



DO NOT SEND

DR 0021D (06/05/25)
COLORADO DEPARTMENT OF REVENUE
Denver CO 80261-0006
Tax.Colorado.gov

Instructions For Preparing Severance Tax Schedule DR 0021D

See form on Page 3

Use the DR 0021D to calculate the amount of Colorado severance tax to enter on line 1 of the DR 0021.

Based on your accounting method (cash or accrual basis), use the amounts listed on the DR 0021W you received to complete DR 0021D. **If you disagree with the information provided by a producer/first purchaser, you must request a corrected DR 0021W prior to completing the DR 0021D.** Round all amounts to whole dollars.

Column

- (A) **Producer Name.** Enter in column (A) the name of the producer/first purchaser from each DR 0021W. All information entered on form DR 0021D must have a form DR 0021W included with the return.
- (B) **Gross Income.** Enter in column (B) the gross income as reported on DR 0021W. This is your share of the gross income received or accrued on oil or gas production.
- (C) **Gross Income Attributable To Stripper Well Production.** Enter in column (C) the gross income attributable to stripper well production as reported on the DR 0021W.
- (D) **Net Gross Income.** Enter in column (D) the net gross income by subtracting the stripper well gross income listed in column (C) from the gross income listed in column (B).
- (E) **Ad Valorem Tax.** Enter in column (E) the ad valorem tax as reported on the DR 0021W. This is the amount paid or accrued to Colorado local governments in the taxable year on oil and gas production. Do not include ad valorem tax on buildings, improvements, or equipment. A percentage of ad valorem tax is allowed as a reduction to the severance tax.
- (F) **Ad Valorem Tax Attributable To Stripper Well Production.** Enter in column (F) the ad valorem tax attributable to stripper well production as reported on the DR 0021W.
- (G) **Net Ad Valorem Tax.** Enter in column (G) the net ad valorem tax by subtracting the stripper well ad valorem tax listed in column (F) from the ad valorem tax listed in column (E).

Note: Reporting revenue and ad valorem taxes in the correct tax year is critical to filing a correct return. Please review the following information.

Cash or Accrual Basis. Oil and gas revenue, along with related ad valorem tax, must be reported on a basis consistent with the basis used for filing your federal income tax return. Thus, if you are a cash basis federal taxpayer (this applies to most individuals), reporting income when received and deductions when paid, you must report the same way on the severance tax schedule (DR 0021D). You should include only the income received in the tax period. If you use the accrual basis (this applies to most corporations), you must report income from all production in the tax period whether you actually received the income or not, including deferred amounts if they are reported on the federal income tax return.

Cash Basis Taxpayers

Report only ad valorem tax (on production) actually paid to the county assessor during the severance tax year. Payments to operators of wells do not qualify. If a payment is skipped during a tax year (for example, delinquent), no claim for tax is allowed. Catch-up or double payments must all be claimed in the year paid and cannot be carried back or forward.

Accrual Basis Taxpayers

Report only ad valorem tax (on production) levied, or assessed, within the severance tax year. In November or December, depending upon the year, the Colorado counties set the mill levy for assessment of ad valorem tax on the prior year's oil and gas production. **The ad valorem tax is not accruable until the amount is established on that date.**

Short Period Returns

Because severance tax requires filing periods consistent with federal income tax filing years, some companies may have to file short period severance tax returns to match their federal filings. The same ad valorem rules apply. If no payment (cash basis) or accrual date (accrual basis) falls within the short tax period, no claim for ad valorem tax is allowed. If the levy or payment date does fall in the short period, all the tax applies to only that short period.

To expedite the processing of your severance tax return, include all documentation to support ad valorem taxes, gross income and severance tax withheld.

Mail your severance tax return and payment, if any, separately from your Colorado income tax return or any other tax return.



If total net gross income is:	The tax is:
Under \$25,000	2% of gross income
\$25,000–\$99,999	\$500 plus 3% of the excess over \$24,999
\$100,000–\$299,999	\$2,750 plus 4% of the excess over \$99,999
\$300,000 and over	\$10,750 plus 5% of the excess over \$299,999

