

# Retail Delivery Fee

## About the Retail Delivery Fee

Effective July 1, 2022, Colorado imposes a retail delivery fee on all deliveries by motor vehicle to a location in Colorado with at least one item of tangible personal property subject to state sales or use tax.

The retailer or marketplace facilitator that collects the sales or use tax on the tangible personal property sold and delivered, including delivery by a third party, is liable to collect and remit the retail delivery fee. Deliveries include when any taxable goods are mailed, shipped, or otherwise delivered by motor vehicle to a purchaser in Colorado.

The retail delivery fee is due at the same time as your sales tax return. 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 tax returns on a quarterly, annual, or other basis will file the retail delivery fee return on the same schedule.

The retail delivery fee will be reported and paid on a new return, the [DR 1786](#) form. The retail delivery fee is collected state-wide, does not need to be separated by jurisdiction, and is calculated per sale. The retail delivery fee is made up of six different fees. The rates are listed below.

Fee Type	Rate July 2022 to June 2023
Community Access Retail Delivery Fee	\$ 0.0690
Clean Fleet Retail Delivery Fee	\$ 0.0530
Clean Transit Retail Delivery Fee	\$ 0.0300
General Retail Delivery Fee	\$ 0.0840
Bridge and Tunnel Retail Delivery Fee	\$ 0.0270
Air Pollution Mitigation Retail Delivery Fee	\$ 0.0070
<b>Total Retail Delivery Fee</b>	<b>\$ 0.27</b>

Retailers that make retail deliveries must show the total of the fees on the receipt or invoice as one item called “retail delivery fees”.

If every item in a retail sale is exempt from sales tax, the delivery is also exempt from the retail delivery fee. However, if one or more items in the transaction are subject to sales tax, the retail delivery fee is due. Each sale for delivery is considered a single “retail delivery” regardless of how many shipments are needed to deliver the items purchased.

# Account Registration

## Prior to July 1, 2022

As a courtesy, retailers with an active sales tax account, a retailer license, and any sales tax liability reported after January 1, 2021, will be automatically registered for a retail delivery fee account by July 1, 2022. This applies to both in-state and out-of-state retailers. There is no license required or registration fee due.

Retailers cannot opt out of automatic registration. If you do not make retail deliveries that require the filing of the Retail Delivery Fee Return (DR 1786) do not file any returns, and the account will be automatically closed by February 28th, 2023. If you file any Retail Delivery Fee Returns (DR1786), including returns with zero activity, we will assume you may make retail deliveries in the future and will not automatically close your account. No additional action will be needed on the accounts closed.

However, you may receive letters from the Department regarding the retail delivery fee that suggest you file a return if you are required to collect and remit the retail delivery fees. If you do not wish to receive letters regarding the retail delivery fee, you may close the account at any time:

- through Revenue Online;
- by submitting form DR 1108;
- or by contacting the Taxpayer Helpline at 303-238-7378.

## Additional Ways to Create an Account After July 1, 2022

### • Existing Accounts

- **Can Use Revenue Online**
  - Go to Revenue Online and log in.
  - Go to the “More” tab.
  - Then in the “Additional Actions” panel, click on the “Add Retail Delivery Fee Account” link
- **File Using the PDF DR 1786 Form**
  - Completing and filing the Retail Delivery Fee Return using the DR 1786 form will register a Retail Delivery Fee account for you.
- **SUTS**
  - There will be an option on the Sales and Use Tax System (SUTS) to sign up for a Retail Delivery Fee account. This functionality is slated to be released by the end of 2022.

### • New Accounts

- You will be able to add this type of account by submitting a CR 0100AP form. On the new account you will have the ability to indicate that deliveries of taxable goods will be made. Be sure

to select the correct box on the application, so that a Retail Delivery Fee account will be added.

# Reporting & Payment

Retailers who are required to collect the retail delivery fee will file the Retail Delivery Fee Return ([DR 1786](#)) and pay the fee to the Colorado Department of Revenue.

