



COLORADO

Division of State Property

Department of Personnel & Administration

Sales & Use Tax System (SUTS) Eligible Decarbonizing Building Materials Q&A:

Questions outlined in this document were created by the Office of the State Architect (OSA) to support the sales and use tax exemption for eligible decarbonizing building materials. The Department of Revenue (DOR) reviewed the questions and provided answers that aligned with the program objectives and guidelines. Please note that these responses are subject to change and that you should review the most current Q&A documents and website for up to date responses and information.

1. How does DOR's tax section review their firms' sales tax spreadsheet E-filings for approved sales tax exemptions?

Answer: In general, exemptions are reported in an aggregate manner by retailers in all filings, including filing by spreadsheet e-filing, or by paper filing, or as submitted in our Sales and Use Tax System (SUTS), or through our Revenue Online platform. <https://tax.colorado.gov/sales-tax-filing-information> Retailers report exempt sales by aggregating sales within different categories of exemptions as described in [supplemental instructions](#) and subtracting them from their taxable sales. The Department has business rules and data checks that evaluate tax returns upon filing by retailers to validate some information about exempt sales and whether exemptions are applied correctly by retailers. The Department also evaluates exempt sales by retailers upon audit and by comparison with external data sources when possible.

2. How does an individual/firm receive a credit back from product sales when they should have received a credit but did not receive a credit?

Answer: Senate Bill 22-051 created a sales tax exemption under section 39-26-731, C.R.S. A sales tax exemption would apply at the point of sale. The seller would not collect state sales tax on the sale of decarbonizing building materials. If the seller collects the tax from the purchaser, the seller must remit the tax to the state. The purchaser could claim a refund as discussed further below. If the seller did not collect the sales tax, but failed to properly deduct the exempt sales on the seller's sales tax return, then the seller would need to file an amended



COLORADO

Division of State Property

Department of Personnel & Administration

return and claim for refund. The claim would need to demonstrate that the sales were properly exempted but not deducted on the return.

3. Can a purchaser get a refund for the sales tax that they were charged after July 1st, 2024? Can a purchaser conduct a direct refile through the DOR to get this refund? What forms are necessary?

Answer: If a purchaser made a purchase, and the exemption could not be applied at the point of sale by the retailer, the purchaser may seek a refund from the seller. If the purchaser is not able to successfully collect a refund from the retailer by providing additional information, a purchaser may submit a [refund claim](#) to the Department of Revenue to request a refund of the sales or use tax collected. More information about the refund process can be found on our [website](#) and in our [Sales Tax Guide](#).

4. How does DOR use OSA's list to apply tax exemptions? How does a firm/manufacturer affirm that a product is on the list?

Answer: Upon any account review or audit where DOR would evaluate exempt sales and records of taxpayers, DOR will rely on the OSA's list of materials to validate the records of sales by the taxpayer. DOR is finishing development on the website page that will host the list provided by the office of the state architect and can provide that link as soon as it is published. Retailers will be able to visit the website and review the contents of the list, and we are currently evaluating whether any additional outreach can be accomplished with our communications team resources.

5. What is the submission process to the OSA or DOR for receiving the exemption?

Answer: There is no formal submission process to the OSA or the DOR, as this exemption is available at the point of purchase. Purchasers may provide [DOR Form 5002](#) to the seller as documentation that the tax should not be applied to the purchase. If the exemption could not be applied at the point of sale, purchasers may complete [DOR Form 0137B](#) to claim refund of tax paid from the DOR. Please refer to the linked forms for instructions on the forms.