

Colorado imposes retail delivery fees on all retail sales of tangible personal property by a retailer for delivery by a motor vehicle to a purchaser at a location in Colorado if the sale includes at least one item of tangible personal property subject to state sales or use tax.

Every retailer that makes a retail delivery is liable and responsible for the payment of retail delivery fees to the Department. A retailer may elect to either consistently collect retail delivery fees from its purchasers or consistently pay the fees on behalf of its purchasers.

This publication is designed to provide general guidance regarding the administration, collection, filing, and remittance of retail delivery fees, and the associated recordkeeping requirements prescribed by law. Additional information can be found online at [Tax.Colorado.gov/retail-delivery-fee](https://tax.colorado.gov/retail-delivery-fee). Nothing in this publication modifies or is intended to modify the requirements of Colorado's statutes and regulations. Retailers are encouraged to consult their tax advisors for guidance regarding specifics.

Composition of retail delivery fees

Retail delivery fees are the sum of six different fees, each of which is imposed, collected or remitted, and administered in the same fashion. This publication addresses the fees collectively, under the name "retail delivery fees."

The fees composing the retail delivery fees are: the Community Access Retail Delivery Fee, the Clean Fleet Retail Delivery Fee, Bridge and Tunnel Retail Delivery Fee, Clean Transit Retail Delivery Fee, the Air Pollution Mitigation Retail Delivery Fee, and the General Retail Delivery Fee. The fees other than the General Retail Delivery Fee are sometimes collectively referred to as "enterprise retail delivery fees."

Amount of retail delivery fees

The retail delivery fees were originally set at \$0.27 for each retail delivery made during state fiscal year 2022-2023. However, the amount of the fees is adjusted for inflation each fiscal year. The Department announces the amount of the retail delivery fees due for a given state fiscal year no later than April 15 of the calendar year in which that state fiscal year begins.

See department webpage [Retail Delivery Fee Rates](#) for the current retail delivery fees.

Transactions subject to the fees

Retail delivery fees are imposed on each retail delivery. A "retail delivery" is a retail sale of tangible personal property by a retailer for delivery by a motor vehicle to a purchaser at a location in Colorado, which includes at least one item of tangible personal property subject to state sales or use tax.

Tangible personal property generally includes all goods, wares, merchandise, products and commodities, and all tangible or corporeal things and substances that are dealt in and capable of being possessed and exchanged. This includes prepared food and drink. For more information on what constitutes tangible personal property and prepared food and drink, see Part 2 of Department publication [Colorado Sales Tax Guide](#).

Deliveries of both taxable and exempt property

Deliveries that include both taxable and tax-exempt tangible personal property are subject to the retail delivery fees if at least one item of tangible personal property in the transaction is subject to state sales tax. However, if every item in a retail sale is exempt from sales tax, the delivery is exempt from the retail delivery fees.

Multiple shipments

Each retail sale is a single retail delivery regardless of the number of shipments necessary to deliver the items purchased. A retailer must determine and document how each shipment is attributed to a retail sale. The Department will accept a retailer's reasonable determination that multiple shipments were part of a single retail sale provided that:

- The determination only applies retail delivery fees once for each retail sale;
- The retailer applies the determination consistently across all retail sales;
- The retailer adequately documents that multiple shipments were part of a single retail sale; and
- The Department has not directed the retailer in writing to apply a different attribution method.

Subscriptions, recurring orders, and installment sales

If a purchaser places a single order and makes a single payment that results in recurring deliveries for a specified period of time, that is one retail sale. Therefore, the retailer should collect retail delivery fees only once.

If a purchaser places a single order with periodic credit, installment, or lease payments over a specified amount of time and receives a single delivery, there is only one retail sale and the retailer should collect retail delivery fees only once on the first payment.

If a purchaser places automatic, recurring orders with separate payments that include the option to cancel at any time before items are delivered, the transactions are considered separate retail sales, and the retailer should collect retail delivery fees on each recurring retail delivery.

