



Finance Department 300 West 4th Street Craig, CO 81625 Phone (970)826-2003 Fax (970)826-2035

Date: April 23, 2018

To: City of Craig Business

RE: Monthly Sales Tax Letter Update #2

Overview of Tax Changes:

- Starting July 1, 2018, the City sales tax rate will increase from 2.25% to 4% on the sale of tangible personal property and services with the following exclusions:
 - Hotel accommodations or short-term overnight rentals are subject to the existing rate of 2.25%.
 - Sales of vehicles and off-highway vehicles as defined by the Colorado Revised Statutes are exempt from current and future City sales tax.
 - All previous statutes that were in place with the State of Colorado and the City of Craig remain unchanged.
 - Service is exempt if listed as a line item separately from taxable items.
 - Food (prepared or unprepared) is taxable at the City tax rate.
- All businesses will need to register for a Sales Tax License with the City of Craig between June 1-30, 2018. Classes will be provided in June on this process.
- Annually, businesses will be required to renew their Sales Tax License through the online City tax reporting portal.
- Filing frequencies will remain under the same tiers as current schedule with Colorado Department of Revenue.
- All businesses will be able to file City tax returns and remit payments online using MUNIREvs software. Classes will be held in July and August.

Business Owners Required Action Dates:

- June 1, 2018 through June 30, 2018- Businesses register on MUNIREvs software link on City of Craig website for City Sales Tax License and online tax reporting access.
- July 1, 2018- All businesses start collecting City Sales Tax at the new rate of 4%. Make sure to update your point of sale software systems and cash registers.
- Training for business owners on new City tax return format- dates/times to be announced in future correspondence.
- August 20, 2018- First City Sales Tax Return is due to the City of Craig for the reporting period July 1-July 31, 2018.

Fees & Allowances adopted April 11th, 2018: Craig City Council adopted a Resolution Number 4 detailing the fees associated with Sales Tax Licensing/Reporting. They are as follows:

- Annual Sales Tax License Fee- \$20 (waived for July-Dec 2018)
 - Renewals will go out in October 2018 for 2019 Licenses
 - Delinquent renewal fees (including \$20 annual fee)

- If paid in January- \$30
- If paid in February- \$35
- If paid in March or later- \$40
- Vendor Service Fee Allowance- 3.33% with a monthly maximum allowance of \$300
 - This is the credit allowed to vendors to deduct from their sales tax remittance if filed and paid timely.
- Late filing fees/interest rates:
 - 10% penalty with \$15 minimum amount for late filing (also applies to zero tax due filers)
 - Monthly interest rate of 1.5% of the balance due for late payment remittances
- Payment type/submission type rates:
 - Online tax return submission \$0 cost to filer
 - ACH payments \$0 cost to filer
 - Filers submitting a paper return will be subject to a \$15 processing fee
 - Check payments are subject to a \$5 processing fee
 - Credit card payments are subject to a 2.5% fee of amount due

Recent/Upcoming Targets:

March 27, 2018- 2nd reading/adoption of revised Sales Tax Ordinance for the City of Craig

April 11, 2018- Fees for Sales Tax/Licenses adopted

April-May 2018- MUNIREvs tax reporting software implementation

May 2018- Lobby kiosks located at City Hall to be installed for tax filers to use free of charge

June-August 2018- Training will be offered for businesses on the new tax reporting process and licensing procedures. Licensing classes will be offered in June. Tax reporting classes to be held in July and August.

Notes: Businesses will still be required to submit County and State Sales tax to Colorado Department of Revenue. If City of Craig sales tax is remitted to Colorado Department of Revenue for filing periods after July 1, 2018, Colorado Department of Revenue will return payments to the businesses which may result in late filing fees/penalties being incurred with the City of Craig. The State tax return form will not change in format with the tax collection change, however, Colorado document DR 1002 will be updated showing that Craig is a self-collecting sales tax jurisdiction

If you would like to be added to my electronic distribution list for future letters/updates, please call 970-826-2003 or email kburns@ci.craig.co.us with your email address. Letters/updates can also be found on our City website located at:

http://ci.craig.co.us/departments/finance_department/sales_tax

Please feel free to contact me with any questions/concerns.

Sincerely,



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