



## **2022 Retail Delivery Fee FAQ**

**Starting on July 1, 2022**, Colorado restaurants (and other businesses that sell taxable items via delivery) must charge, collect, and remit a new **Retail Delivery Fee (RDF)** to the Colorado Department of Revenue (CDOR).

If your business uses delivery, even through a third party, a **\$0.27 RDF charge must be added to every delivery sale** -- to be paid by the customer -- as of July 1, 2022. This rule applies to all retail sales delivered by a motor vehicle to a location in Colorado, including those sales completed by a third-party delivery service. You must submit the collected RDF following sales tax filing frequencies and due dates, filed on a separate return (form DR 1786).

We worked with CDOR to receive clarity for many of the most asked restaurant-related questions:

- **How much is the fee?**
  - 27 cents
- **When is the fee applied?**
  - The fee is applied to all food deliveries made with motor vehicles.
- **If I'm using a third-party delivery company, who collects the fee?**
  - The third-party delivery provider should be collecting the fee. According to the Colorado Department of Revenue, whichever entity is collecting the sales tax for the transaction should be collecting the retail delivery fee.
- **The retail delivery fee is limited to deliveries made via motor vehicle. What if the delivery is made via bike or scooter? What if I don't know the method of delivery?**
  - CDOR has instructed businesses that the best practice is to assess a blanket retail delivery fee on *all* deliveries, assuming that they are made with motor vehicles. If a customer should discover that they were charged a retail delivery fee for a delivery that was made with anything other than a motor vehicle, they should go after the Department of Revenue themselves to redeem their 27 cents.
- **Is the delivery fee sales taxable?**
  - The short answer is, it depends. When it comes to Colorado State sales tax, businesses are not required to collect sales tax on this fee. When it comes to a local government's sales tax, we are learning that it is going to depend upon the local jurisdiction. We don't have a comprehensive list of cities and whether they are going to be collecting sales tax on this fee, so you should reach out to your [local jurisdiction](#) to find out if they are



expecting you to collect sales tax on this fee. *The only jurisdiction that we know is going to require it is the City of Denver.*

- **Will businesses be charged this fee on purchases from a wholesaler who delivers products to a restaurant?**
  - According to CDOR, this fee is only to be charged when the products being delivered are subject to sales tax. That means if you are ordering products from a wholesaler where you are required to pay sales tax, then you should expect to see the 27-cent fee on that delivery. If you are ordering products that are not subject to sales tax and that is all that is on the delivery, then you shouldn't expect to see the fee on that delivery.

If you're in doubt about whether the RDF applies to your business, you can call the Taxpayer Helpline at (303) 238-7378. You can also read more about registration and compliance and find the CODR's FAQ [here](#).