

Tax Statement for Leased Motor Vehicle (DR 0026)

Instructions

General Instructions

In general, auto dealers are required to collect sales tax on the purchase price of each motor vehicle they sell in Colorado and prepare a Standard Sales Tax Receipt for Vehicle Sales (DR 0024) to document the collection of tax. However, auto dealers are not required to collect sales tax on the full purchase price of a motor vehicle sold to a lessor who will collect sales tax from the lessee on the lease payments. In lieu of form DR 0024, the dealer must instead complete a Tax Statement for Leased Motor Vehicle (DR 0026). Form DR 0026 must be submitted to the county clerk along with the titling paperwork before title and registration can be issued. An auto dealer must also complete and submit form DR 0026 for any motor vehicle that they, as a lessor, lease to customers, as a lessee.

Leases of 36 Months or Less

If the lease term for a motor vehicle is 36 months or less, the sale of a motor vehicle to the lessor is subject to state and state-administered sales taxes unless the lessor has filed a Lessor Registration for Sales Tax Collection (DR 0440) and received permission from the Department of Revenue to acquire the vehicle tax-free and collect sales tax on the lease payments. If the sale of the vehicle to the lessor is taxable because the lease is for 36 months or less and the lessor has not received permission to collect tax on the lease payments, the dealer must collect sales or use tax from the lessor, as applicable, on the full purchase price of the vehicle and prepare a Standard Sales Tax Receipt for Vehicle Sales (DR 0024) in the same manner as any other motor vehicle sale. In such case, no sales tax should be collected from the lessee on the lease payments.

Amounts Paid at Signing and Delivery

If the lease payments are taxable and the dealer receives any payment from the lessee at the time of signing and delivery, the dealer must collect and report in Part 4 of the DR 0026 all applicable state and state-administered local sales taxes based on the primary property location for the vehicle. See the instructions for Part 4 for information about remitting the collected taxes, either with the dealer's monthly Colorado Retail Sales Tax Return (DR 0100) or with form DR 0026.

Home Rule Cities

Home rule cities may have different rules regarding the tax treatment of leased motor vehicles, such as requiring the full payment of any sales or use tax they impose to the county clerk prior to titling and registration or calculating the tax due on an amount other than the full amount paid by the lessee. If the vehicle is to be registered in a home rule city, the dealer must complete Part 5 to report the home rule city tax due, if any, prior to titling and registration.

Form Instructions

Part 1. Vehicle Information

Enter the model year, make, model, and vehicle identification number for the leased vehicle.

Part 2. Lessee Information

Enter the name and address of the lessee. Enter the name and address of the driver authorized for the leased vehicle.

Part 3. Lessor Information

Enter the name and address of the lessor, the name and address of the delivery agent, the date of the lease, the lessor's Colorado and city sales tax account numbers, and the dealer number assigned by the Auto Industry Division of the Department of Revenue.

Part 4. Sales Tax on Amount Paid at Signing and Delivery

If the dealer receives any payment from the lessee at the time of signing and delivery and is required to collect sales tax, the dealer must report the applicable state and state-administered sales tax on the DR 0026. The sales tax is calculated on the entire amount of payment made at the time of signing and delivery including, but not limited to, any capitalized cost reduction, first monthly payment, and refundable security deposit, except to the extent that the amount due is satisfied by the trade-in of a vehicle owned by the lessee.

If the tax is for a city, county, and/or special district in which the dealer has a physical location from which they make retail sales or has a non-physical location on their Colorado sales tax account, the dealer must remit the collected tax with its regular, monthly Colorado Retail Sales Tax Return (DR 0100) and report the tax in the applicable column in Part 4 of the DR 0026. In the space provided, enter the 12-digit Colorado sales tax account number from the sales tax return that remitted the tax.

If the tax is for a city, county, and/or special district in which dealer has no physical location from which they make retail sales and has no non-physical location on their Colorado sales tax account, the dealer must remit the collected tax with the DR 0026 to the county clerk and report the tax in the applicable column in Part 4 of the DR 0026.

Part 5. Sales/Use Tax Payment for Home Rule City

If the vehicle will be registered in a home rule city, the dealer must calculate and report any sales or use tax imposed by the home rule city, either on the amount paid at signing and delivery, the total of payments for the lease, or on such other amount as the city requires. Enter, where required, the number of months included in the lease agreement.

Part 6. Total Amount Due with DR 0026

Enter the sum of the amounts entered in Parts 4 and 5 under "Tax Remitted with DR 0026." The dealer must remit the total amount due to the county clerk along with the DR 0026 and the titling paperwork.