

In Colorado, gasoline and special fuels that are not subject to the excise tax on fuel are subject to sales and use taxes, unless an exemption applies.

This publication is designed to provide general guidance regarding the sales and use tax on gasoline and special fuels and to supplement guidance provided in the [Colorado Sales Tax Guide](#). Nothing in this publication modifies or is intended to modify the requirements of Colorado's statutes and regulations. Taxpayers are encouraged to consult their tax advisors for guidance regarding specific situations.

The information in this publication applies to state and local sales and use taxes administered by the Department, but not to any sales or use taxes that the Department does not administer for any home-rule cities. Please contact any applicable home-rule city directly for information about their sales and use taxes.

Fuel types

Gasoline

Gasoline includes any flammable liquid used primarily as a fuel for the propulsion of motor vehicles, motor boats, or aircrafts. Any product that has been blended with gasoline is considered gasoline for Colorado fuel tax purposes.

Special fuels

Special fuel includes diesel engine fuel, kerosene, liquefied petroleum gas, and natural gas used for the generation of power to propel a motor vehicle on Colorado highways.

Aviation gasoline and jet fuel

Aviation gasoline and aviation jet fuel are aviation fuels used for the propulsion of nonturbo-propeller aircrafts, nonjet engine aircrafts, turbo-propeller aircrafts, or jet engine aircrafts. Aviation gasoline is specifically gasoline-based fuel used to power an aircraft. Aviation jet fuel is gasoline that includes products such as kerosene, specially prepared, sold, and used in aircrafts.

Sales and use tax

Gasoline and special fuels are subject to Colorado sales and use tax, unless an exemption applies.

Exemptions

In general, gasoline and special fuels are exempt from sales and use tax if the excise tax has been charged and collected on the fuel. The fuel remains exempt from sales and use taxes even if the excise tax is later refunded, as in the case of some nonhighway motor fuel consumers.

Special fuel used for operating farm vehicles is also exempt from state sales and use taxes.

Aviation fuel

The excise tax on aviation fuel applies generally to fuel used for the propulsion of nonturbo-propeller aircraft, nonjet engine aircraft, turbo-propeller aircraft, or jet engine aircraft. Some aviation jet fuel sales are exempt from the excise tax, however, and are therefore subject to sales tax.

An excise tax exemption does not exempt sales of aviation fuel from sales tax. Neither the sales and purchases, nor the storage, use, or consumption of aviation fuel used in specified types of aircraft are exempt from sales tax.

Aviation fuel used on regularly scheduled air carriers, commuter airlines, and on-demand flights using turbo propeller or jet engine aircrafts is subject to sales tax. Air carriers subject to sales tax for aviation jet fuel include domestic or foreign part 121 air carriers, domestic or foreign part 135 commuter air carriers, and public charters that meet fuel excise tax exemption requirements. Sales tax is charged on the purchase price of the fuel, which may include the cost of fuel, state and federal excise taxes, and any airport fuel flowage fees.

For more information on fuel used in aviation, please see Department publication [Colorado Fuel Tax Guide](#).

Aviation fuel sales tax report

The amount of aviation jet fuel sold is reported when the retailer or distributor files their [Aviation Fuel Sales Tax Return \(DR 1510\)](#). The entity that sells the fuel to the end user is responsible for remitting sales tax. Only fuel is reported on the Aviation Fuel Sales Tax Return.

Taxpayers that submit an Aviation Fuel Sales Tax Return are required to file their returns electronically through Revenue Online.

For more information about aviation fuel sales tax reporting, please see Department website [Aviation Taxes](#).

Excise tax

An excise tax is imposed on any taxable fuel acquired in, sold in, imported into, removed from any terminal in, or used in Colorado. Any distributor who acquires, sells, imports, or removes fuel from a terminal is generally required to pay the tax, but the tax is required to be paid only once upon the same gasoline or special fuel. Gasoline subject to excise tax is exempt from sales and use tax, even if the excise tax is later refunded.

Certain governmental entities and certain types of air carriers are exempt from Colorado excise fuel tax. A distributor may sell untaxed fuel to an exempt governmental entity or air carrier.

For more information about excise tax, please see Department publication [Colorado Fuel Tax Guide](#).

Sales tax license

Any retailer that is required to collect sales tax must apply for and obtain a sales tax license prior to making any sales. Licenses are non-transferable. Anyone who starts a new retail business or purchases an existing retail business must apply for and obtain a new sales tax license.

For more information about obtaining a license, please see Department publication [Colorado Sales Tax Guide](#).

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to sales and use taxes on gasoline and special fuels. 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

- § 39-26-103, C.R.S. Licenses - fee - revocation - definition.
- § 39-26-715, C.R.S. Fuel and oil - definitions.
- § 39-26-716, C.R.S. Agriculture and livestock - special fuels - definitions.
- § 39-27-101, C.R.S. Construction - definitions.
- § 39-27-102, C.R.S. Tax imposed on gasoline and special fuel - deposits - penalties.
- § 39-27-102.5, C.R.S. Exemptions on tax imposed - ex-tax purchases - performance statement - definition - repeal.
- Rule 39-26-103. Sales tax licensing.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [*Colorado Sales Tax Guide*](#)
- [*Aviation Fuel Tax Return \(DR 1510\)*](#)
- [*Aviation Taxes*](#)
- [*Colorado Fuel Tax Guide*](#)