

FYI – For Your Information

Waste Tire Recycling Development Fee

DEFINITIONS

“Tire” means a tire sold by a retailer for any passenger vehicle.

“Motor vehicle” means any self-propelled vehicle designed primarily for travel on the public highways which is generally used to transport persons and/or property over the public highways [§42-1-102(58), C.R.S.] This includes automobiles, minivans, all trucks, motor homes and motorcycles.

“Recapped” means the tire has been retreaded and sold as a recapped tire.

GENERAL INFORMATION

Retailers of new tires are required to collect a fee of \$1.50 on the sale of any new motor vehicle tire for any passenger vehicle.

The fee is allocated to funds administered by the Department of Higher Education and the Department of Local Affairs for loans, studies and reimbursements for processing, recycling and waste diversion activities.

Effective August 5, 2009, retailers of new motor vehicle tires must include the following statement on their sales receipt in fifteen-point, bold-faced type: ‘Section 25-17-202, Colorado Revised Statutes, requires retailers collect a \$1.50 waste tire recycling development fee on the sale of each new motor vehicle tire’. The waste tire recycling fee is to be stated as a separate and distinct item on the retailer’s invoice to the customer.

Effective August 5, 2009, the waste tire recycling development fee is considered part of the purchase price and is subject to sales tax.

EXCEPTIONS

1) Tires used on trucks weighing more than 15,000 pounds are exempt if the tires are recapped or reprocessed.

2) Collection of the fee does not apply if the new motor vehicle tire is for farm equipment exempt from sales and use taxes or a farm tractor or implement of husbandry exempt from registration.

3) Effective July 1, 2007, motorcycle tires were no longer exempt from the waste tire recycling development fee. Beginning August 5, 2009 the \$1.50 fee must be collected on every new motorcycle tire sold.

FILING REQUIREMENTS

Waste tire fees are remitted to the Department of Revenue with the form “Waste Tire Recycling Development Exchange Fee” (DR 1772). Fees and form are due on the same date the retailer’s “Colorado Retail Sales Tax Return” (DR 0100) is due. For example, if the retailer files sales taxes monthly, the “Waste Tire Exchange Fee” form and payment are due monthly.

You will receive a return in the mail about 30 days before its due date. To complete the form, enter the total number of tires sold and multiply by \$1.50 per tire. This is the amount you must remit. Tire dealers with more than one location will receive only one return and should combine the data for all locations on one return.

Retailers are allowed a 3.33 percent vendor’s fee for collecting and remitting the fee.



Colorado Department of Revenue
Taxpayer Service Division
1375 Sherman St.
Denver, Colorado 80261

Forms and other services:
(303)238-FAST(3278)
Assistance:
(303)238-SERV(7378)

www.taxcolorado.com

COMMON QUESTIONS

When is the fee applicable?

The fee is applicable whenever tires are sold by retailers of new tires. The fee is \$1.50 for each tire (including motorcycle tires) sold. All passenger vehicle tires and tires of trucks that weigh less than 15,000 pounds are subject to the fee. Tires of trucks and trailers that weigh more than 15,000 pounds are subject to the fee unless the tires have been recapped or otherwise reprocessed.

What are some examples of when the fee is not applicable?

The fee is not applicable when the new motor vehicle tire is for farm equipment exempt from sales and use taxes or a farm tractor or implement of husbandry exempt from registration.

Must the fee be shown separately on the invoice?

Yes. The \$1.50 fee must be shown as a separate and distinct line item on the invoice.

What documentation is needed in case of an audit?

1. Records of tires that are sold, and
2. Notations on invoices of the fees collected.

If a person trades in or sells a car and the dealer intends to replace the tires, should the original owner pay the waste tire recycle fee?

No. The car dealer is responsible for the fee if the dealer removes the old tires and replaces them with new tires from an inventory of tires.

Are tires sold to governmental or charitable organizations subject to the fee?

Yes.

If a person purchases tires from a retailer but takes them to a service station for mounting, is the service station owner required to collect the fee for the waste tires turned in by the customer?

No, the retailer of the new tires is responsible for collection of the fee regardless of the method of installation.

What does a consumer do with the tires being replaced?

A retailer selling replacement tires in the state may not refuse to accept, at the point of transfer, waste tires of the same general type and in a quantity at least equal to the number of new tires purchased.

FURTHER INFORMATION

FYIs and commonly used forms are available on the Web at www.taxcolorado.com

For additional tax information visit the "Tax Information Index" which covers a variety of topics including links to forms, publications, regulations, statutes and general questions and answers. The "Tax Information Index" is located at www.taxcolorado.com

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.