



COLORADO
Department of Revenue
Taxation Division

Colorado Firearms and Ammunition Tax Guide

Colorado imposes an excise tax of 6.5% on vendors' net taxable sales of firearms, firearm precursor parts, and ammunition sold at retail in Colorado. This publication provides information regarding the excise tax.

In general, every ammunition vendor, firearms dealer, or firearms manufacturer that is doing business in Colorado is liable for the tax. Vendors who make sales delivered to purchasers in Colorado may be liable for the tax, even if they maintain no physical location in Colorado.

Any vendor that is liable for the tax is required to register for an excise tax account with the Department of Revenue. Vendors must file returns and remit the applicable tax on a monthly basis. They must also maintain all records necessary to determine the correct amount of tax and provide these records to the Department upon request.

This publication is designed to provide vendors with general guidance regarding licensing, tax calculation, filing, remittance, and recordkeeping requirements prescribed by law. Additional information, guidance, forms, and instructions can be found online at [Tax.Colorado.gov](https://tax.colorado.gov). Nothing in this publication modifies or is intended to modify the requirements of Colorado's statutes and regulations. Distributors are encouraged to consult their tax advisors for guidance regarding specific situations.

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Colorado imposes an excise tax on a vendor's net taxable sales of firearms, firearm precursor parts, and ammunition. A vendor's net taxable sales consists of their retail sales in Colorado, excluding those sales that qualify for exemption, and after the allowance of certain deductions. This Part 1 provides information regarding taxable ammunition, firearms, and firearm precursor parts, as well as exemptions.

Ammunition

The tax applies to any ammunition or cartridge cases, primers, bullets, or propellant powder designed for use in any firearm.

Firearms

The tax applies to any weapon that can, is designed to, or may readily be converted to expel a projectile by the action of an explosive. It also applies to any weapons parts kit that is designed to or may readily be completed, assembled, restored, or otherwise converted to expel a projectile by the action of an explosive. Such items include:

- Handguns, revolvers; and pistols;
- Automatic firearms;
- Rifles and shotguns;
- Starter guns;
- The frame or receiver of a firearm; and
- Any firearm silencer.

The tax applies to any instrument or device capable or intended to be capable of discharging bullets, cartridges, or other explosive charges.

Firearm precursor parts

Several different types of firearm precursor parts are also subject to the tax.

Unfinished frames and receivers

The tax applies to any forging, casting, printing, extrusion, machined body, or similar article that has reached a stage in manufacture when it may readily be completed, assembled, or converted to be used as the frame or receiver of a functional firearm. The tax also applies to any item that is marketed or sold to the public to become or be used as the frame or receiver of a functional firearm once completed, assembled, or converted.

Fire control components

The tax applies to any component necessary for the firearm to initiate, complete, or continue the firing sequence. Taxable components include hammers, bolts, bolt carriers, breechblocks, cylinders, trigger mechanisms, firing pins, strikers, and slide rails.

Part 1: Taxable Firearms and Ammunition

Other devices and machines

The tax applies to any device marketed or sold to the public that is designed or adapted to be inserted into, affixed onto, or used in conjunction with a firearm if the device is reasonably designed or intended to increase any of the following:

- The firearm's rate of fire;
- The firearm's concealability;
- The firearm's magazine capacity;
- The firearm's destructive capacity; or
- The firearm's stability and handling when it is repeatedly fired.

The tax also applies to any machine or device that is marketed or sold to the public that is reasonably designed or intended to be used to manufacture or produce a firearm.

Nontaxable items

The tax does not apply to any weapon, including a weapons parts kit, in which the frame or receiver of the firearm, as defined in section 18-12-101(1)(m), C.R.S., or the weapon, is destroyed. Additionally, the tax does not apply to antique firearms, as defined in 18 U.S.C. sec. 921(a)(16).

Vendors bear the burden of proving that any sale of a firearm, firearm precursor part, or ammunition is not subject to the tax.

Retail Colorado sales

The tax applies with respect to firearms, firearm precursor parts, and ammunition sold in Colorado.

