bud Allocated for Extraction should be entered on line 4 of the Retail Marijuana Excise (RME) Tax Return in Revenue Online.
 - The excise tax for Bud Allocated for Extraction is computed on the total weight of all Bud allocated for extraction.
 - **Trim Allocated for Extraction**, which means Trim that is designated for the extraction of Retail Marijuana Concentrate and not for direct sale to consumers. Beginning **January 1, 2018**, this new AMR category was added for sales of “Trim Allocated for Extraction” by a retail marijuana cultivation to a retail marijuana infused product manufacturer. Trim Allocated for Extraction should be entered on line 5 of the Retail Marijuana Excise (RME) Tax Return in Revenue Online.
 - The excise tax for Trim Allocated for Extraction is computed on the total weight of all Trim allocated for extraction.
- The AMR beginning on **January 1, 2018** will be in effect through **March 31, 2018**.

For sales and transfers made from August 9 - December 31, 2017:

- You should use the **Contaminated Retail Marijuana Product Allocated for Extraction** for sales and transfers made during this time period. “Contaminated Retail Marijuana Product Allocated for Extraction” means any Bud or Trim that failed microbial testing and is transferred to a retail marijuana product manufacturing facility.
- Effective from **August 9, 2017 - December 31, 2017**, this new AMR category was added for sales of “Contaminated Retail Marijuana Product Allocated for Extraction” by a retail marijuana cultivation to a retail marijuana infused product manufacturer. Contaminated Retail Marijuana Product Allocated for Extraction should be entered on line 4 of the Retail Marijuana Excise (RME) Tax Return in Revenue Online.



- o The excise tax for Contaminated Retail Marijuana Product Allocated for Extraction is computed on the total weight of all Contaminated Product Allocated for Extraction, while the excise tax for any retail marijuana product that is not contaminated is calculated by category (i.e., Bud, Trim, Immature Plant, Wet Whole Plant, or Seed).

The following rules effective August 9, 2017, for sales and transfers continue to be in effect after January 1, 2018:

- When a contract price is established transfers between “Unaffiliated Retail Marijuana Business Licensees” will continue to be subject to the state excise tax rate of 15% of the Contract Price.
 - o **Unaffiliated Retail Marijuana Business Licensees** shall mean marijuana business licensees that are not owned or controlled by the same or related interests.
 - o The **Contract Price** is defined as “the invoice price charged by a retail marijuana cultivation facility to each licensed purchaser for each sale or transfer of unprocessed retail marijuana, exclusive of any tax that is included in the written invoice price, and exclusive of any discount or other reduction.”
 - **EXCEPTION:** Sales to unaffiliated retail marijuana businesses for which there is *no contract price at the time of sale* will still use the AMR to calculate the excise tax owed.
 - o The Retail Marijuana Excise Tax Return in Revenue Online was revised to reflect the changes to the AMR categories. Please make sure to select the correct filing period in Revenue Online when filing your return.
- To learn more, please refer to publication [FYI Excise 23: Excise Tax on Retail Marijuana](#), available on the Taxation Division’s website Colorado.gov/Tax.