

Colorado imposes a passenger mile tax on the transportation of passengers for compensation. The tax applies to only passenger service provided over public highways in Colorado by vehicles with a seating capacity of 15 or more passengers. The tax does not apply to mass transportation of the general public by buses or trolley cars within the boundaries of a city, city and county, or incorporated town. Passenger services provided by a government entity or a charitable organization with no direct charge to the user of the service are also exempt from the tax.

This publication is designed to provide general guidance regarding the passenger mile tax. Nothing in this publication modifies or is intended to modify Colorado's statutes and regulations authorizing these exemptions. Owners and operators of vehicles providing passenger services subject to the passenger mile tax are encouraged to consult their tax advisors for guidance regarding specific situations.

Vehicles subject to passenger mile tax

The passenger mile tax is imposed on the transportation of passengers for compensation. The tax applies to passenger service provided over public highways in Colorado by vehicles with a seating capacity of 15 or more passengers. The owners or operators of vehicles providing passenger services for compensation are responsible for paying the tax to the Department.

The tax does not apply to mass transportation of the general public by buses or trolley cars within the boundaries of a city, city and county, or incorporated town.

However, the tax does apply to passenger service provided in unincorporated areas and public highways outside of the boundaries of a city, city and county, and incorporated town. If a bus travels from one city to another, passing through an unincorporated area, the passenger mile tax is due on the miles driven in the unincorporated town.

The tax does not apply to passenger services provided by a government entity or a charitable organization if there is no direct charge for the transportation made to the user of the service. However, the tax does apply if there is a direct charge to the user of the service.

Owner and operator registration

Owners or operators of vehicles providing passenger services subject to the passenger mile tax must submit an [Application for Passenger Mile Tax Account](#) (DR 0278) to secure a passenger mile tax license.

Licenses are valid for the current calendar year. The license is renewed automatically on an annual basis if the account is in good standing and taxes have been reported and paid timely on the quarterly returns.

For failure to apply for and secure a license, the Department may impose a penalty of an amount equal to 25% of any tax found to be due and payable or \$25, whichever is greater.

Owners or operators of a passenger bus that is registered in another state and that is used to make an occasional trip into Colorado may instead obtain a temporary permit at a Colorado Port of Entry for \$25 or pay the passenger mile tax due, whichever amount is greater. For additional information, please visit CSP.Colorado.gov/services-we-provide/port-of-entry.

A bond is not required unless the Department determines that one is necessary to guarantee payment of the tax. If required, the bond is twice the amount of tax estimated by the Department for each tax period.

Rate and calculation of the tax

The passenger mile tax is calculated by multiplying the number of passengers by the number of miles traveled on Colorado public highways by \$0.001. This calculation is done for each vehicle and each trip.

The tax is calculated based on the actual number of passengers carried at a given time. For a vehicle with a seating capacity of 15 passengers, which on a given trip carried five passengers, the passenger mile tax would be computed based on the five passengers.

Filing and remittance

Owners or operators of vehicles providing passenger services subject to the passenger mile tax must file a [Passenger Mile Tax Return](#) (DR 0133) and remit the tax on a quarterly basis. Quarterly returns are due on the last day of the month following the quarter.

Taxpayers must complete form DR 7011, [Passenger Mile Detail By Passenger Buses](#) to determine the amount of tax to report on their quarterly return. Taxpayers should not file form DR 7011 with their return but must retain it in their records and provide a copy of it to the Department upon request.

Failure to file

If an owner or operator fails, neglects, or refuses to file a required return, the Department may estimate the amount of tax due for the period and mail notice of the estimate to the owner's or operator's last-known address. The estimated tax, penalty, and interest shall become fixed, due, and payable ten days after the date of mailing, unless the owner or operator, within the ten days, files an accurate return for the period and pays the tax due.

Penalty for late filing and remittance

The passenger mile tax penalty for the failure to file and pay the tax due is a percentage of the unpaid tax equal to 10% plus ½% for each month the delinquency continues, not to exceed a total of 18%. If the owner or operator files but fails to pay the tax due, the late payment penalty is 3% of the unpaid tax for each month the tax remains unpaid.

Penalty for false or fraudulent return

The filing of a false or fraudulent return with the intent to evade the passenger mile tax is subject to payment of the correct amount due plus a penalty of 100%.

Interest on deficiencies

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

- the taxpayer pays the tax in full prior to the issuance of a notice of deficiency;
- the taxpayer 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 taxpayer enters into an agreement to pay the tax in monthly installments.

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

Annual Interest Rates

Calendar year	Discounted rate	Regular rate
2022	3%	6%
2023	5%	8%
2024	8%	11%
2025	9%	12%
2026	8%	11%

IFTA licensees

When both International Fuel Tax Agreement (IFTA) and passenger mile tax are due, both returns must be filed. For more information about IFTA requirements, please visit [Tax.Colorado.gov/IFTA](https://tax.colorado.gov/IFTA).

Recordkeeping requirements

Every owner or operator that is liable for the passenger mile tax must maintain accurate records of the operations of all motor vehicles. The owner's or operator's records must include a completed [Passenger Mile Detail By Passenger Buses](#) (DR 7011) for each quarter. All records must be retained for four years from the due date of the return or the date the return was filed, whichever is later.

Penalty for erroneous records

The inclusion of an error in required records, either negligently or knowingly, is subject to a penalty of 25% of the deficiency assessed and interest of ½% per month on the deficiency assessed plus the annual interest shown in the annual interest rates table above.

Audits and appeals

If, upon examination of a filed return, the Department determines the correct amount of charges has not been paid, the Department will issue a notice of deficiency to the owner or operator. 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. In the case of a false or fraudulent return with intent to evade payment of the charges, there is no limit on the time for the Department to issue a notice of deficiency.

Protests and appeals

An owner or operator who receives a notice of deficiency may submit a written protest and request a hearing to dispute the notice. Any protest or request for hearing must be submitted within 30 days of the date of the notice. The protest or request for hearing must contain at least the following information:

- the owner or operator's name, address, and account number;
- the filing period(s) involved;
- the amount of charges in dispute;
- a summary statement of the findings with which the owner or operator does not agree and the grounds upon which the owner or operator relies for the purpose of showing the amount is not due.

The protest or request for hearing must be signed by the owner or operator.

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to the passenger mile 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

- § 39-21-102, C.R.S. Scope.
- § 39-21-103, C.R.S. Hearings.
- Rule 39-21-103. Request for hearing.
- § 39-21-107, C.R.S. Limitations.
- § 39-21-109, C.R.S. Interest on underpayment, non-payment, 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.
- § 39-27-302, C.R.S. Agreements between jurisdictions.
- § 42-3-304, C.R.S. Registration fees - passenger-mile taxes - clean screen fund - pilot program - report - rules - definitions.
- § 42-3-306, C.R.S. Registration fees - passenger and passenger-mile taxes - fee schedule - repeal.
- § 42-3-308, C.R.S. Taxpayer statements - payment of tax - estimates - penalties - deposits - delinquency proceedings.
- § 42-3-309, C.R.S. Permit to be secured - records kept - penalties.
- Rule 42-3-304(13). Passenger Mile Tax.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Tax.Colorado.gov/passenger-mile-tax](https://tax.colorado.gov/passenger-mile-tax)
- [Tax.Colorado.gov/IFTA](https://tax.colorado.gov/IFTA)
- [Application for Passenger Mile Tax Account](#) (DR 0278)
- [Passenger Mile Detail By Passenger Buses](#) (DR 7011)
- [Passenger Mile Tax Return](#) (DR 0133)