- Only one return will be required for all locations (sites) on your account.
- A return is required for every period, even if no fee is due for the reporting period.
- Filing and payment can be submitted through multiple channels:
  - [Retail Delivery Fee Return \(DR 1786\)](#).
  - [Revenue Online](#)
  - Sales and Use Tax System (SUTS) - functionality is slated for release by the end of 2022

For additional information on payment options, see our [Tax Payments](#) web page. The EFT Payment - ACH Deb payment method will not be available until later in 2022, but all other payment methods will be available for your first filing.

# Frequently Asked Questions

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1. I have a sales tax account. Do I need to have a retail delivery fee account?

The retail delivery fee is due on all items that are subject to Colorado state sales or use tax and are delivered by motor vehicle to a location within Colorado. If you sell taxable items for delivery, you need a retail delivery fee account to pay the retail delivery fee. The retail delivery fee is a separate account, so you will need to have both account types in this scenario.

2. Does the retail delivery fee apply to tangible personal property delivered outside of Colorado?

No, the retail delivery fee applies only to retail sales of tangible personal property for delivery by a motor vehicle to a purchaser at a location in Colorado. However, the retail delivery fee does apply to deliveries by motor vehicle from another state to a location in Colorado.

3. Are wholesale retailers required to collect the Retail Delivery Fee when delivering products to other licensed dealers?

Wholesale sales are not subject to the retail delivery fee. If delivery by motor vehicle to a location in Colorado includes both items for resale (wholesale sales) and goods subject to state sales or use tax,

then the seller must collect the retail delivery fee.

#### 4. Who is liable for the retail delivery fee? Do I charge the fee to my customers?

The retail delivery fee is imposed upon the purchaser. However, the retailer who sold the tangible personal property for delivery by a motor vehicle is required to collect the fee from the purchaser and remit it to the Colorado Department of Revenue.

#### 5. I sell my items through an online marketplace. Do I collect the retail delivery fee?

If you sell your items through an online marketplace, and the marketplace facilitator is responsible for collecting state sales tax, the marketplace facilitator will also be responsible for collecting the retail delivery fees. For more information please review our [sales and use guidance publication on Marketplaces](#).

#### 6. What if I am not ready to collect the fee or file returns by July 1?

We understand that some retailers may have difficulty implementing this new retail delivery fee program by July 1. State statute generally requires retailers to add the retail delivery fee to the sale and show it on the receipt or invoice as a separately stated item. However, the Department currently has no plans to prioritize enforcement of this provision as long as retailers are paying the full amount of the fees due in accordance with their liability under section 43-4-605(6)(c), C.R.S.

Retailers who are temporarily paying the fees are advised to avoid statements indicating that the retail delivery fee will be assumed or absorbed or that it will not be added to sale as prohibited by section 39-26-108, C.R.S.

Furthermore, for those retailers who are making a good-faith effort to comply with these new requirements, we plan to be generous in granting requests to waive late filing and payment penalties and interest. However, the Department is not permitted to waive the retail delivery fee itself. Because you are liable for any uncollected fees, we encourage you to begin collecting the fees on applicable sales as soon as possible to limit your liability.

#### 7. When is the retail delivery fee return due?

Returns are due by the 20th day of the month following the reporting period. Most retailers will generally file on a monthly basis, but 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.

## 8. Is the retail delivery fee required to be printed on our invoices or receipts?

Yes, the retailer must list the fee as a separate item called “retail delivery fees” on the receipt or invoice issued to the purchaser. However, the Department currently has no plans to prioritize enforcement of this provision as long as retailers are paying the full amount of the fees due in accordance with their liability under section 43-4-605(6)(c), C.R.S. Retailers who are temporarily paying the fees are advised to avoid statements indicating that the retail delivery fee will be assumed or absorbed or that it will not be added to sale as prohibited by section 39-26-108, C.R.S.

## 9. Does the retail delivery fee apply to deliveries made by third-parties?

Yes, the retail delivery fee will apply whether the motor vehicle used to deliver the goods to the customer is owned or operated by the retailer or by any other person.

## 10. When I use a third-party delivery service, who will be charging the fee?

The retailer that collects and remits sales or use tax is required to collect and remit the retail delivery fee.

## 11. What do I do if I remit the retail delivery fee in error on items not subject to the fee?

If a retailer overpaid the fee on any previously filed return, and the overpayment is not barred by the statute of limitations, the retailer may claim a credit on their current return against the amount owed by entering the amount of overpayment on the “credits allowed” line. Credit cannot be claimed for an overpayment on a current period if the retailer filed an amended return for the prior period or the Department adjusted the fee for the prior filing period.