Sales

For the purposes of the tax, a sale is the acquisition for any consideration by any person of a firearm, firearm precursor part, or ammunition subject to the tax. Sales include installment and credit sales, the exchange of property, the sale of property for money, and every such transaction, conditional or otherwise, for consideration constituting a sale.

Whether the transaction is absolute or conditional, it shall be considered a sale if it transfers from a vendor to a purchaser the ownership or possession of a firearm, firearm precursor part, or ammunition.

The consideration exchanged in a sale may include money in any form, property, the rendering of a service, or the promise of any of these things.

A transaction may be a sale whether the seller acts on their own behalf or as the agent for another party.

A bona fide gift of a firearm, firearm precursor part, or ammunition is not a sale.

Retail and wholesale sales

In Colorado, every sale that is not a wholesale sale is a retail sale. Wholesale sales are not considered in determining the tax a vendor owes. Any sale by a wholesaler to a vendor or other wholesaler for resale is a wholesale sale. However, any sale by a wholesaler to a user or consumer that is not for resale is a retail sale.

Additionally, certain sales of firearms, firearm precursor parts, or ammunition to manufacturers may also be considered wholesale sales. The purchaser must be engaged in the business of manufacturing, compounding, or furnishing for sale, profit, or use. The purchased firearm, firearm precursor part, or ammunition must enter into the processing of or become an ingredient or component part of the product which is manufactured, compounded, or furnished.

Part 1: Taxable Firearms and Ammunition

Sourcing Colorado sales

A retail sale is made in Colorado if it is sourced to Colorado in accordance with Colorado law. In general, a retail sale is sourced to the location where the purchaser takes possession of the purchased property, further determined in accordance with the following sequence of rules:

- 1) If the purchaser takes possession of the purchased property at the seller's business location, the sale is sourced to that business location;
- 2) If the purchaser receives the purchased property at a location other than seller's business location (e.g., when the property is delivered to the purchaser), the sale is sourced to the location at which the purchaser receives the purchased property;
- 3) If the purchaser requests delivery of the property or service to another person, as a bona fide gift from the purchaser, the sale is sourced to the location that person takes possession of the purchased property.

If a sale cannot be sourced using the preceding rules, section 39-26-104(3)(a), C.R.S., provides additional guidelines for sourcing retail sales based upon the seller's records, the purchaser's payment instrument, or the location from which the property was shipped.

Exemptions

In determining their net taxable sales, a vendor may deduct the purchase price paid for the retail sale of any firearm, firearm precursor part, or ammunition to either:

- A peace officer;
- A law enforcement agency employing a peace officer; or
- An active duty member of the U.S. Armed Forces.

See Part 4 of this publication for additional information about these exemptions and deductions.

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to the imposition of the excise tax. 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

- § 39-37-103, C.R.S. Definitions.
- § 39-37-104, C.R.S. Firearms, firearm precursor parts, and ammunition - excise tax levied upon gross taxable sales - tax rate.
- § 39-37-105, C.R.S. Exemption.
- § 39-37-106, C.R.S. Administration and enforcement - disputes and refunds - rules.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Firearms & Ammunition Tax](#)

Part 2: Vendors Liable for the Tax



Every ammunition vendor, firearms dealer, or firearms manufacturer must register, file, and remit the applicable tax if they are “doing business in Colorado,” as defined below. This Part 2 describes the types of vendors that are liable for the tax and the conditions under which they are deemed to be “doing business in Colorado.”

Vendors

Ammunition vendors, firearms dealers, and firearms manufacturers are all vendors who are liable for the tax if they are doing business in Colorado. Each of these types of vendors are described below.

Ammunition vendors and manufacturers

Anyone and any business that engages in any retail sale of ammunition to a consumer in Colorado is an ammunition vendor who is subject to the tax, regardless of whether the ammunition is in the form of cartridge cases, primers, bullets, or propellant powder. Additionally, anyone and any business that has a [federal firearms license \(FFL\)](#) from the Bureau of Alcohol Tobacco and Firearms (ATF) to manufacture ammunition and engages in any retail sale of ammunition to a consumer in Colorado is a vendor subject to the tax.

