



Colorado law establishes special rules regarding the application of sale and use tax to prefabricated housing. Prefabricated housing is distinguished from homes that are constructed at the building site. The term “prefabricated housing” refers to any preconstructed building unit or combination of preconstructed building units that meet all four of the following criteria:

- 1) It is manufactured at a location other than the residential site of the completed home.
- 2) It is designed and used for residential occupancy in either temporary or permanent locations.
- 3) It does not have motive power.
- 4) It is not licensed as a vehicle.

Different Colorado sales and use tax rules apply to manufactured homes, as opposed to other forms of prefabricated housing. A manufactured home is prefabricated housing that is built on a permanent chassis, is constructed in compliance with Federal Manufactured Home Construction and Safety Standards developed by the U.S. Dept. of Housing and Urban Development (HUD), and bears a certified “HUD tag” certifying such compliance.

For the sake of clarity, this publication uses the term “manufactured home” only as it is used in authorizing the exemption allowed by section 39-26-721(3), C.R.S. With respect to the exemption allowed by section 39-26-721(1), C.R.S., which also uses the term “manufactured home,” but with a different statutory definition, this publication substitutes the term “prefabricated housing.”

## Taxation of Manufactured Homes and Other Prefabricated Housing

	<i>Manufactured Homes</i>	<i>Other Prefabricated Housing</i>
<i>State sales and use tax</i>	Fully exempt from state sales and use tax.	State sales and use taxes are imposed on 52% of the purchase price. Any subsequent sale is fully exempt from state sales and use taxes.
<i>State-administered special district sales and use taxes</i>	Fully exempt from state-administered special district sales and use tax.	State-administered special district sales and use taxes are imposed on 52% of the purchase price. Any subsequent sale is fully exempt from state-administered special district sales and use taxes.
<i>State-administered city and county sales taxes</i>	Unless full exemption has been adopted by the city or county, state-administered city and county sales tax is imposed on 52% of the original purchase price. See Department publication <i>Colorado Sales/Use Tax Rates</i> (DR 1002) for information about local sales tax exemptions. Any subsequent sale is fully exempt from state-administered city and county sales taxes.	State-administered city and county sales taxes are imposed on 52% of the purchase price. Any subsequent sale is fully exempt from state-administered city and county sales taxes.

## Certification of manufactured homes

Manufactured homes can be identified by the certification label, also known as a “HUD tag.” An example of the label appears below. The manufacturer is required to affix a certification label to the tail-light end of each transportable section of the manufactured home.



## Tax collection for manufactured homes

Manufactured homes in Colorado, but not other forms of prefabricated housing, must be titled with the Department of Revenue. All applicable sales and/or use taxes must be paid before the Department or any county clerk acting as the Department’s authorized agent may issue a certificate of title.

Manufactured home dealers are generally required to collect all state and state-administered sales taxes applicable to the location where the purchaser takes possession. See the *Colorado Sales Tax Guide* for additional information regarding the sourcing of sales and general licensing, collection, and filing requirements applicable to dealers. A dealer selling a manufactured home in Colorado must issue a *Standard Sales Tax Receipt for Vehicle Sales* (DR 0024) at the time of purchase reflecting any sales and/or use taxes collected by the dealer.

## Tiny homes

For various reasons, “tiny homes” may not be considered prefabricated housing or manufactured homes as those terms are used in this publication. The Department of Housing and Urban Development (HUD) has noted that while the term “tiny home” is not formally defined, it generally refers to a type of home that is compact (usually below 400 square feet), on wheels, and intended for permanent residence.

A tiny home is not considered a manufactured home for Colorado sales and use tax purposes unless it meets the definition of a “manufactured home” in federal law, 24 U.S.C. § 5402(6). Federal law defines a “manufactured home,” in part, as a residential structure that:

- is built on a permanent chassis;
- in its travelling mode, is at least eight feet wide and 40 feet long; and
- when erected on site, is at least 320 square feet

A tiny home that meets all requirements of federal law for manufactured homes, except the size requirement, is considered a “manufactured home” if the manufacturer voluntarily opts-in to regulation by HUD pursuant to 24 CFR § 3282.13. A tiny home must have a HUD tag to be considered a manufactured home.

A tiny home that is not certified with a HUD tag may nonetheless qualify as prefabricated housing if it meets all applicable criteria for prefabricated housing listed on page 1 of this publication. Any tiny home that is licensed as a vehicle does not qualify as prefabricated housing.



### Additional resources

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The following is a list of statutes, regulations, forms, and guidance pertaining to prefabricated housing. 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

- § 39-26-721, C.R.S. Manufactured homes.
- § 39-26-113, C.R.S. Collection of sales tax.
- § 39-26-208, C.R.S. Collection of use tax.

### Forms and guidance

- [Colorado.gov/Tax](https://colorado.gov/Tax)
- [Colorado.gov/Tax/sales-tax-basics](https://colorado.gov/Tax/sales-tax-basics)
- *FYI Sales 6: Contractors and Retailer-Contractors*