

Colorado's NEW Retail Delivery Fee (RDF), are YOU Ready?

Great, ANOTHER Colorado tax disguised as a fee.

This state is becoming more like California EVERY legislative session.

WHAT 'FEE' IS IT THIS TIME & WHO MUST FILE?

- If you sell taxable items delivered by a motor vehicle to a location in Colorado including deliveries made by a third-party, you will be required to charge, collect, and remit a new fee to the Colorado Department of Revenue (CDOR) beginning July 1st 2022.
- This new 'fee' is \$0.27 per retail sale for delivery. It does not appear 'that bad' but it can add up quick AND will be ANNUALLY adjusted!
- The fee is charged to the purchaser, collected by the retailer and remitted to CDOR with sales tax filing frequencies and due dates on form [DR 1786](#).

HOW DID THIS COME ABOUT?

[Senate Bill 21-260 – Sustainability Of The Transportation System](#) sponsored by Senators [Fenberg](#) & [Winter](#) along with Representatives [Garnett](#) and [Gray](#) added [§43-4-218](#) to our [Colorado Revised Statutes](#) essentially because:

- The [World Economic Forum's estimated](#) that by 2030 there will be over thirty percent more delivery vehicles on roads to deliver seventy-eight percent more packages

- This increased traffic congestion will accelerate the deterioration of Colorado's surface transportation system infrastructure.

It is hard for this 2008 Colorado transplant to disagree with these observations.

WHAT YOU MUST DO BEFORE STARTING JULY 1 2022

- Charge customers on delivery orders
- **List separately on the receipt or invoice the "Retail Delivery Fee"**
- File the RDF return and remit fees to CDOR with the same frequency and due dates as your sales tax filings.
- A return is required to be filed each period, **even if there are no fees to report.**
- Only one return is required per tax account (sales tax or retailer's use), regardless of the number of sites

WHEN TO FILE:

Returns are generally filed on a monthly basis and must be filed on or before the 20th day of the month following each reporting period. Retailers permitted to file state sales or use tax returns on a quarterly, annual, or other basis will file the retail delivery fee return on the same schedule.

HOW TO FILE

Retailers are encouraged to file form [DR 1786](#) and remit the retail delivery fee through [Revenue Online](#) and simultaneously make payment.

Retailers can also file a paper return by mailing it with payment to: Colorado Department of Revenue, Denver, CO 80261-0009

- Include your phone number and email to ensure processing of your return.
- Of course – retain a copy of the return for your records.

REGISTRATION

Taxpayers impacted include anyone who ships anything subject to Colorado Sales Tax inside Colorado delivered by motor vehicle including online sales and business to business retail sales. Wholesale sales are exempted.

Taxpayers with an active sales tax account, a retailer license, and any sales tax liability reported after January 1, 2021, will be **automatically registered for an RDF account by July 1, 2022**. Additionally, any open out-of-state retailers or retailer's use account holders will be automatically registered for an RDF account. There is NO registration fee or additional licensure required.

There is NO opting out of the automatic registration.

IF you are new to Colorado and open account after July 1, 2022, you will be REQUIRED to register through [Revenue Online](#) or by:

- Filing the Retail Delivery Fee Return, form DR 1786 – not developed as of this posting
- Submitting form [CR 0100AP](#)

EXEMPTIONS

- If all of the property you sell is exempt from Colorado state sales tax, the delivery will be exempt from the RDF including sales that are entirely wholesale sales.
- A delivery that is made to a purchaser who is exempt from paying the state sales tax (such as a government or a charitable organization) is exempt from the RDF.

However sales that include both exempt and taxable tangible personal property are subject to this fee when delivered by motor vehicle to a location in Colorado.

OTHER OBSERVATIONS

- The retail delivery fee does apply to deliveries by motor vehicle from another state to a location in Colorado.
- The fee can not be refunded once the sale and purchase has been exercised, even if an item is returned.
- If your customer orders a number of items in a “cart”, and purchases all of the items at the same time, only one retail delivery fee is due regardless of how many deliveries are actually needed to complete the sale.
- If a customer orders a number of items and completes the purchase of each item at different times, the retail delivery fee is due on each sale, even if only one delivery is needed to complete the sale.
- A motor vehicle is any self-propelled vehicle that is designed primarily for travel on the public highways and is generally and commonly used to transport people and property over the public highways **or a low-speed electric vehicle.**
- Even if shipping is free, the fee still applies.