Short-term leases

In general, leases of tangible personal property are considered retail sales and are subject to retail delivery fees in the same circumstances as any other retail sale.

For leases of three years or less:

- If the lessor obtained permission from the Department to acquire tangible personal property exempt from sales tax and collect sales tax on lease payments, the short-term lease is considered a retail sale. As such, if the leased tangible personal property is delivered in a single retail delivery to the lessee, even if the lease payments are made over a period of time, the retailer shall collect retail delivery fees only once on the first lease payment.
- If the lessor has not obtained permission from the Department to acquire tangible personal property exempt from sales tax and collect sales tax on each lease payment, the lease is not subject to retail delivery fees. In such case, if the tangible personal property was delivered by motor vehicle to the lessor at the time of acquisition, then the retailer shall collect retail delivery fees from the lessor.

Delivery by a motor vehicle

A retail delivery is subject to retail delivery fees if any part of the post-order delivery that occurs in Colorado is made by a motor vehicle. A motor vehicle is any self-propelled vehicle that is designed primarily for travel on the public highways and is generally and commonly used to transport people and property over the public highways, a low-speed electric vehicle, or an auticycle.

The retailer shall consider all modes of transportation used in this state to effectuate the delivery of the sale from the time immediately after the acceptance or approval of the order until the time the items are delivered to the purchaser's specified location in Colorado other than the retailer's business location. If any part of the post-order delivery that occurs in Colorado is made by a motor vehicle, the retail delivery fees apply.

Retail delivery fees apply whether the retailer delivers the items itself, uses a third party, including the United States Postal Service, or tenders the items to a shipping company hired by the purchaser.

However, if a purchaser picks up items they purchased through a retail sale at a retailer's business location, the retail delivery fees do not apply because there was no delivery.

Delivery to a location in Colorado

A retail sale is made in Colorado if it is sourced to a location in Colorado. In general, a retail sale is sourced to the location where the purchaser first takes possession of the purchased property. For more information about sourcing sales, see Part 1 of Department publication [Colorado Sales Tax Guide](#).

Additionally, for the purposes of retail delivery fees:

- A retail delivery to a drop-off and pick-up locker, Post Office Box, or similar facility located in Colorado, other than the retailer's business location, is a delivery made to a location in Colorado and is subject to retail delivery fees;
- A retail delivery to a location in Colorado at the purchaser's direction is subject to retail delivery fees regardless of the purchaser's location at the time of either the purchase or the delivery; and
- A delivery made to a location outside of Colorado is not subject to retail delivery fees regardless of the purchaser's location at the time of either the purchase or the delivery.

Exempt retail sales

A retail sale of tangible personal property by a retailer for delivery by a motor vehicle in Colorado is not subject to retail delivery fees if:

- All items of tangible personal property included in the retail sale are exempt from the state sales tax; or
- The purchaser is exempt from paying state sales tax on the purchased item.

Exempt tangible personal property

Colorado exempts several types of property and sales from sales tax. Items that are exempt from sales tax are exempt from retail delivery fees. Additional information regarding exempt tangible personal property can be found in Part 2 of Department publication [Colorado Sales Tax Guide](#).

Exempt entities

Common examples of purchasers exempt from paying state sales tax include government entities and charitable organizations. For more information on exemptions for government entities and charitable organizations, see the [Sales & Use Tax Topics](#) Department publications on these topics.

Exemption for qualified businesses

Qualified businesses are exempt from retail delivery fees. A qualified business is a retailer with retail sales of tangible personal property, commodities, or services in Colorado in the previous year totaling \$500,000 or less. A retailer that had no retail sales in Colorado in the previous calendar year is deemed to be a qualified business for the current calendar year. If a retailer had no retail sales in Colorado in the previous calendar year, the retailer is exempt until the first day of the month after the 90th day after the retailer has made retail sales of tangible personal property, commodities, or services in Colorado that exceed \$500,000.

