



COLORADO

Department of Revenue

Taxation Division

Office of Tax Policy
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GIL 26-002

June 16, 2026

XXXXXXXXXX
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Via Electronic Mail: XXXXXXXXXX

Re: Wholesale Sales to Businesses Outside the United States

Dear XXXXXXXXXX:

You submitted a request for a general information letter regarding the taxability of wholesale sales to businesses outside the United States. The Colorado Department of Revenue ("Department") issues general information letters and private letter rulings. A general information letter provides a general overview of the relevant tax issues but is not binding on the Department. A private letter ruling provides a specific determination for a specific set of facts, is binding on the Department, and requires payment of a fee. For more information about general information letters and private letter rulings, please see 1 CCR 201-1, Rule 24-35-103.5.

Issue

Whether a seller must collect Colorado sales tax on wholesale sales to a purchaser located outside the United States for resale outside the United States if the purchaser takes title and possession of the goods in Colorado by Free on Board (FOB) Origin shipment.

Discussion

In general, Colorado imposes a sales tax on the retail sale of tangible personal property.¹ A retail sale includes all sales except wholesale sales.² A wholesale sale means a sale by wholesalers to retail merchants, jobbers, dealers, or other wholesalers for resale.³ Wholesale sales are exempt from sales tax, regardless of the purchaser's location, the shipping terms, and whether the goods are exported.⁴

If a purchaser claims the wholesale exemption or any other sales tax exemption, the burden is on the seller to prove they are exempt from collecting the tax.⁵ The seller must exercise due diligence in verifying the

¹ Section 39-26-104(1)(a), C.R.S.

² Section 39-26-102(9), C.R.S.

³ Section 39-26-102(19)(a)(I), C.R.S.

⁴ Section 39-26-102(19)(a)(II), C.R.S. In contrast, shipping terms do affect the taxability of retail sales. If tangible personal property, commodities, or services are not received by the purchaser at the seller's business location, the sale is sourced to the location where the purchaser takes possession of the goods or services. However, possession by a shipping company on behalf of the purchaser does not constitute possession by the purchaser. In such cases, the sale is sourced to the location indicated by instructions for delivery to the purchaser, if that location is known to the seller. See section 39-26-104(3)(a), C.R.S., for sourcing requirements.

⁵ Section 39-26-105(3)(a), C.R.S.

information provided and determining the purchaser's eligibility for the exemption.⁶ If the seller cannot resolve any doubt about the purchaser's eligibility for the exemption, the seller must collect the tax at the time of sale.⁷

First, the seller must collect the required information on Department form DR 5002, *Declaration of Wholesale or Entity Sales Tax Exemption*, or in another format for its records.⁸ Then, the seller must verify the exemption information provided by the purchaser. The Department treats out-of-country purchasers the same as out-of-state purchasers set forth in 1 CCR 201-4, Rule 39-26-105-3. Accordingly, a seller may accept a valid and current out-of-country resale license, exemption certificate, or other authorized documentation from the issuing government by inspecting a physical copy and maintaining a copy for their records.⁹ For a wholesale exemption, the seller must also reasonably conclude that the goods sold are reasonably for resale in the course of the purchaser's ordinary business.¹⁰

Miscellaneous

This letter represents the good-faith opinion of Department personnel who are knowledgeable about state tax issues. However, the Department does not make a specific determination on any of the issues raised, and the Department is not bound by this general information letter.

The Department administers state and state-administered local sales and use taxes. This letter does not address sales and use taxes administered by self-collected home-rule cities. You may wish to consult with those local governments that administer their own sales or use taxes about the applicability of those taxes. Visit our website at Tax.Colorado.gov for more information about state and local sales taxes.

Thank you for your request.

Sincerely,

Office of Tax Policy
Colorado Department of Revenue

⁶ 1 CCR 201-4, Rule 39-26-105-3, paragraph (1).

⁷ *Id.* at paragraph (2)(c)(ii).

⁸ *Id.* at paragraph (2)(c)(i)(B).

⁹ *Id.* at paragraph (2)(a)(ii).

¹⁰ *Id.* at paragraph (2)(c)(i)(A).