Firearms dealers and manufacturers

Every importer, manufacturer, and dealer that has a [federal firearms license \(FFL\)](#) from the Bureau of Alcohol Tobacco and Firearms (ATF) as a federally licensed firearms dealer is a firearms dealer and a vendor subject to the tax. Additionally, anyone and any business that has an FFL to manufacture firearms and engages in any retail sale of a firearm or firearm precursor part to a consumer in Colorado is a vendor subject to the tax.

Doing business in Colorado

In general, a vendor does business in Colorado if the vendor sells, leases, or delivers firearms, firearms precursor parts, or ammunition in Colorado or engages in any activity in Colorado in connection with the selling, leasing, or delivering of firearms, firearms precursor parts, or ammunition for use, storage, distribution, or consumption in Colorado. Whether a vendor is deemed to be doing business in Colorado depends in part on whether the vendor maintains a physical location in Colorado and, if not, on the aggregate total of retail sales of firearms, firearms precursor parts, or ammunition the vendor makes into Colorado in the current and previous calendar years.

Vendors with physical locations in Colorado

A vendor is doing business in Colorado and subject to the excise tax if the vendor maintains any place of business in Colorado directly, indirectly, or by a subsidiary. Such a place of business may include an office, distribution facility, salesroom, warehouse, storage place, or home office of a Colorado resident employee. A vendor’s temporary presence at a gun show in Colorado does not, by itself, constitute a place of business of business for the vendor.

A vendor who maintains a place of business in Colorado is subject to all Colorado firearms and ammunition excise tax requirements for as long as the vendor maintains that place of business. If a vendor ceases to maintain any place of business in Colorado, the vendor may no longer be doing business in Colorado, depending on its other activities within Colorado, as described below.

Part 2: Vendors Liable for the Tax

Vendors with no physical location in Colorado

A vendor may be doing business in Colorado even if that vendor maintains no physical location in the state. A vendor is generally doing business in Colorado if the vendor solicits business and receives orders from or sells or leases firearms, firearm precursor parts, or ammunition to Colorado residents by any means whatsoever. Solicitation may be done by:

- Direct representatives, indirect representatives, or manufacturers' agents;
- Distribution of catalogues or other advertising;
- Use of any communication media; or
- Use of the newspaper, radio, or television advertising media.

Small vendor exception

Any vendor who does not maintain a physical location in Colorado is exempted from the excise tax if retail sales of firearms, firearms precursor parts, or ammunition made annually by the vendor into Colorado in both the current and previous calendar years are less than \$20,000. All retail sales of firearms, firearms precursor parts, or ammunition are considered for the purpose of the \$20,000 threshold, regardless of whether those sales would be subject to Colorado tax. Please see Part 1 of this publication for rules for determining the location of a sale. Vendors who claim exemption from the tax bear the burden of proving their eligibility for this exception.

If the vendor's retail sales of firearms, firearms precursor parts, and ammunition in Colorado in the previous year were less than \$20,000, then the vendor must begin remitting the excise tax if its retail sales into Colorado during the current calendar year exceed \$20,000. The vendor must register for an excise tax account with the Department and begin remitting the excise tax by the first day of the first month commencing at least 90 days after the vendor's aggregate Colorado sales in the current year exceed \$20,000. If a vendor fails to register for an excise tax account with the Department and begin remitting the excise tax within the prescribed period of time, the vendor is nonetheless liable for the excise tax for any subsequent retail sales of firearms, firearms precursor parts, or ammunition made into Colorado. Please see Part 3 of this publication for guidance on registering for an excise tax account with the Department.

If the vendor's Colorado retail sales of firearms, firearms precursor parts, or ammunition in the previous year exceed \$20,000, the vendor is considered to be doing business in Colorado and is subject to registration, filing, and remittance requirements for the entire current calendar year.

The following examples demonstrate the application of the small vendor exception for vendors who maintain no physical location in Colorado.

