



Sales Tax Exemption Forms HB22-1039 Workgroup June 13, 2023



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Workgroup

- Access agenda, bill link, and current & proposed versions via the workgroup announcement.

<https://tax.colorado.gov/tax-rules>

- Send feedback to DOR_TaxRules@state.co.us.



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Background

- Retailers generally have the burden of proving they are exempt from collecting tax (C.R.S. § 39-26-105 (3)(a)).
- They must exercise due diligence with respect to any sale for which the purchaser claims exemption (Rule 39-26-105–3).
- When in dispute, the retailer must collect the tax, and the purchaser may claim a refund (C.R.S. § 39-26-703).



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Task Force Bill HB22-1039

- Sales & Use Tax Simplification Task Force meets during the interim to study the necessary components of a simplified sales and use tax system.
- HB22-1039 required the Department to examine, simplify, consolidate, or eliminate forms and related requirements to the extent feasible without impairing tax administration.



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Application for Exemption (DR 0715)

3. Signature

I affirm under penalty of perjury that:

- The information in this application is true and correct as to every material matter; and
- I have the legal authority to execute this form on behalf of this entity.

If I am applying for exemption as a charitable organization, I also affirm under penalty of perjury that:

- The organization is organized and operated exclusively for charitable purposes;
- No part of its net earnings inures to the benefit of any private shareholder or individual;
- No substantial part of its activities is carrying on propaganda or otherwise attempting to influence legislation;
- The organization does not participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office, including the publishing or distributing of statements;
- The organization does not limit its deeds and gifts to its members or beneficiaries only; and
- The funds received by the organization are not solely dependent on required payments of its members.

Authorized Signature

Title

Date (MM/DD/YY)



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Exempt Energy

Combine DR 1260 (residential) and DR 1666 (industrial) into a single form DR 1464.

- Both are essentially a declaration of exempt use.
- Both collected customer and utility/seller information.
- Both are designed to be submitted to utility/seller.
- DR 1666 included exempt %.

Declaration of Exempt Energy Use

| 1. Purchaser Information | | |
|--|-------------------|---------------------------|
| Purchaser Name | | Tax Identification Number |
| Mailing Address | | Phone Number |
| City | State | ZIP Code |
| Type of Exemption: <input type="checkbox"/> Industrial Use <input type="checkbox"/> Residential Use | | |
| 2. Utility Information | | |
| Type of Exemption: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Other | | |
| Exempt Calculation: <input type="checkbox"/> Square Footage <input type="checkbox"/> Actual Consumption | | |
| Supplier Name | | |
| Location of Energy Use | | |
| Meter or Account Number | Exempt Percentage | |
| 3. Purchaser Signature | | |
| I declare that the purchaser's energy use qualifies for exemption as entered above, and that I am the purchaser or have the authority to execute this form on behalf of the purchaser. | | |
| Authorized Signature | Title | Date (MM/DD/YY) |



General Exempt Purchases

| Current Use: | DR 5002 | DR 0563 | DR 1367 |
|---|---------|---------|---------|
| Claiming wholesale or resale purchases* | X | X | |
| Collects State License Number | X | X | |
| Collects Other Juris. License Numbers | X | X | |
| Describes Nature of Business | X | X | |
| Claiming charitable or governmental purchases | X | X | X |
| Collects Exempt Certificate Number | X | X | X |
| Collects Payment Type Details | X | | X |

* DR 1191 and 1192 collect similar information (license number, nature of use, etc.) for manufacturing machinery and machine tools exemption



Revised DR 5002

| 1. Purchaser Information | | | |
|--------------------------|---------------------------------------|----------|-----------------|
| Name | Sales Tax License or Exemption Number | State | Expiration Date |
| Mailing Address | | | |
| City | State | ZIP Code | |



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Revised DR 5002

| | |
|--|--|
| 2. Wholesale Exemption. Mark the type of exemption, and describe the ordinary course of business. | |
| <input type="checkbox"/> Purchase for Resale | Description of Ordinary Course of Business, including the product(s) manufactured and/or sold: |
| <input type="checkbox"/> Manufacturing - Mark one of the following: | |
| <input type="checkbox"/> Ingredients or Component Parts | |
| <input type="checkbox"/> Machinery, Machine Tools, and Parts | |
| <input type="checkbox"/> Testing, Modification, or Inspection | |



Revised DR 5002

3. Entity Exemption. Mark the type of entity.

- Charitable Organization
- Colorado State or Local Government Affordable Housing Project
- U.S. Government Federal Credit Union or Farm Credit Bank
- Foreign Diplomat – Mark the type of exemption card, and describe the restrictions stated on the card on Line 4.
- Mission Exemption Personal Exemption
- Tribe or Member – For sales on or delivered to a Colorado reservation. Mark the type of qualified purchaser:
- Tribal Government Enrolled Tribal Member Entity owned by tribe or member – Describe on Line 4.

