

Under certain conditions, payers of gambling winnings must deduct and withhold Colorado income tax from such winnings. Any payer who is subject to withholding requirements must register with the Colorado Department of Revenue. Payers are required to file returns and remit tax on a quarterly, monthly, or weekly basis, depending upon the payer's total annual withholding liability. Finally, payers must report the Colorado winnings and withholding on the IRS Form W-2G or 1042-S they issue to the payee and must file the IRS Form W-2G or 1042-S with the Department.

This publication is designed to provide payers with general guidance regarding withholding requirements for gambling winnings. Additional information can be found in the statutes, regulations, forms, and guidance listed at the end of this publication. Nothing in this publication modifies or is intended to modify the requirements of Colorado's statutes and regulations. Payers are encouraged to consult their tax advisors for guidance regarding specific situations.

Gambling winnings

Any payer making any payment of winnings within Colorado must deduct and withhold from such winnings Colorado income tax at a rate of 4% if both:

- the winnings are subject to federal income tax withholding reported on IRS Form W-2G or 1042-S; and
- the winnings are not exempted from Colorado income tax by either state or federal law.

These withholding requirements apply to any person making any payment of winnings which are subject to withholding for federal income tax purposes and who is subject to the civil jurisdiction of the State of Colorado.

Payer registration

Every payer who is required to withhold Colorado income tax must apply for and maintain an active Colorado gaming withholding account. Payers may apply for an account by preparing and submitting a [Colorado Sales Tax and Withholding Account Application \(CR 0100\)](#).

A payer that goes out of business, dissolves, is merged into another corporation, no longer has payees, or otherwise ceases paying winnings must promptly notify the Department and close their account either through [Revenue Online](#) or by preparing and submitting a [Business Tax Account Closure Form \(DR 1108\)](#).

Filing frequency and due dates

A payer is required to file returns and remit income tax withholding quarterly, monthly, or weekly based upon the payer's annual income tax withholding liability. The required filing and remittance frequency is based initially on the payer's estimated annual Colorado income tax withholding, reported on the payer's application for a withholding account. If a payer's actual Colorado income tax withholding for any calendar year exceeds the initial estimate, the Department will adjust the payer's required filing and remittance frequency accordingly. Changes to the remittance frequency take effect on January 1 of the following year.

Each return and remittance must include all Colorado income withholding for winnings paid during the filing period.

The due date for a payer's filing and remittance is based upon the required frequency for the payer's filing and remittance. If the due date for filing a return

and remitting tax falls upon a Saturday, Sunday, or legal holiday, the return and tax are due on the next business day. A payer that goes out of business, dissolves, is merged into another corporation, no longer has payees, or otherwise ceases paying winnings must file a final income tax withholding return and remit all applicable taxes by the applicable due date.

Monthly and quarterly filers, but not weekly filers, are required to file a return for each period, even if no tax is due. A payer who properly withheld no tax for a monthly or quarterly filing period must file a return to report that no tax is due. If a payer fails to file a required return, the Department may estimate the amount of tax due, based on available information, and issue the payer a notice of deficiency for the tax due.

A payer whose business does not operate continuously throughout the year may request permission from the Department to file returns for only those periods that the business is in operation. If the Department grants such approval, the payer is not required to file returns for those months for which the business does not operate.

Filing Frequency and Due Dates

<i>Filing frequency</i>	<i>Annual withholding</i>	<i>Filing periods</i>	<i>Due date</i>
Quarterly	Less than \$7,000	Each calendar quarter ending March 31 st , June 30 th , September 30 th , and December 31 st	Last day of the month following the close of the calendar quarter
Monthly	At least \$7,000, but not more than \$50,000	Each calendar month	15 th day of the following month
Weekly	\$50,000 or more	Each week beginning on Saturday and ending on Friday	3 rd business day following the Friday that concludes the week

Weekly filing

Except for year-end filing periods, Friday is the end of each weekly filing period, even if the payer's pay periods end on a different day. For each weekly filing period during which winnings are paid, a payer must report and remit any required withholding for any winnings paid during the period. When remitting payments via electronic funds transfer (EFT), the payer must indicate the Friday that ends the weekly filing period as the end date for the filing period.

Year-end weekly filing period

Each year, payers who remit Colorado withholding tax on a weekly basis will have a final filing period ending on December 31st, regardless of whether December 31st falls on a Friday. Payers must remit for this filing period any Colorado withholding for winnings paid after the Friday that ended the last preceding filing period and either on or before December 31st. Payment for this final filing period is due on the third business day after December 31st.