Example #1

A vendor maintains no physical location in Colorado. During the previous calendar year, the vendor's retail sales of firearms, firearms precursor parts, or ammunition in Colorado exceeded \$20,000. As a result, the vendor is doing business in Colorado and is required to register for an excise tax account with the Department, file returns, and remit excise tax on their net taxable sales for each month of the current calendar year.

Part 2: Vendors Liable for the Tax

Example #2

A vendor maintains no physical location in Colorado. During the previous calendar year, the vendor's retail sales of firearms, firearms precursor parts, or ammunition in Colorado were less than \$20,000. As a result, the vendor is not considered to be doing business in Colorado and is not required to register, file returns, or remit excise tax as the current calendar year begins.

On June 15 of the current calendar year, the vendor's cumulative retail sales of firearms, firearms precursor parts, or ammunition in Colorado for the current year exceed \$20,000. The vendor must register for an excise tax account with the Department and begin remitting excise tax by the first day of the first month commencing at least 90 days after the vendor's aggregate Colorado sales in the current calendar year exceed \$20,000. Consequently, the vendor must register for an excise tax account and begin filing returns to remit the tax on the net taxable sales made on or after October 1 of the current calendar year.

Since the vendor's sales in Colorado in the current calendar year exceed \$20,000, the vendor will be required to maintain an excise tax account with the Department, file returns, and remit tax on their net taxable sales for each month of the following year.

Example #3

A vendor maintains no physical location in Colorado. During the previous calendar year, the vendor's retail sales of firearms, firearms precursor parts, or ammunition in Colorado were less than \$20,000. As a result, the vendor is not considered to be doing business in Colorado and is not required to register for an excise tax account with the Department, file returns, or remit excise tax as the current calendar year begins.

On November 15 of the current calendar year, the vendor's cumulative retail sales of firearms, firearms precursor parts, or ammunition in Colorado for the current year exceed \$20,000. Since there are less than 90 days remaining in the current year after the vendor's aggregate retail sales in Colorado exceeded \$20,000, the vendor is not required to register for an excise tax account, file returns, or remit excise tax for the remaining months current year.

However, since the vendor's retail sales of firearms, firearms precursor parts, or ammunition in Colorado in the current calendar year exceed \$20,000, the vendor must register for an excise tax account with the Department before January 1 of the following year and remit excise tax on their net taxable sales for each month of the following year.

Additional resources

The following is a list of statutes, regulations, forms, and guidance relevant in evaluating a vendor's liability for the tax. 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

- § 39-37-103, C.R.S. Definitions.
- § 39-37-104, C.R.S. Firearms, firearm precursor parts, and ammunition - excise tax levied upon gross taxable sales - tax rate.
- § 39-37-107, C.R.S. Registration required.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Firearms & Ammunition Tax](#)

Part 3: Registration



Every vendor that is liable for the tax, as discussed in Part 2 of this publication, must register for an excise tax account with the Department. This Part 3 provides information about registration, renewals, revocations, and penalties for failing to register.

In addition to registering for the excise tax, firearm dealers must also obtain a state permit from the [Firearms Dealer Division](#).

Application for registration

Vendors that are liable for the tax must register for an excise tax account with the Department either through [Revenue Online](#) or by filing a [Colorado Sales Tax and Withholding Account Application](#) (CR 0100). The registration application must disclose the name of the vendor and the vendor's business location, including the street number of the vendor's business location.

If a vendor makes retail sales at two or more separate places of business in Colorado, a separate registration is required for each place of business.

Registration is valid until December 31 of the next odd-numbered year following the date of registration, unless sooner canceled or revoked. On or before January 1 of each even-numbered year, every vendor must renew their registration if they remain in retail business or remain liable to account for the excise tax.

Business changes for a vendor

If a distributor, distributing subcontractor, or remote retail seller relocates or changes the name of the business, they must notify the Department by submitting a web message through their [Revenue Online](#) account, sending an email to DOR_ExciseTax@state.co.us, or by calling 303-205-8287. The Department will issue a license with the new business name or location at no charge.