Description (as required above):

4. Other Statutory Exemption. Describe the exemption and your qualifications.

5. Qualifying Payment for Entity Exemption. Mark the type of payment.

- Purchase Order only - to be paid later
- Cash - with a purchase order from the entity Check - issued by the entity
- U.S. Government GSA SmartPay3 Card Colorado State or Local Government Credit Card
- Non-Government Credit Card – bearing the entity name or branded for commercial use



MTC Uniform Resale Certificate

<https://www.mtc.gov/resources/uniform-sales-use-tax-exemption-certificate/>

UNIFORM SALES & USE TAX RESALE CERTIFICATE — MULTIJURISDICTION

The below-listed states have indicated that this certificate is acceptable as a resale/exemption certificate for sales/use tax, subject to the instructions and notes on pages 2–6. The issuing Buyer and the recipient Seller have the responsibility to determine the proper use of this certificate under applicable laws in each state, as these may change from time to time. This form was revised as of October 14, 2022.

Issued to Seller: _____

Address: _____

I certify that:

Name of Firm (Buyer): _____

Address: _____

is engaged or is registered as a

- Wholesaler
 Retailer
 Manufacturer
 Seller
 Lessor (see notes on pages 2–4)
 Other (Specify) _____

and is registered for sales/use tax with the below-listed states and cities within which Seller would deliver purchases to Buyer and that any such purchases are for wholesale, resale, or ingredients or components of a new product or service to be resold, leased, or rented in the normal course of business. Buyer is in the business of wholesaling, retailing, manufacturing, leasing (renting), or selling the following:

Description of Business: _____

General description of tangible property or taxable services to be purchased from the Seller: _____

| State | State Registration, Seller's Permit, or ID Number of Purchaser | State | State Registration, Seller's Permit, or ID Number of Purchaser |
|------------------------|--|------------------|--|
| AK/ARSSTC ¹ | | MO ¹⁹ | |
| AL ² | | NE | |
| AR | | NV ²⁰ | |



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Separate Resale & Entity Forms

Declaration of Wholesale Exemption

| | | | |
|---|--|--|-------------------|
| 1. Purchaser Information | | Sales Tax License Information | |
| Legal Name | | Sales Tax License Number | |
| Trade Name (if different) | | State | Expiration Date |
| Mailing Address | | Phone Number | |
| City | | State | ZIP Code |
| 2. Exemption Type. Mark the type of wholesale purchase, and describe the ordinary course of business. | | | |
| <input type="checkbox"/> Purchase for Resale <input type="checkbox"/> Manufacturing – Mark one of the following: <input type="checkbox"/> Ingredients or Component Parts <input type="checkbox"/> Machinery, Machine Tools, and Parts <input type="checkbox"/> Testing, Modification, or Inspection | | Description of the ordinary course of business, including the product(s) manufactured and/or sold: | |
| 3. Other Statutory Exemption. Describe the exemption and your qualifications. | | | |
| 4. Purchaser Signature | | | |
| I declare that this purchase qualifies for the exemption entered above, and that I am the purchaser or have the authority to execute this form on behalf of the purchaser. | | | |
| Signature | | Title | Date (MM/DD/YYYY) |

Declaration of Entity Exemption

| | | | |
|---|--|--|-----------------|
| 1. Entity Information | | Exemption Certificate Information | |
| Legal Name | | Exemption Certificate Number or FEIN | |
| Trade Name (if different) | | State | Expiration Date |
| Mailing Address | | Phone Number | |
| City | | State | ZIP Code |
| 2. Exemption Type. Mark the type of exempt entity. | | | |
| <input type="checkbox"/> Section 501(c)(3) Charitable Organization <input type="checkbox"/> Colorado State or Local Government <input type="checkbox"/> U.S. Government <input type="checkbox"/> Foreign Diplomat – Mark the type of exemption card, and describe below the restrictions stated on the card. <input type="checkbox"/> Mission Exemption Card <input type="checkbox"/> Personal Exemption Card <input type="checkbox"/> Tribe or Member – For sales on or delivered to a Colorado reservation. Mark the type of qualified purchaser: <input type="checkbox"/> Tribal Government <input type="checkbox"/> Enrolled Tribal Member <input type="checkbox"/> Entity owned by tribe or member – Describe below. | | <input type="checkbox"/> Section 501(c)(19) Veterans' Organization <input type="checkbox"/> Affordable Housing Project <input type="checkbox"/> Federal Credit Union or Farm Credit Bank | |
| Description (as required above): | | | |
| 3. Qualifying Payment. Mark the type of payment. | | | |
| <input type="checkbox"/> Purchase Order only – to be paid later | | | |



Other Topics

- Revisions to Contractor Application for Exemption (DR 0172)
- Other sales tax exemption form changes
- Next Steps

Feedback: DOR_TaxRules@state.co.us



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