



Sales 57

Sales and Use Tax Applicable to Gasoline and Special Fuels

GENERAL INFORMATION

Colorado imposes a state sales and use tax on the sale of special fuel and aviation jet fuel. The Colorado Department of Revenue is responsible for collecting and administering the state sales and use taxes along with the local sales taxes for all counties, statutory cities and special districts that impose a sales tax. Gasoline is exempt from state sales and use tax. Fuel used as aviation gasoline is exempt from state sales and use tax.

For information about Colorado excise tax on gasoline and special fuels, see FYI Excise 5, Motor and Aviation Fuel Application, Licensing and Reporting Requirements.

This FYI does not address the local taxes of self-administered home-rule cities. You must contact a home-rule jurisdiction directly to obtain its tax regulations. For information on local sales tax rates, see Colorado Sales/Use Tax Rates (DR 1002).

Definitions

Special Fuel: Special fuel is fuel other than gasoline – such as diesel engine fuel or kerosene (sometimes referred to as fuel oil), liquefied petroleum gas or natural gas – used to propel a motor vehicle on Colorado highways. [§39-27-101(29), C.R.S.]

Aviation Jet Fuel: Aviation jet fuel is fuel typically used for the propulsion of turbo-propeller or jet engine aircraft. [§39-27-102(1), C.R.S.]

Gasoline: Gasoline is any flammable liquid used primarily as a fuel for the propulsion of motor vehicles, motorboats, or aircraft. [§39-27-101(12), C.R.S.]

Aviation Gasoline: Aviation gasoline is fuel typically used in nonturbo-propeller or non-jet engine aircraft. [§39-27-102(1), C.R.S.]

SALES AND USE TAXES

Sales tax is charged (or use tax may be due) on special fuel when the product is used for any purpose other than propelling a motor vehicle on Colorado highways. For example, special fuel used for heating commercial buildings and propane used for commercial purposes.

Sales tax (or use tax may be due) is charged on aviation jet fuel used in regularly scheduled air carriers or commuter airlines. Sales tax is due on the total purchase price of the fuel. The purchase price may include federal and state excise taxes as well as airport fuel flowage fees.

The retailer or fuel distributor that sells special fuel or aviation jet fuel must report the sales tax collected on aviation jet fuel sales on the Aviation Fuel Sales Tax Return using one of the applicable forms DR 1510, DR 1520 or the DR 1530.

AVIATION JET FUEL SALES TAX REPORT

The retailer or fuel distributor that sells aviation jet fuel is required to report to the Department of Revenue the number of taxable gallons sold or used at each airport. This information is filed on the Aviation Fuel Sales Tax Return (DR 1510).

If consumer use or retailer's use tax is reported and paid on aviation jet fuel, the Aviation Fuel Retailer's Use Tax Return (DR 1520) or Aviation Fuel Consumer's Use Tax Return (DR 1530) must also be filed.

Each month, the department compiles the airport information for the Division of Aeronautics. Of the state sales and use tax collected at each airport, the Division of Aeronautics will refund 65% back to the airport to be used for aviation purposes. Failure to report the required information will reduce the amount of sales and use tax returned to the airports.

SALES AND USE TAX EXEMPTIONS

Special fuel is exempt from sales and use tax if:

1. The excise tax has been charged and collected. [§39-26-715(1), C.R.S.]
2. Special fuel is used for residential heating, lighting, refrigeration, cooking, cooling and power purposes. [§39-26-715(1), C.R.S.]
3. Special fuel is used to operate tractors, trucks, or other farm implements or machinery off-highway when being used for agricultural purposes on farms or ranches. [§39-26-715(2), C.R.S.]
4. Special fuel used in: processing; manufacturing; mining, including oil and gas exploration and production; refining; irrigation; construction; telegraph, telephone and radio communication; street and railroad transportation services; and all industrial uses. [§39-26-102(21), C.R.S.]

For information about excise tax exemptions on gasoline and special fuels, see FYI Excise 7, Tax Refunds for Exempt Use of Fuel.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.