UTILITY SALES TAX DEDUCTION INFORMATION

IMPORTANT! CLAIM YOUR CREDIT ON UTILITY SALES TAXES

The Utilities Sales Tax Deduction lets you deduct from your taxable sales a portion of your utility costs (electricity, gas) used for the manufacturing and processing of food. This tax deduction was obtained for you by the CRA after extensive negotiations with the Colorado Department of Revenue. All cities, counties, and districts whose sales taxes are collected by the Department of Revenue can be included in this calculation. >>Be sure to use and claim this benefit!

Utility Sales Tax Instructions

In order to take the Utility Sales Tax Deduction, a restaurant must complete the DR-1465 form (*see next page*). On the form there are two methods for determining what your deduction will be:

- Method 1 or 2: Either method can be used if sales of processed food exceed 25% of your total business sales for the year noted on the DR-1465.
- Method 2 *must* be used if sales of processed food does not exceed 25% of your total business sales for the year noted on the DR-1465.

Once you have determined which method should be used by the business, or which one is best for the business (if sales of processed food exceed 25% of your total business sales), complete the DR-1465.

It should be filed with your February sales tax return, if you file a monthly return. If you file quarterly, file it in April. If you file seasonally, submit it with the last return of the season. Additionally, **this tax deduction can be taken retroactively for up to three years.**

Once completing the DR-1465, take the amount from step 3 and transfer it to the appropriate line on the DR-100 form (3b Exemptions). If you are filing your sales tax return by paper, attach a copy of the completed DR-1465 to your DR-100. If you are filing your sales tax return electronically, send a copy of the completed DR-1465 to:

Colorado Department of
Revenue Denver, CO 80261-0013

Note the following additional instructions:

Ownership Changes – In the case of change of ownership, if you did not pay bills, you cannot take the deduction. If you paid half, you can take half the deduction. If you no longer own or lease the location on which you paid utilities last year, you can still use the deduction on your present foodservice location taxes. We recommend that you send copies of the bills from your other location to verify that you paid them and to assist the Revenue Department in processing your claim.

Commissaries – If you are preparing all food in a commissary and distributing it to where it is sold, you should already have an exemption as a food processing facility. We recommend that you take steps immediately to set up the proper exemption and file for a refund on that basis.

For more information contact us at info@corestaurant.org or 303-830-2972.

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DR 1465 (11/24/20)
COLORADO DEPARTMENT OF REVENUE
Denver CO 80261-0013
Tax.Colorado.gov

Retail Food Establishment Computation Worksheet for Sales Tax Deduction For Gas and/or Electricity

Instructions

Follow the directions in the DR 1465 to determine which calculation method applies to your business. Enter the deduction calculated on line 3 of method 1 or method 2 on the DR 0100 Colorado Retail Sales Tax Return, Schedule A, line 9.

If filing by paper, attach a copy of the DR 1465 to your DR 0100. If filing electronically, send a copy of the completed DR 1465 by email to dor_retailfood1465@state.co.us and the form will be attached to your account.

Either method **1** or **2** may be used if sales of processed food exceed 25% of your total business sales. Method **2** *must* be used if sales of processed food do not exceed 25% of your total business sales.

Sales Tax Account Number	Year (YYYY)

Method 1:

1. Monthly cost of gas and electricity used for restaurant operation minus sales tax:

January $	May $	September $
February $	June $	October $
March $	July $	November $
April $	August $	December $

2. Total cost of gas & electricity used for year		
3. Amount on line 2	X .55 =	$

Method 2:

1. Total sales for year (do not include room sales for hotels, motels, etc.)		
2. Processed food sales for immediate consumption made during the calendar year minus liquor sales		
3. Amount on line 2	X .005 =	$

Type of Return	Due
Monthly	February
Quarterly	April
Seasonal	Submit with season's last return

Include This Copy With The Sales Tax Return (DR 0100).
The completed form may also be sent by email to dor_retailfood1465@state.co.us
Deduction from **taxable sales** to be entered on the DR 0100, Schedule A, Line 9.