Verifying and documenting exemptions

The burden of proving that a retailer is exempt from collecting the retail delivery fees on any retail delivery and paying the retail delivery fees to the Department, or from making such returns, is on the retailer. The burden of proving that a retailer is exempt from collecting the retail delivery fees on any delivery made by a transportation method other than a motor vehicle is also on the retailer.

A retailer must exercise due diligence with respect to any retail delivery for which the purchaser claims exemption from retail delivery fees.

For any purchaser claiming exemption as a retailer, wholesaler, or exempt organization, the retailer must verify that the purchaser's sales tax license or exemption certificate is current and valid at the time of the sale. The Department recommends that retailers verify the validity of such purchasers' licenses or certificates online at [Revenue Online](#).

Instead of verifying a purchaser's license or certificate through the Department's online verification system, the seller may inspect a physical copy of the license or certificate for completeness and to ensure that the license or certificate has not expired. If the seller relies on a physical copy of the license or certificate for verification, the seller must retain a copy of the document for their records.

If evidence readily discernible to the retailer at the time of the sale provides reason to doubt the purchaser's eligibility for the exemption claimed, the retailer must either obtain and retain sufficient information and documentation from the purchaser to resolve the doubt or must either collect the applicable fees or pay it on the purchaser's behalf.

Special transactions

Returns, exchanges, and replacements

When a retail sale delivered by a motor vehicle to a purchaser in Colorado includes an item that is later exchanged or replaced, any subsequent delivery made by the retailer to the purchaser to exchange or replace the original item, or any part of the original item, free of charge whether under warranty or not is not subject to retail delivery fees because there is no additional retail sale.

If an item of tangible personal property from a retail delivery is returned by the purchaser to the retailer for a full refund of the purchase price and any applicable sales tax, a retailer may not refund the retail delivery fees collected on the sale to the purchaser. Any subsequent return delivery of the tangible personal property to the retailer by the purchaser for a full refund is not subject to retail delivery fees because no retail sale has taken place.

Contractors and repair services

To determine the applicability of retail delivery fees to sales by contractors who bill separately for labor and materials, the Department will assess the primary purpose of the initial contact between the contractor and customer.

If the primary purpose of a service call is for repair or diagnosis of a problem, retail delivery fees will not apply, even if the transaction includes a retail sale of taxable tangible personal property. In this scenario, when a contractor makes a purchase of taxable tangible personal property and brings the property with them to a jobsite, no delivery has occurred.

If the primary purpose of the job is to sell and install taxable tangible personal property that requires delivery by a motor vehicle to the customer's location in Colorado, then the retail delivery fees will apply.

Contractors who bill customers on a lump-sum basis do not make retail sales to their customers and therefore contractors do not collect retail delivery fees from their customers. A retailer selling tangible personal property to a contractor must collect the fees from the contractor if there is a qualifying retail delivery for the retail sale being made and the sale is not otherwise exempt.

Marijuana deliveries

The treatment of marijuana delivery with respect to retail delivery fees depends on whether the sale is for retail marijuana or medical marijuana.

Because retail marijuana is exempt from state sales tax, deliveries of retail marijuana are not subject to retail delivery fees, so long as the transaction and delivery do not include any items that are subject to state sales tax. This remains true even in special districts or home rule cities where retail marijuana is subject to local sales tax.

On the other hand, because medical marijuana is subject to state sales tax, deliveries of medical marijuana by motor vehicle are subject to retail delivery fees unless the purchaser is otherwise exempt from sales tax as provided by law.

Marketplace facilitators

If a retail delivery is facilitated by a marketplace facilitator, then the marketplace facilitator, and not the marketplace seller, is subject to the provisions about retail delivery fees that apply to retailers generally and is responsible and liable for remitting the fees.

Qualified purchasers

If a qualified purchaser holds a valid direct payment permit pursuant to section 39-26-103.5, C.R.S., and the rules thereunder, then the qualified purchaser, and not the retailer, shall remit any retail delivery fees directly to the Department. Accordingly, a retailer who makes retail deliveries to a qualified purchaser shall not collect the retail delivery fees from the qualified purchaser.

