



Colorado Department of Revenue Retail Delivery Fee FAQ

Updated April 26, 2023

On July 1, 2022, Colorado restaurants (and other businesses that sell taxable items via delivery) were required to begin charging, collecting, and remitting a new **Retail Delivery Fee (RDF)** to the Colorado Department of Revenue (CDOR). The 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. Businesses are required to submit the collected RDF following sales-tax filing frequencies and due dates, filed on a separate return (form DR 1786).

Beginning July 1, 2023, three important changes to the RDF rules will be implemented:

1. The RDF will increase from \$0.27 to \$0.28 for every delivery sale.
2. Businesses with \$500,000 or less in total gross retail sales for the prior year will be exempt from the requirement to collect and remit the RDF.
3. Businesses will now have the option to pay the RDF on behalf of their customers, if they choose to do so.

We worked with CDOR to answer the most-asked restaurant-related questions:

How much is the fee?

- 27 cents for deliveries made between July 1, 2022 and June 30, 2023
- 28 cents for deliveries made on or after July 1, 2023

When is the fee applied?

The fee is applied to all deliveries made with motor vehicles.

If I'm using a third-party delivery company, who collects the fee?

The third-party delivery provider is responsible for collecting the fee, since whichever entity is collecting the sales tax for the transaction should also collect the retail delivery fee.

Does the \$500,000 gross retail sale limit to qualify for the exemption apply to my total sales or just my delivery sales?

The \$500,000 limit for the exemption applies to the total gross sales for your business, not just your delivery sales.

My business does less than \$500,000 in gross retail sales annually, but we use a third-party delivery service. Do we still have to collect the fee?



Since the third-party delivery service is the business responsible for collecting and remitting the RDF, deliveries from your business using a third-party delivery system are still subject to the RDF and the third party is required to collect and remit it.

The retail delivery fee is limited to just 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, with the assumption that they are made using motor vehicles. If a customer determines that they were charged a retail delivery fee for a delivery that was made with anything other than a motor vehicle, they should contact the Department of Revenue directly to have the fee redeemed.

Is the delivery fee subject to sales tax?

The fee may be taxable depending on the location of your business. 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, it depends on 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 contact [your local jurisdiction](#) to find out if they require you to collect sales tax on this fee. Businesses operating in the City of Denver are required to collect sales tax on the fee.

Will businesses be charged this fee on purchases from a wholesaler who delivers products to a restaurant?

According to the Colorado Department of Revenue, 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 have further questions about the RDF, including whether it applies to your business, call the Taxpayer Helpline at (303) 238-7378. You can also read more about registration and compliance and find the CODR's FAQ [here](#).