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FOR IMMEDIATE RELEASE

Governor Polis Signs HB 1240 Into Law

Bill codifies sales tax changes and adds small business exemptions

DENVER, , May 23, 2019 -- Governor Polis signed House Bill 1240 today which will have several impacts on the way sales tax is collected in the state of Colorado.

Key things this law does:

- The law clarifies economic nexus for retailers without physical presence in the state of Colorado. This codifies the requirement for out-of-state retailers, to include internet based retailers, to collect and remit sales tax for purchases made in the state of Colorado.
- The law also codifies the Department of Revenue's destination sourcing rule for state sales tax collection. Destination sourcing refers to collecting tax based on where the good or service is received by the purchaser, versus taxing based on the physical location of the business.
- The law does provide an exception to the destination sourcing requirement for certain small businesses, until the time that the Department of Revenue can facilitate a technology solution for easily looking up sales tax rates.
- The new law also provides that businesses that sell through a marketplace facilitator to be exempt from collecting and remitting sales tax, that responsibility would fall to the marketplace. An example of a marketplace facilitator could be online retailers like Amazon or Ebay.

The law is set to go into effect June 1, 2019 which coincides with the end of the grace period initially put in place by the Department of Revenue on the original sales tax clarifications implemented last December. The marketplace facilitator provisions take effect October 1, 2019.

For additional information on paying taxes, visit here: <https://www.colorado.gov/tax>

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