

Instructions for Standard Sales Tax Receipt for Vehicle Sales (DR 0024)

Sales and Use Tax on Vehicles Sales

In general, retailers, including auto dealers are required to collect sales tax on the purchase price of each motor vehicle they sell in Colorado and prepare a *Standard Sales Tax Receipt for Vehicle Sales* (DR 0024) to document the collection of tax. This receipt must also be completed by any retailer that sells wheeled trailers, semitrailers, manufactured homes, special mobile machinery, self-propelled construction equipment, or salvage vehicles. The DR 0024 must be submitted to the county clerk along with the titling paperwork before title and registration can be issued.

Leased Motor Vehicles

See Department publication *Sales and Use Tax Topics: Motor Vehicles* for detailed guidance regarding the taxation of motor vehicles leased in Colorado.

Retailers are not required to prepare a *Standard Sales Tax Receipt for Vehicle Sales* (DR 0024) or collect sales tax on the full purchase price of a motor vehicle sold to a lessor if the lessor will collect sales tax from the lessee on the lease payments. In such case, the retailer must collect sales tax from the lessee on any amount paid at signing and delivery and complete a *Tax Statement for Leased Motor Vehicle* (DR 0026).

If the lease is for a term of less than 36 months and the lessor has not received permission from the Department to collect sales tax on the lease payments, the retailer must collect sales tax from the lessor on the full purchase price of a motor vehicle in the same manner as any other motor vehicle sale and prepare a *Standard Sales Tax Receipt for Vehicle Sales* (DR 0024).

In the case of a lease requiring the lessee to make only one payment, rather than periodic (e.g. monthly) payments, the one payment made by the lessee may be subject to sales and/or use tax, depending on the duration of the lease and whether the lessor has received permission from the Department to collect sales tax on lease payments. If the lease payment is taxable, the lessor or the retailer, whichever receives the payment from the lessee, must collect the state and local sales and/or use tax from the lessee, prepare a *Standard Sales Tax Receipt for Vehicle Sales* (DR 0024) to report the tax, and remit any applicable use taxes to the county clerk along with the titling paperwork.

Home Rule Cities

Home rule cities may have different rules regarding the taxation of motor vehicles sales. If the vehicle is to be registered in a home rule city, the retailer must complete Part 3 to report the home rule city tax due, if any, prior to titling and registration.

Form Instructions

Part 1. Retailer, Purchaser, and Vehicle Information

Enter the required information for the retailer, purchaser, and vehicle along with the required information for any vehicle trade-in from the purchaser.

Part 2. Sales/Use Tax on Vehicle Sale

With the sale of a motor vehicle, a retailer generally must collect all state and state-administered sales taxes applicable to the location at which the purchaser takes possession of the motor vehicle. However, the retailer should not collect sales tax imposed by any city, county, or special district unless the purchaser is a resident of that local jurisdiction and will be registering the vehicle in that local jurisdiction. Instead, any use tax imposed by the city, county, and/or special district in which the purchaser resides and in which the vehicle will be registered must be paid to the county clerk before title and registration can be issued. If the seller delivers the vehicle to the purchaser at the purchaser's location, the sale takes place at that location and all relevant local sales taxes apply.

Any state and state-administered local sales tax the retailer collects must be remitted to the Department with the retailer's regular, monthly Colorado Retail Sales Tax Return (DR 0100) and reported in the applicable column in Part 2 of the DR 0024. Any local use tax the retailer collects must be remitted to the county clerk with the *Standard Sales Tax Receipt for Vehicle Sales* (DR 0024) and reported in the applicable column in Part 2 of the DR 0024.

In calculating the sales and use tax reported in Part 2, the tax must be calculated on the full purchase price of the motor vehicle. The purchase price includes the full amount paid, or promised to be paid, by the buyer at the time of purchase, excluding only any direct federal tax and any state and local sales tax imposed on the sale. Any fees the retailer charges that are not optional for the purchaser are included in the taxable purchase price.

If the purchaser trades in a motor vehicle they own as part of a transaction to purchase the motor vehicle, the fair market value of the trade-in is excluded from the taxable purchase price, so long as the motor vehicle the purchaser trades in is subject to licensing and registration.

Part 3. Sales/Use Tax Payment for Home Rule City

If the vehicle will be registered in a home rule city, the retailer must calculate and report any sales or use tax imposed by the home rule city on the taxable amount as prescribed by the city.

Part 4. Total Amount Due with DR 0024

Enter the sum of the amounts entered in Parts 2 and 3 under "Tax Remitted with DR 0024." The retailer must remit the total amount due to the county clerk along with the DR 0024 and the titling paperwork.