



## MOBILE FOOD VENDOR SPECIAL STATE SALES TAX DEDUCTION INSTRUCTIONS

On November 25, 2020, Governor Polis announced that certain restaurants, bars, and mobile food vendors may be eligible for state sales tax relief. In special session, the General Assembly enacted [House Bill 20B-1004](#), which permitted a limited special deduction from state taxable sales and allowed retailers to retain and spend the resulting state sales tax. This document provides instructions for mobile food vendors to properly claim the special deduction allowed in section 39-26-105(1.3), C.R.S., which was added by House Bill 20B-1004. Separate instructions are available for restaurants and bars at: <https://tax.colorado.gov/restaurant-bar-special-sales-tax-deduction>.



**Caution:** This special deduction applies only to a limited amount of state taxable sales. Eligible retailers are required to collect all applicable state and state-administered local sales taxes, file returns on time, and pay all local sales taxes (in addition to state sales taxes in excess of the amount related to the special deduction). The special deduction does not apply to any taxes imposed by any state-administered city, county, or special district. Retailers should contact self-collecting home-rule cities regarding any similar programs they may offer.

*Additional relief may be available for businesses that do not qualify for this program. For more information, visit the Colorado Office of Economic Development & International Trade's COVID-19 Business Resource Center <https://choosecolorado.com/covid19/>.*

### Eligible retailers

The special deduction described in these instructions is available to retailers in the mobile food services industry. The mobile food services industry includes retailers primarily engaged in preparing and serving meals, snacks, and nonalcoholic beverages for immediate consumption from motorized vehicles (e.g., food trucks or ice cream trucks) or nonmotorized carts (e.g., hot dog carts). Most businesses in this industry are assigned to North American Industry Classification System (NAICS) code 722330.

Restaurants and carryout shops that offer delivery of prepared food are in the “restaurants and other eating places” industry. (Restaurants and bars should refer to the instructions at: <https://tax.colorado.gov/restaurant-bar-special-sales-tax-deduction>.) Retailers delivering food prepared by third parties are not eligible. Retailers shipping meal kits, heat-at-home meals, or other unprepared food to consumers for home consumption are also not eligible.

Retailers in the mobile food services industry should receive a letter notifying them of their eligibility. If you did not receive a letter, carefully review the criteria above to determine whether you are eligible.

### Other Requirements:

- Retailers must be scheduled to file sales tax returns on a monthly basis.
- Retailers must make taxable sales during the month for which the special deduction is claimed.
- Retailers must file a return and pay all state-administered local sales taxes on time (i.e. on or before the statutory due date).
- Retailers must report the special deduction, in accordance with these instructions, on a timely filed return, and pay any remaining state sales taxes due on time.

**Periods for which a special deduction is allowed**

The special deduction is allowed in each of the following tax periods:

<b>Tax Period</b>	<b>Statutory Due Date</b>
November 2020	December 21, 2020*
December 2020	January 20, 2021
January 2021	February 22, 2021*
February 2021	March 22, 2021*

\* Because the 20<sup>th</sup> of the month falls on a Saturday or Sunday, the due date is extended to the next business day. C.R.S. § 39-21-119(3).

**Instructions for completing the Colorado Sales Tax Return (form DR 0100)**

To claim the special deduction allowed under section 39-26-105(1.3), C.R.S., and to retain and spend the resulting state sales tax, complete the Colorado Sales Tax Return (form DR 0100) as follows. File the return and remit payment by the applicable due date.



**Note:** The special deduction is available for no more than five motorized vehicles or nonmotorized carts. The maximum special deduction amount is based upon the number of vehicles or carts you have in service during the tax period, regardless of how many reporting sites the vehicles or carts operate from.

Therefore, you will need to determine the total state net taxable sales for all active sites from which you prepare and serve food for immediate consumption from a motorized vehicle or a nonmotorized cart. These sites are referred to below as “mobile food service sites.” You will then compare the total state net taxable sales for all mobile food service sites to the maximum deduction amount.

Do not include in this total any taxable sales made from physical reporting sites (those sites from which you make over-the-counter sales if you also operate a restaurant). Those sales may be eligible for special deduction under the program for restaurants and bars.

**Step 1:** Report gross sales of goods and services on line 1 as usual.

**Step 2:** Complete lines 1 through 13 of Schedule A listing the amounts of deductions and exempt sales as usual. Enter the amount from line 13 of Schedule A on line 2 of the return.

**Step 3:** Subtract line 2 from line 1 and enter the result in each column of line 3.

**Step 4:** Complete lines 1 through 10 of Schedule B as usual.

**Step 5:** On Schedule B, determine the amount reportable on line 11 of the *State* column, if any, not including any amount related to this special deduction. Do not enter this amount on line 11 at this time. This amount is needed in step 9 below.

**Step 6:** On Schedule B, skip the *State* column of line 11 and enter the amounts, if any, reportable in the other columns of Schedule B, line 11 along with a description of the exemption.

Complete steps 1 through 6 for all mobile food service sites. Do not include any physical reporting sites from which you make over-the-counter sales.