If there is a change in ownership of the business, the new owner must apply for registration, as described above. A change in ownership may occur if an existing business is sold to a new owner or if the ownership structure of an existing business changes so as to create a new legal entity. However, any changes in stockholders of a corporation, partners in a partnership, or members in a limited liability company is not a change of ownership and does not require a new registration.

Registration revocations

If a vendor violates any provision of law applicable to the excise tax, the Department may, after reasonable notice and a hearing, revoke the vendor's registration. Any order revoking the registration of any vendor is subject to review by the district court of the district where the business of the vendor is conducted, upon application of the vendor. The procedure for review must be, as nearly as possible, the same as provided for the review of findings as provided by proceedings in the nature of certiorari.

Part 3: Registration

Penalties for failing to register

A vendor who makes retail sales subject to the excise tax without registering is subject to both criminal and civil penalties. Vendors who fail to properly register commit a petty offense punishable with a fine of not more than \$300, imprisonment for not more than 10 days in a county jail, or both. The vendor may also be subject to a civil penalty of \$50 per day up to a maximum penalty of \$1,000.

Additional resources

The following is a list of statutes, forms, and guidance pertaining to excise tax registration. 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

- § 39-37-107. Registration required.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Revenue Online](#)
- [Firearms & Ammunition Tax Registration](#)
- [Colorado Sales Tax and Withholding Account Application \(CR 0100\)](#)

Part 4: Calculation of the Tax



The firearms and ammunition excise tax is calculated as 6.5% of a retail vendor's net taxable sales. A vendor's net taxable sales include the purchase price for all retail sales of firearms, firearm precursor parts, and ammunition sold at retail in Colorado. In determining their net taxable sales, vendors may claim deductions for certain sales made to members of the Armed Forces, peace officers, and law enforcement agencies.

This Part 4 provides information regarding the calculation of the firearms and ammunition excise tax in Colorado.

Net taxable sales

A vendor's net taxable sales includes the full purchase price for all retail sales of firearms, firearm precursor parts, and ammunition within Colorado. Any amount received or due in money, credits, or property, or other consideration valued in money is included in the calculation. In determining their net taxable sales, a vendor may claim certain deductions, discussed later in this Part 4.

Purchase price

In calculating a vendor's net taxable sales, an item's purchase price is the full consideration valued in money paid by or delivered or promised to be paid or delivered by the user or consumer in the consummation of a sale, minus certain amounts described below. It includes the full purchase price of the firearm, firearm precursor part, or ammunition sold after manufacture or after having been made to order. It includes the full purchase price for material used and the service performed in connection therewith, and the profit thereon, included in the price charged to the user or consumer. The purchase price includes the trade-in value of any property exchanged as part of the purchase.

In calculating a vendor's net taxable sales, an item's purchase price excludes:

- The firearms and ammunition excise tax itself;
- Any direct tax imposed by the federal government;
- Any sales or use tax imposed by Colorado or by any of its political subdivisions;
- Any retail delivery fees imposed pursuant to section 43-4-218, C.R.S.;
- Another tax or fee imposed by a governmental entity that is collected at the same time as the excise tax; and
- The Colorado background check fee, provided that it is separately stated on the invoice or receipt.

Deductions

In computing net taxable sales, vendors are allowed certain deductions for returned property, bad debts, and exempt property.

Deductions for returned property

An amount equal to the purchase price of property returned by the purchaser when the full sale price thereof is refunded whether in cash or by credit; and

Deductions for bad debts

An amount equal to the purchase price of property sold on account found to be worthless and actually charged off by the taxpayer for income tax purposes, but if any such accounts are thereafter collected by the taxpayer, a tax shall be paid upon the amounts collected.

Part 4: Calculation of the Tax

Deductions for exempt property

In determining their net taxable sales, a vendor may deduct the purchase price paid for the retail sale of any firearm, firearm precursor part, or ammunition to either:

- A peace officer or a law enforcement agency employing that peace officer; or
- An active duty member of the United States Armed Forces.

