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Dear CNGA Members,

The Colorado Department of Revenue (DoR) is proposing a large change to a portion of the tax rules and it may have a large impact on your business. There are implications for both in state and out of state businesses. The [final rule-making hearing](#) will be held on Friday, November 30th. If the change is accepted, the rule will become effective on Saturday, December 1st. You can read the full rules [here](#), see page four.

### **In-State Businesses**

The change to the rule will impact any business that delivers products to a location and charges tax to the customer. The current rule allows the tax to be charged from the place of origination (your business) even if the product is being delivered elsewhere. The changes will require that taxes are charged, collected and remitted to the place of delivery. As an example, if your business is located in Denver but the products are being delivered to Colorado Springs, tax will need to be collected and remitted for State sales tax, Colorado Springs sales tax, the county sales tax and any Special District sales tax. With the number of special districts, counties and cities, there are over 600 possible tax combinations if businesses ship all over the state.

The DoR recorded a [webinar](#) for in-state retailers that reviews the changes and provides clear explanations.

### **Out-of-State Businesses**

Under the state's new tax rules, out-of-state sellers must collect and remit Colorado sales tax if, in the previous or current calendar year, they have:

- \$100,000 or more of gross sales or services delivered in Colorado, including exempt sales; or
- 200 or more transactions selling tangible personal property or services delivered in Colorado

Out-of-state retailers that are required to collect will need to add non-physical locations to their Colorado sales tax accounts. You can apply for a Colorado sales tax license at [www.colorado.gov/cbe](http://www.colorado.gov/cbe).

The DoR recorded a [webinar](#) for out-of-state retailers that reviews the changes and provides clear explanations.

Assuming the rule passes on November 30th, the change will be effective on Saturday, December 1st, however the DoR is allowing all business a grace period until March 31, 2019. **CNGA plans to submit comments to the Department of Revenue and we would like to get your input before our comments are sent.** Please call or email [Allison Gault](#) with your input by Tuesday, November 27th. All of the input will be compiled and given to the CNGA Board of Directors to review and consider it before CNGA written comments are finalized. In addition, if you're willing to write a letter explaining the challenges these changes would have on your business, it is highly encouraged. Information directly from business owners holds a lot of weight and has a large impact.

***Your Growing Resource***

As a side note, this change became possible because of a Supreme Court Decision in [South Dakota vs. Wayfair](#). This decision requires online retailers to collect and remit sales tax at the point of delivery. Since online retailers now have to collect and remit tax, it allowed the change to force physical retailers to collect and pay taxes at the point of delivery.

As this change progresses, we will keep you updated and provide information on what needs to change on your end and the deadline date. The CNGA comment letter will be sent to all members once it's been submitted. In addition, I've been working with and will continue to work with our lobbying firm, Hicks & Associates. Together, we are coming up with a plan on what can be done during the legislative session and hopefully before the grace period ends.

If you have any questions, please don't hesitate to reach out.

Sincerely,

Allison Gault, CAE  
Executive Director