**Step 7:** Sum the amounts in the *State* column of line 3 for all mobile food service sites (as calculated for each site in step 3 above). Enter this total on line 1 of the Schedule B Worksheet below.

**Step 8:** Sum lines 1 through 10 of the *State* column of Schedule B for each mobile food service site (as entered in step 4 above). Sum the total of these lines for all mobile food service sites, and enter the result on line 2 of the Schedule B Worksheet below.

**Step 9:** Sum the amounts otherwise reportable on line 11 of the *State* column (as determined in step 5 above) for all mobile food service sites. Enter this total on line 3 of the Schedule B Worksheet below.

**Step 10:** Complete the Schedule B Worksheet (below).

<b>Schedule B Worksheet</b>	
1. Enter the total of the amounts on line 3 in the <i>State</i> column of all mobile food service sites.	.
2. Enter the total of the lines 1 through 10 of the <i>State</i> column of Schedule B for all mobile food service sites.	.
3. Enter the total amount reportable on line 11 of the <i>State</i> column of Schedule B (not including this special deduction) for all mobile food service sites.	.
4. Add lines 2 and 3 together.	.
5. Subtract line 4 from line 1. This is your actual state net taxable sales.	.
6. Enter the number of motorized vehicles or nonmotorized carts in operation and making sales in Colorado during the tax period. If you made sales from more than 5 motorized vehicles or nonmotorized carts, enter 5.	
7. Multiply line 6 by \$70,000.	.
If line 5 is less than line 7, proceed to step 11. If line 5 is greater than line 7, proceed to step 12.	

**Step 11:** If line 5 of the Schedule B Worksheet is less than line 7 of the worksheet, your state net taxable sales are below the maximum amount deductible. Therefore, you may deduct the entire amount of your state net taxable sales for all mobile food service sites. Complete the following steps for each mobile food service site.

- (a) Find the amount listed on line 3 of the return.
- (b) Find the total of lines 1 through 10 of the *State* column of Schedule B of the return (calculated in step 3 above). Subtract the total from the amount on line 3 of the return.
- (c) Find the amount reportable on line 11 of the *State* column of Schedule B of the return, if any, not including any amount related to this special deduction (calculated in step 5 above). Subtract this amount from the amount calculated in step 11(b) above. The result is the special deduction allowed in section 39-26-105(1.3), C.R.S.
- (d) Add the special deduction amount calculated in step 11(c) above to the other amounts, if any, reportable on line 11 of the *State* column of Schedule B of the return and enter the result on that line. Do not enter this amount in any other column.

Repeat steps 11(a) through 11(d) for each mobile food service site, and proceed to step 13 below.

**Step 12:** If line 5 of the Schedule B Worksheet is greater than line 7 of the worksheet, your state net taxable sales exceed the maximum amount deductible. Therefore, you may only deduct up to the maximum amount of sales listed on line 7 of the worksheet. Complete the following steps for each mobile food service site.

- (a) Find the amount listed on line 3 of the return.

(b) Find the total of lines 1 through 10 of the *State* column of Schedule B of the return (calculated in step 3 above). Subtract the total from the amount on line 3 of the return.

(c) Find the amount reportable on line 11 of the *State* column of Schedule B of the return, if any, not including any amount related to this special deduction (calculated in step 5 above). Subtract this amount from the amount calculated in step 12(b) above. This amount is the actual state net taxable sales for this site.

(d) Determine the special deduction amount for this site.

- The special deduction amount may not exceed the actual state net taxable sales for this site (calculated in step 12(c) above), and the total amount deferred for all mobile food service sites may not exceed the maximum amount listed on line 7 of the Schedule B Worksheet.
- Consider the maximum special deduction amount a declining balance that starts with the amount listed on Line 7 of the Schedule B Worksheet.
- For each site, deduct the lesser of actual state net taxable sales (calculated in step 12(c) above) or the remaining balance.
- Then reduce the balance by the amount deferred before completing the return for the next site.

(e) Add the special deduction amount calculated in step 12(d) above to the other amounts, if any, reportable on line 11 of the *State* column of Schedule B of the return and enter the result on that line. Do not enter this amount in any other column.

Repeat steps 12(a) through 12(e) for each mobile food service site, and proceed to step 13 below. Once the maximum special deduction amount calculated on line 7 of the Schedule B Worksheet has been reached, any remaining returns for mobile food service sites may be completed as usual without adjustment.

**Step 13:** On the description line below Schedule B, line 11 of the return, in addition to the description of any exemptions included on line 3 of the Schedule B Worksheet above, enter: COVID Deduction.

**Step 14:** For each column of Schedule B, sum lines 1 through 11 and enter the total on line 12. Enter the amount from each column of Schedule B, line 12 in the corresponding column on line 4 of the return.

**Step 15:** On the return, subtract line 4 from line 3 and enter the result on line 5. The amount in the *State* column of line 5 may be zero, but it cannot be less than zero.

Complete the remainder of the return as usual.