A qualified purchaser who holds a valid direct payment permit is subject to provisions about retail delivery fees that apply to retailers generally.

Retailer not doing business in Colorado

If the retailer does not meet the definition of doing business in Colorado under section 39-26-102(3), C.R.S., and 1 CCR 201-4, Rule 39-26-102(3), then they are not liable and responsible for the payment of retail delivery fees to the Department.

A retailer's obligation to begin the collection and remittance of the retail delivery fees begins on the same date as the retailer's obligation to begin the collection and remittance of the state sales tax.

For more information about doing business in Colorado, see Department publication [*Colorado Sales Tax Guide*](#).

Retailer election

Generally, a retailer making any qualifying retail delivery is liable and responsible for remitting retail delivery fees to the Department. A retailer must elect to consistently use one of the following methods for collection and remittance:

- The retailer may collect the fees from purchasers and subsequently remit the fees to the Department; or
- The retailer may pay the fees on behalf of its purchasers by remitting the fees to the Department without first collecting the fees from purchasers.

A retailer must make the election to collect retail delivery fees from purchasers or pay the fees on behalf of purchasers at the time of their first qualifying retail sale.

Election to collect fees from purchasers

Retailers electing to consistently collect retail delivery fees from their customers shall add the fees to the price for retail deliveries and include a separately stated item titled “retail delivery fees” on any final invoice or receipt for a retail delivery. The fees’ amount cannot be included in the tax line or in a line with other fees or charges on the final invoice or receipt.

If an online retailer does not provide a purchaser with a final invoice, receipt, or other document setting forth the purchase price, the retailer must show retail delivery fees as a line item on the website at checkout.

If a retailer operating from a fixed or mobile store does not provide the purchaser with a final invoice, receipt, or other document setting forth the purchase price, the retailer must show the retail delivery fees on a conspicuous sign visible to the purchaser at checkout.

Election for direct payment and remittance

If a retailer elects to consistently pay retail delivery fees on behalf of its customers, instead of collecting the fees from them, the retailer shall not add the fees to the price or charge for the retail delivery showing the total of the fees as one item called “retail delivery fees” that is separate and distinct from the price and any other taxes or fees imposed on the retail delivery.

If a retailer elects to consistently pay retail delivery fees on behalf of its customers, then its customers are not liable or responsible for payments of the fees and are not entitled to refunds of any retail delivery fees paid on retail deliveries that are exempt because the retailer is a qualified business or because the purchaser is exempt from sales tax.

Remittance and administration

Registration

Any retailer that is liable and responsible for remitting retail delivery fees must register with the Department. This registration will create a retail delivery fees account. Failure to register does not remove the retailer’s liability for the full amount of fees due and may subject the retailer to penalties and interest. A retailer that is no longer liable and responsible for collecting and remitting the fees must promptly close the account and file returns through the date of closure. More information on account registration and maintenance can be found online at [Tax.Colorado.gov/retail-delivery-fee-accounts](https://tax.colorado.gov/retail-delivery-fee-accounts).

Filing and remittance

Retailers must file retail delivery fees returns reporting all retail deliveries made and remitting the total amount of fees due at regular intervals in accordance with prescribed filing schedules. The required return is form [DR 1786, Retail Delivery Fee Return](#). Filing and remittance can also be completed using [Revenue Online](#). For more information on filing and remittance, see Part 7 of Department publication [Colorado Sales Tax Guide](#).

Retailers are not permitted to retain any portion of the retail delivery fees to cover expenses related to collection and remittance.

Filing frequency and due dates

The form [DR 1786, Retail Delivery Fees Return](#), is due at the same time as the sales tax return; retailers cannot alter their filing schedule to differ from their sales tax return filing schedule. For more information on sales tax filing frequency and due dates, see “Filing frequency and due dates” in Part 7 of Department publication [Colorado Sales Tax Guide](#). Failure to file on-time, complete, and accurate returns may subject a retailer to penalties and interest.