Vendors bear the burden of proving that any such sale is exempt and eligible for deduction. A vendor may document these sales with the [Affidavit for Colorado Excise Tax Exemption for Firearms, Firearm Precursor Parts, and Ammunition \(DR 7612\)](#). Additional information about reporting these exemptions and deductions can be found in the [Firearms and Ammunition Tax Return Filing Instructions](#).

Peace officers and law enforcement agencies

The purchase price paid in consummation of the retail sale of any firearm, firearm precursor part, or ammunition to a peace officer or a law enforcement agency employing that peace officer is exempt from taxation. Peace officers eligible for the exemption include:

- A Colorado peace officer certified by the Peace Officers Standards and Training (POST) Board;
- A police officer or criminal investigator employed by a federal or tribal law enforcement agency; or
- A [qualified retired law enforcement officer](#) as defined in 18 U.S.C. sec. 926C (c).

Qualifying law enforcement agencies include any department or agency of the State of Colorado or of a county, city, city and county, or town within Colorado that employs at least one peace officer who is authorized to carry a firearm while on duty.

Federal law enforcement agencies and tribal law enforcement agencies also qualify as law enforcement agencies for purposes of the excise tax exemption.

Federal law enforcement agencies include:

- Bureau of Alcohol, Tobacco, Firearms, and Explosives;
- Coast Guard;
- Criminal Division of the Department of Justice;
- Department of Homeland Security;
- Diplomatic Security Service;
- Drug Enforcement Administration;
- Federal Bureau of Investigation;
- Federal Protective Service;
- Fort Carson Police;
- Immigration and Customs Enforcement;
- Internal Revenue Service;
- National Park Service;
- National Security Division of the Department of Justice;
- Naval Criminal Investigative Service;
- United States Customs and Border Protection;
- United States Marshals Service;
- United States Postal Inspection Service;
- United States Secret Service; and
- Any other federal agency with specific statutory authority to investigate violations of federal criminal laws.

Part 4: Calculation of the Tax

Active duty members of the U.S. Armed Forces

The purchase price paid in consummation of the retail sale of any firearm, firearm precursor part, or ammunition to an active duty member of the United States Armed Forces is exempt from taxation. For purposes of the exemption, the United States Armed Forces are the United States Army, Navy, Air Force, Space Force, Marine Corps, and Coast Guard.

To be considered on active duty, a member of the United States Armed Forces must be on full-time duty in the active military service of the United States, including sustained duty in the Space Force. Full-time duty includes full-time training duty, annual training duty, and attendance, while in active military service, at a school designated as a service school by law or by the Secretary of the military department concerned. The excise tax exemption is not allowed for military members on full-time National Guard duty.

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to the calculation of the firearms and ammunition excise tax. 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

- § 39-37-103, C.R.S. Definitions.
- § 39-37-104, C.R.S. Firearms, firearm precursor parts, and ammunition - excise tax levied upon gross taxable sales - tax rate.
- § 39-37-105, C.R.S. Exemption.
- § 39-37-106, C.R.S. Administration and enforcement - disputes and refunds - rules.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Firearms and Ammunition Tax FAQs](#)
- [Affidavit for Colorado Excise Tax Exemption for Firearms, Firearm Precursor Parts, and Ammunition \(DR 7612\)](#)
- [Firearms and Ammunition Tax Return Filing Instructions](#)

Vendors are required to file returns and remit firearms and ammunition excise tax each month. Vendors must also maintain any records necessary for the determination of the amount of excise tax due. Both the filing of returns and the remittance of tax must be made electronically. If a vendor fails to file a return and pay the tax due by the applicable due date, the Department may impose penalties and interest. This Part 5 provides information regarding filing, remittance, and recordkeeping requirements for the Colorado firearms and ammunition excise tax.

Filing requirements

Every vendor must file a return each month reporting the total amount of net taxable sales during the preceding month and the excise tax due thereon. Every vendor must file a return each month, even if no tax is due. Returns are due on the 20th day of the month immediately following the month reported. For example, a return for the month of September is due October 20th. If the 20th falls on a Saturday, Sunday, or legal holiday, the vendor's return and tax remittance is due the next business day.