## 12. My customer ordered multiple items, do I charge one retail delivery fee for all items purchased or multiple?

The retail delivery fee is based on each sale to the customer. If a 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. Alternatively, 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.

13. Is this fee limited to road transportation of taxable retail deliveries in the State of Colorado?

The fee is due on retail sales that are delivered by a motor vehicle. 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. The retailer must consider all modes of transportation used to make the delivery; including, from the time immediately after the acceptance of the order, until the items are delivered to the purchaser's specified location.

14. Does the retail delivery fee apply when the shipping is free to the purchaser?

The retail delivery fee is based on the sale containing at least one item that is taxable for state sales or use tax and is due regardless of the shipping costs.

15. Is the retail delivery fee refundable to the consumer on returned orders?

Any taxable tangible personal property upon which the retail delivery fee was assessed that is returned to the retailer for a full refund of the purchase price and any applicable sales tax is not eligible for a refund or credit of the retail delivery fees collected and paid on such retail delivery.

16. I purchase items and remit consumer's use tax on the items. Does the Retail Delivery fee apply to me?

No, the retail delivery fee is due from the retailer. The retail delivery fee does not apply to items where consumer's use tax is paid.

17. I am an out of state retailer that makes less than \$100,000 in sales in Colorado each year. I do not remit sales tax, because my customers remit consumers use tax. Does the retail delivery fee apply to my sales into Colorado?

No, the retail delivery fee does not apply to sales an out-of-state retailer makes into Colorado when that retailer is not required to remit sales tax to the State of Colorado. For more sales tax information, visit the [Out-of-State Businesses](#) web page.

## 18. Are retail deliveries that are delivered by the United States Postal Service subject to the retail delivery fee?

Yes, retail deliveries that are delivered by the United States Postal Service are subject to the retail delivery fee if the retail delivery was delivered by a motor vehicle to a location in Colorado.

## 19. If a customer places an online order and chooses to pick up the purchase at the retailer's business location, is the purchase subject to the retail delivery fee?

No, purchases that a customer chooses to pick up in-store at the retailer's business location are not subject to the retail delivery fee.

## 20. Is the retail delivery fee subject to sales tax?

The retail delivery fee is not subject to state and state-administered local sales taxes but may be subject to sales tax in self-collecting home rule jurisdictions. Contact the city directly (a directory is available in publication [DR 1002](#)) to determine whether it considers the retail delivery subject to sales tax, or search the [Colorado Sales Tax Lookup](#) by address. The "retail delivery fee" can be selected from the searchable product and services list.

## 21. Are "over-the-counter" sales made by mobile retailers (e.g., food trucks) subject to the retail delivery fee?

No, "over-the-counter" sales made by mobile retailers are generally not subject to the retail delivery fee because there is no post-order delivery by a motor vehicle.

## 22. If I make a service call to a customer's location as a retailer-contractor or property repair service, and I sell a part or item to the customer that is subject to sales tax, does the retail delivery fee apply?

If the primary purpose of the job is a service call to repair something or diagnose a problem, the retail delivery fee will not apply even if the transaction includes the retail sale of tangible personal property. If, however, the primary purpose of the job is to sell and install an item that requires delivery by motor vehicle to the customer's location in Colorado, the retail delivery fee will apply.

For example, a plumber receives a call from a customer to come and fix a sink that is leaking. The plumber is a retailer-contractor who bills on a time-and-materials basis. In the process of diagnosing the problem, the plumber determines a new part is needed to stop the leak. Regardless of whether

the plumber has the part with them, needs to pick up the part from the shop, or purchases the part from a store and brings it back to the customer's location, the retail delivery fee will not apply because the primary purpose of the transaction was to repair a leaking sink.

Conversely, if the plumber receives a call from a customer to purchase or replace and install a new water heater, which will be delivered to the customer's location in Colorado by motor vehicle, the retail delivery fee will apply because the primary purpose of the transaction is to sell an item of tangible personal property that requires delivery by motor vehicle to the customer's location in Colorado.