Example of Weekly Filing Period and Due Date

Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
24	25	26	27 Payroll	28	29	30 End date for filing period
31	1	2	3	4 Filing due date	5	6

In this example, the payer's payment of winnings on Tuesday, the 27th, falls within the filing period ending Friday, the 30th. The withholding tax for this weekly filing period must be remitted to the Department by Wednesday, the 4th.

Filing and payment options

Payers may elect or may be required to file and pay withholding tax electronically. The different filing and payment options are described below.

Electronic funds transfer (EFT)

A payer who is required to remit withholding tax on a weekly basis is required to remit payment via electronic funds transfer (EFT). Payers are encouraged to remit payment via EFT, even if they are not required to do so, because electronic payment reduces the potential for processing errors and delays. Withholding tax payments made via EFT satisfy both payment and filing requirements. Payers who remit payment via EFT are not required to submit any separate quarterly, monthly, or weekly withholding tax return. If no tax is due for a

filing period, a payer can report zero tax through the EFT payment system.

Information about electronic payment options is available online at [How to Pay/Remit Withholding Tax](#) and under "Payment Options" at [Revenue Online](#).

In general, payments made by EFT must be made by the end of the day on the due date. Please see Department Rule 39-21-119.5-1 in [1 CCR 201-1](#) for additional information regarding the timeliness of payments made via EFT.

Paper returns

Quarterly and monthly payers who are not required to remit payments via EFT can instead make payments with a [Backup Withholding Tax Return - Gaming \(DR 1091\)](#). Paper returns and payments made by check or money order must be postmarked on or before the applicable due date to be considered timely.

Correcting errors in filed returns

If a previously filed return did not report the correct amount of withholding tax for the filing period, the method for correcting the error depends on whether the tax was underpaid or overpaid with the filed return.

Underpayments of tax

If the withholding tax due for a filing period is greater than the amount previously reported and paid, the additional tax can be reported and paid via EFT through [Revenue Online](#) or by filing an amended [Backup Withholding Tax Return - Gaming \(DR 1091\)](#). The amended return must show all tax columns as corrected, not merely the difference(s). The amended return will replace the original return in its entirety.

Overpayments of tax

If a payer overpays the withholding tax due for any filing period, the payer can deduct the amount of the overpayment from the tax reported and remitted for any subsequent filing period during the same calendar year.

If the calendar year has ended and the payer is therefore unable to deduct the overpayment from the tax due for a subsequent period, the payer can claim a refund for the overpayment when filing the [Annual Reconciliation of Income Tax Withheld on Gaming Winning \(DR 1101\)](#). Any Form DR 1101 filed to claim a refund for an overpayment must be filed prior to January 31st of the following year.

If an overpayment of withholding tax is identified only after January 31st of the following year and the filing of Form DR 1101, the payer can file a [Claim for Refund \(DR 0137\)](#) to request a refund for the overpayment.

Penalties and interest

If any tax is not paid by the applicable due date, the payer will owe a penalty. The penalty is the greater of either \$5 or 5% of the unpaid tax, plus an additional 0.5% for each month the tax remains unpaid, not to exceed a total of 12%. A collection penalty equal to 15% of the unpaid tax is also imposed if a payer fails to remit payment within the time provided in any notice and demand for payment. Additional penalties may be imposed for:

- fraudulent or willful failure to file;
- filing a fraudulent, frivolous, or willfully false return;
- fraudulently failing to pay tax; or
- willfully seeking to evade tax.

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 continues. Additionally, a discounted rate is allowed if the payer pays the tax in full prior to or within 30 days of the issuance of a notice of deficiency. 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
2021	3%	6%
2022	3%	6%
2023	5%	8%
2024	8%	11%
2025	9%	12%
2026	8%	11%

Assessments and appeals

If, upon review of any relevant information, the Department determines the correct amount of tax has not been paid, the Department will issue a notice of deficiency to the payer. A payer who receives a notice of deficiency may submit a written protest or 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 payer's name, address, and account number;
- the tax period(s) involved;
- the type and amount of tax in dispute; and
- a summary statement of the findings with which the payer does not agree and the grounds upon which the payer relies for the purpose of showing 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.