Electronic filing

Vendors must file their excise tax returns electronically through [Revenue Online](#) and must create an account through Revenue Online prior to filing. See [File and Pay Firearms & Ammunition Tax](#) for filing instructions.

Failure to file

If a vendor neglects or refuses to file a timely return, the Department will estimate the excise tax due based on the best available information and issue a notice of deficiency for the estimated excise tax, plus any applicable penalties and interest described later in this publication.

Remittance requirements

Vendors must remit payment of the tax due on or before the applicable due date for the filing of the vendor's monthly return. Payments not made by the applicable due date are subject to penalty and interest, as described later in this publication.

Electronic funds transfer (EFT)

Vendors are required to remit the tax via electronic funds transfer (EFT). See [Electronic Funds Transfer](#) on the Department's website for additional information about EFT payment options.

In general, payments made by EFT must be made by the end of the day on the due date. Please see Department Rule 39-21-119.5 in [1 CCR 201-1](#) for additional information regarding the timeliness of payments made via EFT. A penalty of \$50 or 5% of the tax due, whichever is greater, is imposed if a vendor fails to make payments electronically as required.

Penalties and interest

Penalties and interest are imposed under Colorado law whenever a vendor fails to file a required return or to pay any firearms and ammunition excise tax due by the applicable due date.

Penalties

A vendor will owe a penalty if they neglect or refuse to file a return or pay the tax by the applicable due date. The penalty is the greater of \$15 or 10% of the unpaid tax, plus 0.5% for each month the tax remains unpaid, not to exceed 18% in the aggregate. If necessary, the Department will estimate the amount of tax due based upon the information available.

Additionally, vendors are subject to criminal penalties if they willfully make a false or fraudulent return or false statement on any return or if they willfully evade the payment of any excise tax.

Part 5: Filing, Remittance & Recordkeeping

Interest

Interest accrues on any late payment of excise tax from the original due date for the excise tax to the date the excise tax is paid. The rate of interest accrual depends on the calendar year(s) over which the deficiency continues. Additionally, a discounted rate is allowed if:

- The vendor pays the tax in full prior to the issuance of a notice of deficiency;
- The vendor pays the tax in full within 30 days of the issuance of a notice of deficiency; or
- Within 30 days of the issuance of a notice of deficiency, the vendor enters into an agreement with the Department to pay the tax.

The discounted and non-discounted, regular interest rates for recent years are listed in the following table:

Annual Interest Rates

<i>Calendar year</i>	<i>Discounted rate</i>	<i>Regular rate</i>
2023	5%	8%
2024	8%	11%
2025	9%	12%
2026	8%	11%

Recordkeeping requirements

Every vendor must keep complete and accurate records necessary for the determination of the correct firearms and ammunition excise tax liability, including itemized invoices of all retail sales of any firearms, firearm precursor parts, or ammunition by the vendor in Colorado, for a period of at least three years.

Upon request by the Department, a vendor must provide a copy of the complete and accurate records, including itemized invoices of all retail sales of any firearms, firearm precursor parts, or ammunition by the vendor in Colorado, and any other records deemed necessary by the Department for the determination of the correct excise tax liability.

Burden of proof on vendor

Each vendor bears the burden of proving, with proper information and documentation maintained in their records, any exemption they claim with respect to the tax, including:

- The exemption and deduction for any sale made to a peace officer, law enforcement agency, or member of the U.S. Armed Forces, as described in Part 4 of this publication;
- The vendor's eligibility for the small vendor exception described in Part 2 of this publication;
- That a sale is not subject to or is exempt from the excise tax; and
- That the vendor is not doing business in this state, or is otherwise not required to make a return or to remit firearms and ammunition excise tax, shall be on the vendor.

Penalty for failure to keep records

If a vendor neglects or refuses to keep complete and accurate records, the Department may make an estimate, based upon the information available, of any additional tax the vendor owes. Along with the additional tax, the vendor will owe a penalty that is the greater of \$15 or 10% of the unpaid tax, plus an additional 0.5% for each month the tax remains unpaid, not to exceed a total of 18%.

