

Sales/Use/Indirect:

Colorado DOR Updates Proposed Rule on Refund Claims and Potential Penalties on Incomplete Claims

REVISED Proposed Reg. section 39-26-703-2, Colo. Dept. of Rev. (10/17/23). Reflecting legislation enacted last year that permits the Colorado Department of Revenue (Department) to assess and collect a new civil penalty if a purchaser files a Colorado sales and use tax refund claim for certain tax years that is incomplete, duplicative of another claim, or lacks a reasonable basis in law or fact [see H.B. 1118 (2022), and *State Tax Matters*, Issue 2022-17, for more details on these law changes], the Department is proposing an updated new rule [see *State Tax Matters*, Issue 2023-39, for details on the rule as originally proposed last month] intended to provide guidance regarding the penalty imposed for incomplete refund claims, as well as protective refund claims for sales and use tax paid to a seller. The rule also prescribes the form for making an application for refund of sales or use taxes and the data, information, and documentation an applicant must provide. A virtual public hearing on the proposal is still scheduled for November 2, 2023, and any written comments are due on the same date. Please contact us with any questions.

URL: <https://tax.colorado.gov/news-article/notice-of-revised-proposed-rule-house-bill-22-1118-buyers-claims-for-refund-of-sales>

URL: <https://leg.colorado.gov/bills/hb22-1118>

URL: https://dhub.deloitte.com/Newsletters/Tax/2022/STM/220429_9.html

URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230929_8.html

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