Furnishing statements to payees

Federal law requires payers to provide each payee IRS Form W-2G or 1042-S, reporting winnings and tax information for each calendar year. In addition to federal tax information, the payer must report the payee's Colorado winnings and withholding on the W-2G or 1042-S. The payer must send the W-2G or 1042-S to the payee by January 31st or March 15th, respectively, of the following year. A payer that goes out of business, dissolves, is merged into another corporation, no longer has payees, or otherwise ceases paying winnings must provide a W-2G or 1042-S to each payee by the applicable federal deadline.

Any W-2G or 1042-S reporting Colorado tax information may be furnished to the payee electronically, to the extent permitted by federal law. For additional information about furnishing IRS Forms W-2G or 1042-S to payees electronically, see [General Instructions for Certain Information Returns](#).

Filing statements with the Department

Every payer must file with the Department any W-2G or 1042-S reporting Colorado winnings or Colorado withholding. A payer must file any required Form W-2G for any calendar year with the Department on or before February 28th of the following year if filing on paper or by March 31st of the following year if filing electronically. A payer must file any required Form 1042-S for any calendar year with the Department on or before March 15th of the following year if filing electronically.



Electronic filing

Any payer that is required to file federal Forms W-2G or 1042-S electronically should also file Colorado Forms W-2G or 1042-S electronically. For federal Forms W-2G or 1042-S required to be filed during calendar years 2024 and later, electronic filing is required if the payer is required to file ten or more federal Forms W-2G or 1042-S during the year. For additional information, please see the IRS [Instructions for Form W-2G](#), [Instructions for Form 1042-S](#), and [E-file Information Returns](#).

A payer who cannot file Forms W-2G or 1042-S electronically may file paper copies of Forms W-2G or 1042-S along with an [Annual Reconciliation of Income Tax Withheld on Gaming Winning \(DR 1101\)](#). A payer that files electronically should not submit a paper form DR 1101, except to remit any additional tax due or claim a refund for an overpayment.

Electronic filing of Forms W-2G or 1042-S is made through [Revenue Online](#). Payers must register through the website at least five days prior to their initial electronic filing. Once a payer has registered through the website, the payer will not need to register again to file Forms W-2G or 1042-S electronically for any subsequent year. Registration is requested by completing the following steps:

- 1) Go to [Revenue Online](#).
- 2) Click on the hyperlink to “Submit Year-End Withholding” under the heading “Withholding.”
- 3) Click on the hyperlink to “Request Withholding Submitter Access.”
- 4) Enter the required information.

Once a payer has registered, the payer can file Forms W-2G or 1042-S electronically through [Revenue Online](#) by clicking the same hyperlink to “Submit Year-End Withholding.” The payer can either manually enter W-2G information by clicking “Submit a Manual Withholding File” or can upload an electronic file in one of the allowable formats by clicking “Submit a Withholding File Attachment.” The template used for filing in an XLSX format is available online at [Withholding Forms and Instructions](#).

Correcting errors on Forms W-2G or 1042-S

If Form W-2G or 1042-S issued by a payer does not report the correct amount of Colorado income tax withholding, the payer is required to furnish both the payee and the Department with a corrected Form W-2G or 1042-S reporting the correct amounts of winnings and withholding. The corrected Form W-2G or 1042-S must be provided to both the payee and the Department as soon as possible. Corrected Forms W-2G or 1042-S should be mailed to the Department, along with a cover letter, to:

Colorado Department of Revenue
Discovery Section
PO Box 17087
Denver, CO 80217-0087

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to withholding requirements for gambling winnings. 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

- § 39-22-621, C.R.S. Interest and penalties.
- Rule 39-21-119.5-1. Requirements for Electronic Filing and Electronic Payment.
- Rule 39-22-604-2. Colorado Income Tax Withholding for Gambling Winnings.
- 26 CFR § 1.1461-1. Payment and returns of tax withheld.
- 26 CFR §§ 1.6041-10. Return of information as to payments of winnings from bingo, keno, and slot machine play.
- 26 CFR § 31.3402(q)-1. Extension of withholding to certain gambling winnings.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Revenue Online](#)
- [How to Pay/Remit Withholding Tax](#)
- [Withholding Forms and Instructions](#)
- [Withholding Tax Return - Gaming \(DR 1091\)](#)
- [Annual Reconciliation of Income Tax Withheld on Gaming Winnings \(DR 1101\)](#)
- [Claim for Refund \(DR 0137\)](#)
- [Instructions for Form W-2G](#)
- [Instructions for Form 1042-S](#)
- [IRS General Instructions for Certain Information Returns](#)
- [IRS E-file Information Returns](#)