Additional resources

The following is a list of statutes and regulations pertaining to filing, remittance, and recordkeeping requirements for the firearms and ammunition excise tax. 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

- § 39-37-108, C.R.S. Books and records to be preserved.
- § 39-37-109, C.R.S. Returns and remittance of tax - civil penalty - rules.
- § 39-37-111, C.R.S. Prohibited acts - penalties.
- § 39-21-109, C.R.S. Interest on underpayment, nonpayment, or extensions of time for payment of tax.
- § 39-21-110.5, C.R.S. Rate of interest to be fixed.
- § 39-21-113, C.R.S. Reports and returns - rule - repeal.
- § 39-21-118. Criminal penalties - repeal.
- § 39-21-119, C.R.S. Filing with executive director - when deemed to have been made.
- § 39-21-119.5, C.R.S. Mandatory electronic filing of returns - mandatory electronic payment - penalty - waiver - definitions.
- Rule 39-21-119.5. Requirements for Electronic Filing and Electronic Payment.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Firearms & Ammunition Tax](#)
- [File and Pay Firearms & Ammunition Tax](#)
- [Excise & Fuel Tax Payment](#)
- [Revenue Online](#)

Part 6: Refunds and Assessments



A vendor that has overpaid their tax liability may claim a refund for the overpayment. Conversely, if a vendor has not paid any applicable tax, the Department may issue a notice of deficiency and subsequently assess the tax due, regardless of whether the distributor has filed a return. In the case of a notice of deficiency or refund rejection, a vendor may file a protest or request a hearing. This Part 6 provides information regarding refunds, assessments, and appeals.

Refund claims

If a vendor overpays the tax due when filing their return, they can claim a refund by filing a completed [Excise, Fee, and Fuel Claim for Refund](#) (DR 0137E). The vendor must submit with their claim all required supporting documentation described in the form instructions. Any refund claim must be filed with the Department within three years of the due date of the return showing the overpayment. No such refund shall be made or credit allowed in an amount greater than the tax paid.

If the Department rejects the vendor's refund claim, in whole or in part, the vendor may file a written protest or request a hearing, as discussed later in this publication.

Assessments

If the Department determines that a vendor has underpaid the tax, the Department will issue a notice of deficiency to the vendor. In general, the Department may issue such notice no later than three years after the return was filed or three years after the return was due, whichever is later.

If a vendor neglects or refuses to file a return, the Department will estimate the amount of tax due based upon available information and issue a written notice to the vendor of the estimated taxes due, along with any applicable penalty and interest. If a vendor either fails to file a required return or files a false or fraudulent return with an intent to evade tax, there is no time limit on the Department to estimate the tax due and issue a notice of deficiency to the vendor.

Please see Part 5 of this publication for information about penalties and interest.

Protest and appeals

A vendor who receives a notice of deficiency or notice of rejection of refund claim may submit a written protest or request a hearing to dispute the notice. Any request for hearing must be submitted within 30 days of the mailing date of the notice. The request for hearing must contain at least the following information:

- The vendor's name, address, and account number;
- The taxable period(s) involved;
- The type and amount of tax at issue; and
- A summary statement of the findings with which the vendor does not agree and the grounds on which the vendor relies for showing that the tax is not due.

The protest or request for hearing must be signed by the payer. A protest or request for hearing may be submitted through [Revenue Online](#) or by mail, fax, or email in accordance with instructions included in the notice.

Part 6: Refunds and Assessments

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to assessments. 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

- § 39-21-103, C.R.S. Hearings.
- § 39-21-104, C.R.S. Rejection of claims.
- § 39-21-107, C.R.S. Limitations.
- § 39-37-106, C.R.S. Administration and enforcement.
- 1 CCR 201-1, Rule 39-21-103-1. Request for Hearing.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Firearms & Ammunition Tax](#)
- [Excise, Fee and Fuel Claim for Refund \(DR 0137E\)](#)
- [File a Protest](#)
- [Taxation Disputes](#)