

STATE OF COLORADO

DEPARTMENT OF REVENUE
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Bill Ritter, Jr.
Governor

Roxy Huber
Executive Director

Memo

To: County Clerks

From: Steve Asbell, Taxpayer Service Division

Cc: Maren Rubino, Operations Director, Titles and Registration
Auto Industry Division
Margie Peters, Taxpayer Service Division

Date: February 22, 2008

Re: Vehicles Loaned by a Dealer to a College/University or Government Agency

Loaner vehicles made available to universities and colleges or other state and local government agencies are subject to sales tax paid by the dealer. This is because the dealer is considered to be the user-consumer of the vehicle that is loaned. Loaners are defined as vehicles that will be returned to the original owner and no transfer of ownership will take place.

Information regarding the loaner vehicle and the value to be taxed is to be shown on Form DR 0025, Statement of Sales Tax Paid on Loaner Motor Vehicles*. The taxable value shall be based on the automobile lease value table amount for the fair market value of the vehicle at the time it is placed in service with the school or agency. The lease value table is in sales tax Special Regulation 3.5. It is allowable for the tax to be paid on an annual or monthly basis, depending on the expected duration of the loan of the vehicle. The tax is paid on form DR 0100A, Retail Sales Tax Return for Occasional Sales. The initial DR 0100A is due by the 20th of the month following the start of the vehicle being loaned to the school or agency. Subsequent returns for tax paid on a monthly basis will also be due on the 20th.

The DR 0025(or copy) and a copy of the DR 0100A must be presented to the county motor vehicle department when the vehicle is registered and plated. If it is not known who will drive the loaner vehicle, it is permissible for the name and address of driver section of the DR 0025 to say "unknown." Questions can be directed to the Local Government Support Unit at 303-205-8211 x 6882.

* The DR 0025 is available at http://www.revenue.state.co.us/TPS_Dir/home.asp under Forms → Forms by DR Number