



Rounding Guidance for Retailers

In response to requests from interested parties, the Colorado Department of Revenue, Division of Taxation, is providing guidance regarding rounding for certain taxes and fees. In November 2025, the U.S. Treasury ceased production of the penny. The Department intends to propose rules to provide guidance to retailers regarding the proper calculation of the sales tax and the tax consequences of rounding. However, because this is a developing issue, and federal legislation is pending, proposed rules may be delayed. The Department is issuing this guidance in the meantime to provide retailers with greater certainty based upon current conditions. In addition to the retail sales tax, this guidance is applicable to retail delivery fees, the retail marijuana sales tax, county lodging tax, local marketing district tax, prepaid wireless fees, the daily vehicle rental fee, and the congestion impact fee.

Legal Basis

When a transaction is subject to state sales tax, section 39-26-106(2)(a), C.R.S., requires retailers to add the tax imposed, or the average equivalent thereof, to the sale price or charge showing such tax as a separate and distinct item. Section 39-26-107, C.R.S., charges the Executive Director of the Department of Revenue with providing uniform methods of adding the tax, or the average equivalent thereof, to the selling price. Similarly, section 39-26-106(1)(a)(II) requires the tax to be computed in accordance with schedules or systems approved by the Executive Director.

The purchase price upon which the sales tax is imposed does not include separately stated finance charges,¹ cash discounts allowed for payment on or before a given date,² and credit card surcharges imposed in accordance with section 5-2-212, C.R.S.³

The Department administers the sales taxes imposed by certain towns, cities, counties, and special districts pursuant to part 2 of article 2 of title 29, C.R.S. Section 29-2-203 generally requires the Department to collect, administer, and enforce these local sales taxes in the same manner as the collection, administration, and enforcement of the state sales tax. This guidance does not apply to self-collecting home rule cities.

The Department also collects, administers, and enforces the retail delivery fee (including the enterprise retail delivery fees) in the same manner as the state sales tax.⁴ The retail delivery fee is imposed upon the retail sale of tangible personal property by a retailer for delivery by a motor vehicle.⁵

Calculation of the Sales Tax

Retailers must calculate the state and state-administered local sales tax by multiplying the total purchase price of all taxable items by the combined state and state-administered local sales tax rate. The product must be calculated to three decimal places. Except as provided below, if the third digit after the decimal is greater than four, the sales tax due must be rounded up to the nearest penny. In other words, amounts from \$0.005 to \$0.009 are rounded to \$0.01 and amounts from \$0.000 to \$0.004 are rounded to \$0.00. The resulting rounding must increase or decrease the state sales tax. A retailer may include any tax imposed by a self-collecting home rule city in the combined sales tax rate if permitted by the city.

A retailer may calculate the sales tax for the state and each state-administered local jurisdiction separately, applying the rule set forth above. In that case, the resulting rounding will increase or decrease the sales tax for each jurisdiction accordingly.

¹ See 1 CCR 201-4, Rule 39-26-102(7)(a), paragraph (4).

² 1 CCR 201-4, Rules 39-26-102(5) and 39-26-111.

³ Refer to [GIL 22-004](#) for a discussion of the legal basis for this conclusion.

⁴ Section 43-4-218(6), C.R.S.

⁵ Section 43-4-218(2)(e) and (3)(a), C.R.S.

Transaction Rounding

If retailers choose to apply rounding to the transaction total, including the purchase price, sales tax, and retail delivery fee (if applicable), the Department will treat such rounding in the same manner as other fees, surcharges, and discounts related to the method of payment. Rounding will not affect the purchase price, the calculation of the sales tax, or the amount of the retail delivery fee due from the purchaser or due to the state. Consistent with other charges, the rounding adjustment must be shown as a separate charge.

Payments to the Department

Pursuant to State Controller policy, the Department will apply symmetrical rounding to any cash payments of taxes or fees collected by the Department. If the total amount due ends in 1 cent, 2 cents, 6 cents, or 7 cents, the Department will round down the amount due to the nearest nickel. If the total amount due ends in 3 cents, 4 cents, 8 cents, or 9 cents, the Department will round up the amount due to the nearest nickel. Symmetrical rounding will only be applied to cash payments of taxes or fees for which the Department requires payment to the penny. The resulting difference will not be due to or from the Department and will be charged off.

Request for Public Input

The Department invites public input regarding the policies described in this guidance document to inform our drafting of related rules. Please submit comments by email to dor_taxrules@state.co.us. All written comments submitted will be made public. You may access comments submitted to the Department and other materials through the public drive established for this rulemaking.

After evaluating the comments received, the Department will determine whether to draft rules and what those rules should include. If the Department moves forward with proposed rules, additional comments will be accepted following a notice of proposed rulemaking. Thank you in advance for your input.

Interested parties may access current rules, monitor the status of rulemaking, and sign up to receive rulemaking notices, at Tax.Colorado.gov/Tax-Rules.

Additional Resources

Statutes and Rules

- Section 39-26-102. Performance statement – definitions – repeal.
- Section 39-26-106. Schedule of sales tax.
- Section 39-26-107. Rules and regulations.
- 1 CCR 201-4. Sales and use tax.

Websites and Guidance Publications

- Tax.Colorado.gov
- [Colorado Sales Tax Guide](#)