

Tax Solutions for Every Business

We solve tax problems with practical tax answers that make business sense in all jurisdictions and industries. By hiring our Big Four-veteran leaders and experienced teams, you put tax strategists on your side—and in your corner—supporting your strategy wherever business takes you.

Reach out to us at [TaxOps.com](https://www.taxops.com) to share your tax-related business questions and find out how we can help.

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Benefits and Limitations **P.1**

Vet Issues that Matter First **P.2**

Key Takeaways **P.3**

Colorado Sales and Use Tax System (SUTS)

“Every business selling into Colorado is impacted by the statewide Sales and Use Tax System (SUTS)”

Colorado has one of the nation's worst sales and use tax system. In Colorado, sales taxes are imposed by the state government, counties, home rule municipalities, and special districts. Overlapping boundaries create more than 600 unique tax jurisdictions, many with different tax bases, rates and administrators.

In 2020, the state of Colorado rolled out the Sales and Use Tax System (SUTS) platform for business taxpayers to file for all Colorado locations in one place. Taxpayers can use this common point of registration and remittance for complying with local sales and use taxes as well as find rates associated with a specific destination in the Geographic Information System (GIS).

Sales tax accounts are required for each of the 70 self-collecting home rule cities in the state, which can be added into the SUTS and saved for future use.

BENEFITS OF SUTS

- Simplifies registration and remittance for businesses and vendors in the state with a single point of remittance and a uniform remittance form
- **Allows home rules to impose the Colorado single economic threshold mandate**
- Eliminates the need for taxpayers to visit each participating city website for specific rules and rates
- Provides a tax rate lookup tool for verifying tax rates on items *where they are sold or delivered*

LIMITATIONS OF SUTS

- The SUTS system is not a rate generator for transactions, nor does it apply current rules for each home rule jurisdictions. Third-party vendors provide solutions for automating tax calculations by transaction and sourcing requirements.
- SUTS, like all things in sales and use tax, is not set it and forget it. Taxpayers need a process for maintaining compliance in their use of SUTS.

Vet Issues that Matter First

Work with a sales tax adviser to assess and remediate risk before signing on to SUTS



Landmines in Registering Late

Even though SUTS makes it easy to register, taxpayers should be wary of prior nexus in a home rule before registering. Taxpayers cannot ignore up to 10 years of prior nexus, or the ramifications of non-compliance, by registering now. Understand the taxpayer's prior nexus BEFORE registering through SUTS to give the taxpayer time to remediate outstanding obligations and properly approach future compliance.

There is no statute of limitations if a taxpayer has failed to timely file with a tax jurisdiction. So, even if a taxpayer files for a future date, the home rules could audit prior years as well as impose penalties and interest for late filings.

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ACTION PLAN

Although using SUTS is voluntary for business taxpayers today, the state of Colorado encourages all retailers to file sales tax returns for the state, state-administered local jurisdictions, and participating home-rule cities using SUTS. But be aware: registering without remediating existing exposure can be costly (see *sidebar*).

“The SUTS portal is a vital tool in simplifying sales tax collection and remittance for businesses doing business in the state of Colorado”

ACCESSING SUTS

“To date, virtually all major self-collecting cities in Colorado have opted in and all are expected to participate”

Home rule, self-collecting jurisdictions must opt in to accept sales and use tax returns through SUTS.

Similarly, business registration is voluntary. Businesses register for sales tax licenses in individual home rules through SUTS before being able to collect and remit sales and use taxes for those jurisdictions.

ACTIVATING ACCOUNTS

1. Review nexus footprint in Colorado home rule cities prior to registering for a sales tax license in SUTS with a sales tax adviser
2. Determine liabilities in home rule cities with prior nexus and decide if remediation is warranted to minimize lookback penalties
3. Determine how the taxpayer will collect the tax
4. Access SUTS through the Colorado DOR [website](#) and activate new accounts in the portal to allow reporting
5. Activate in cities without arrearage issues first
6. Remediate in high-risk home rule jurisdictions

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The Colorado Department of Revenue has launched the Geographic Information system (GIS). It is now online and available to retailers as part of [SUTS](#).

Key Takeaways

- All 70 self-reporting home rule jurisdictions are expected to move to SUTS, giving taxpayers the ability to meet local tax obligations in one place.
- SUTS does not calculate rates; the GIS is a manual system for lookup only.
- Every city in Colorado has its own ordinances and application of tax to different items and services. For example, cities in Colorado often tax shipping and handling as well as software while the state of Colorado does not. When a taxpayer turns on a jurisdiction, products and services must be taxed and coded according to each cities' rules (See [MuniCode](#) for ordinances).
- Taxpayers need sales tax automation to calculate the appropriate tax in light of current rules by jurisdiction to properly apply and report tax.

State and Local Tax Is More than Sales Tax

What businesses do not know about taxes should not undermine their success in all 50 states and around the world. From evaluating a taxpayer's nexus footprint to designing efficient compliance processes and helping select the right sales tax automation solution, the SALTovation Team at [TaxOps](#) is helping businesses make sense of state and local tax. Taxpayers benefit from hiring a qualified tax advisor with the acumen to understand their business strategy, the complex tax issues it faces, and how emerging laws and regulations impact their tax profile.

- Strategic nexus studies
- Income tax apportionment analysis
- Income tax filing methodology
- State tax audit & controversy
- Sales & use taxability analysis
- Amnesty & voluntary disclosure agreements
- Sales tax automation
- Sales tax registration
- Sales tax compliance outsourcing
- Transaction due diligence

Visit [TaxOps.com](#) to get started.

EYE ON IT Resources

Other states are likely to follow Colorado's lead to simplify sales tax administration for vendors and tax authorities alike.

Keep track of developments in SUTS:

- [SUTS Information Page](#)
- [SUTS Help Page](#)
- [SUTS Frequently Asked Questions](#)
- [SUTS Participating Home Rule & State-Administered Jurisdictions](#)

Led by [Judy Vorndran, J.D.](#), CPA, the SALTovation Team at TaxOps is at the table and in the weeds guiding thousands of businesses through the morass that is state and local tax.

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