If the retailer makes no retail deliveries during the reporting period, the retailer must still file a return to report that no deliveries were made and no fees are due.

Retailers with an annual or thirteen-month reporting period must remit all retail delivery fees accrued and the number of retail deliveries made from January 1 through June 30 of the applicable year, and all retail delivery fees accrued and the number of retail deliveries made from July 1 through December 31 of the applicable year, as well as any retail delivery fees collected in excess of these amounts.

Retailers electing to consistently pay retail delivery fees on behalf of their customers shall remit the fees to the department of revenue on the same schedule and in the same manner as if the fees had been collected from the purchaser on the date of the retail delivery.

Local sales tax

Retail delivery fees are not part of the taxable purchase price for state and state-administered local sales taxes. However, they may be part of the base for sales taxes administered by self-collecting home rule jurisdictions sales tax. Contact a home rule jurisdiction directly to determine whether it considers retail delivery fees subject to sales tax, or search the website, [Colorado Sales Tax Lookup](#), by address.

“Retail delivery fee” can be selected from the searchable product and services list. A directory of local sales tax rates is also available in form [DR 1002, Colorado Sales/Use Tax Rates](#).

Refunds, assessments, and penalties

A retailer or purchaser that overpays, or a purchaser that incorrectly paid, the retail delivery fee shall file a claim for refund for the overpayment of the retail delivery fee pursuant to sections 39-21-108 and 39-26-703, C.R.S., and the rules thereunder.

If a retailer collects and remits a retail delivery fee on an exempt sale and later refunds the fee to the customer, then the retailer may claim a credit on its current return against the amount owed.

Retailers may claim either a refund or a credit for an overpayment of retail delivery fees remitted with a previously filed return and the Department may assess any additional retail delivery fees due but not previously reported and paid. For more information on refunds and assessments generally, see Part 10 of Department publication [Colorado Sales Tax Guide](#).

A retailer may claim a credit for previously paid retail delivery fees for any retail sale that was canceled before the item was shipped if the retailer refunded to the purchaser the full purchase price, the retail delivery fee, and any applicable sales tax. The purchaser may claim a refund of the retail delivery fee if the retailer does not refund the retail delivery fee.

Penalties and interest

Retailers are liable and responsible to remit to the Department on or before the due date retail delivery fees as well as the number of retail deliveries, regardless of whether the retailer actually collected such fees, as well as any fees collected in excess of this amount. Any fees a retailer fails to pay by the applicable due date are subject to penalties and interest.

Because retail delivery fees are collected, administered, and enforced in the same manner as state sales tax, all civil and criminal penalties, and any applicable interest applies. For more information, see Part 7 of the Department publication [Colorado Sales Tax Guide](#).

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to retail delivery fees. This list is not, and is not intended to be, an exhaustive list of authorities that govern the tax treatment of every situation. Individuals and businesses with specific questions should consult their tax advisors.

Statutes and regulations

- § 43-4-218, C.R.S., Additional funding - retail delivery fee.
- § 39-21-108, C.R.S., Refunds.
- § 39-26-102, C.R.S., Definitions.
- § 39-26-104, C.R.S., Property and services taxed - definitions.
- § 39-26-118, C.R.S., Recovery of taxes, penalty, and interest.
- 1 CCR 201-20, Rule 43-4-218, Retail Delivery Fees.
- 1 CCR 201-4, Rule 39-26-105-3, Documenting Exempt Sales.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Tax.Colorado.gov/retail-delivery-fee](https://tax.colorado.gov/retail-delivery-fee)
- Form [DR 1786, Retail Delivery Fee Return](#)
- [Colorado Sales Tax Guide](#)
- [Revenue Online](#)
- [Colorado Sales Tax Lookup](#)
- Form [DR 1002, Colorado Sales/Use Tax Rates](#)
- [Sales & Use Tax Topics](#)