



CATERING INDUSTRY SPECIAL STATE SALES TAX DEDUCTION INSTRUCTIONS

Governor Jared Polis recently signed [House Bill 21-1265](#), which permitted a limited special deduction from state taxable sales and allowed eligible retailers to retain and spend the resulting state sales tax. This document provides instructions for caterers to properly claim the special deduction allowed. A similar special deduction was allowed by House Bill 20B-1004, but it was not available to retailers in the catering industry.

Separate instructions are available for restaurants, bars, and food services contractors at: [Tax.Colorado.gov/sales-tax-relief](https://tax.colorado.gov/sales-tax-relief). Instructions for mobile food service vendors are also available on that page.



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 catering industry. The catering industry includes establishments that are primarily engaged in providing single, event-based food services for events such as graduation parties, wedding receptions, business or retirement luncheons, or trade shows and that have equipment and vehicles to transport meals and snacks to events or to prepare food at an off-premise site. The catering industry includes banquet halls with catering staff. Most businesses in this industry are assigned to NAICS code 72232.

Catering services provided by retailers primarily in the hotel industry should be reported using the instructions for “restaurants, bars, and food services contractors” (see above). Retailers providing food concessions at sporting, entertainment, or convention facilities for a specified period of time are food services contractors and should also refer to those instructions. Mobile food services vendors should refer to separate instructions for their industry.

Retailers in the catering 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 to retailers in the catering industry for each of the following tax periods:

Tax Period	Statutory Due Date
June 2021	July 20, 2021
July 2021	August 20, 2021
August 2021	September 20, 2021

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

To claim the special deduction allowed by 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 maximum special deduction allowed is \$70,000 regardless of the number of events you cater or the number of reporting sites you maintain. Therefore, you will need to determine the total state net taxable sales for all active reporting sites. You will then compare the total state net taxable sales for all sites to the maximum deduction amount.

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 reporting sites.

Step 7: Sum the amounts in the *State* column of line 3 for all reporting 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 reporting site (as entered in step 4 above). Sum the total of these lines for all reporting 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 reporting sites. Enter this total on line 3 of the Schedule B Worksheet below.

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

Schedule B Worksheet	
1. Enter the total of the amounts on line 3 in the <i>State</i> column of all reporting sites.	.
2. Enter the total of the lines 1 through 10 of the <i>State</i> column of Schedule B for all reporting 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 reporting sites.	.
4. Add lines 2 and 3 together.	.
5. Subtract line 4 from line 1. This is your actual state net taxable sales for all reporting sites.	.
If line 5 is less than, or equal to, \$70,000, proceed to step 11. If line 5 is greater than \$70,000, proceed to step 12.	

Step 11: If line 5 of the Schedule B Worksheet is less than, or equal to, \$70,000, 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 reporting sites. Complete the following steps for each reporting 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 by 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 reporting site, and proceed to step 13 below.

Step 12: If line 5 of the Schedule B Worksheet is greater \$70,000, your state net taxable sales exceed the maximum amount deductible. Therefore, you may only deduct up to \$70,000. Complete the following steps for each reporting 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). Also, the total amount deducted for all reporting sites may not exceed \$70,000.
 - Consider the maximum special deduction amount a declining balance that starts at \$70,000.
 - 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 deducted 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 reporting site until the total of the amounts added in step 12(e) equals \$70,000. Once the maximum special deduction has been reached, any remaining returns other reporting sites may be completed as usual without adjustment.



Caution: Do not enter the amounts calculated in steps 11(c) or 12(d) in any other column. The special deduction is not permitted for any state-administered local jurisdictions. All local sales taxes (in addition to state sales taxes in excess of the amount related to the special deduction) must be reported and paid by the applicable due date. Retailers who claim the special deduction for local jurisdictions will be billed for any local taxes due plus applicable penalties and interest.

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 returns as usual.