

**SALES AND USE TAX INSTRUCTIONS FOR LEASES**

Any individual/company leasing a vehicle pays sales tax. To collect the sales tax on the lease, the lessor must apply for a State sales tax number, (DR440). Sales tax numbers are issued to the lessor by the State Of Colorado. **To obtain an application for a 440 number, contact the Colorado State Sales Tax Division at (303) 205-8211.**

**What is a DR26?**

All leases being filed in Colorado must have a completed DR26-Statement of Sales Taxes Paid Of Motor Vehicle Leases. This tax receipt must be submitted with all lease paperwork disclosing tax information for the lease. The back of the form is a worksheet used for computing the sales and/or use taxes due on the lease. The figures are derived from the lease contract. See exhibit **To obtain a DR26 contact the Colorado Automobile Dealers Association at (303) 831-1722, or Independent Auto Dealers Association at (303) 239-8000.**

DR 0026 (07/93) 1375 Sherman St. Denver, CO 80261				<b>State of Colorado • Department of Revenue</b>		Date of Lease <b>11</b>
<b>Statement of Sales Taxes Paid of Motor Vehicle Leases</b>						Coko. Sales Tax Account No. <b>12</b>
<small>THIS STATEMENT MUST BE PRESENTED TO THE COUNTY CLERK BEFORE TITLE AND/OR REGISTRATION CAN BE ISSUED (Please prepare completely and in duplicate)</small>						City Tax Account No. (If applicable) <b>13</b>
Vehicle Year <b>1</b>	Make <b>2</b>	Body Type <b>3</b>	Vehicle Identification No. <b>4</b>			
Name and address of Lessee <b>5</b>			Name and address of Driver <b>6</b>			Tax Collected on Lease Payments (see back.) State \$ <b>14</b>
This is to certify that the lessor holding the sales tax account number listed here has leased the vehicle described to the named lessee and will collect and remit the applicable sales tax on the lease. This receipt is issued pursuant to the provisions of Article 26, Title 39, CRS, as amended, and regulations promulgated by the Executive Director of the Department of Revenue.						RTD/C/D/BD \$ <b>15</b>
						City of: <b>16</b> \$
Name and address of Lessor <b>7</b>			Name and address of Delivering Dealer <b>8</b>		Dealer No. <b>9</b>	County of: <b>17</b> \$
						Note: Only <b>SALES</b> taxes should be collected on the lease payments.
						Phone <b>10</b>

**Instructions on how to complete the DR26.**

**Step I**

Complete the front of the DR26- Areas 1-11 Year, Make, Body Style, and Vehicle Identification Number. Enter Name and Address of Lessee, Driver, Lessor, Delivering Dealer, the Dealer # and the Dealer's Phone #. Enter date of the lease.

**Step II**

Provide the Colorado Sales Tax Account number (DR440) in area 12.  
Provide the City Tax Account number (if applicable) in area 13.

**Step III** Complete the worksheet on the next page.



city has granted a tax license number to leasing companies allowing them to collect city sales tax. in the lease payments. These cities are Longmont, Louisville, Lafayette and Boulder. If the leasing company has a city tax number, and wants to use it, the city tax may be collected in the monthly lease payments based on the total lease amount. **Report this amount on the DR26, in section 16. The city tax number must also appear in Section 13.**

If the leasing company does not have a city tax number, or chooses not to use it, the city tax must be submitted up front. (Sections B, C, and D of the DR26 must be completed to figure the taxable amount for use tax). **Do not report the amount collected on the DR26 since this tax will be collected up front in the form of a check or cash, not in the monthly lease payments.**

### **Section 17**

If the dealership is located within Boulder County, county tax will be collected monthly on the lease payments based on the total lease amount. Report this amount in section 17.

If the dealership is not located within Boulder County, county tax will be collected up front based on the taxable amount for use tax. (Sections B, C and D of the DR26 must be completed to figure the taxable amount for use tax). **Do not report the amount collected on the DR26 since this tax will be collected up front in the form of a check or cash, not in the monthly lease payments.**

### **Capitalized Cost Reduction Down Payment**

Occasionally, down payments are made on a lease. This is known as a Capitalized Cost Reduction. The Cap Cost Reduction is the amount of cash, or it's equivalent in trade, that a Lessee provides at the beginning of the lease to reduce the total capitalized cost. The Lessor must provide a DR24 "Standard Sales Tax Receipt" **-only when this reduction is made in cash.** The DR24 must have the name of the Lessee and the total amount of the down payment. Sales tax is collected on the cap reduction the same way it is collected on a retail purchase. **To obtain a DR24 contact the Colorado Automobile Dealers Association at (303) 831-1722, or Independent Auto Dealers Association at (303) 239-8000.**

**NOTE: In Colorado, the Lessor and Lienholder cannot have the same business name. (Example: Gmac=Lessor and GMAC=Lienholder). The title is mailed to the leasing company or Lienholder (if applicable).**

**To obtain a DR26 or DR24 contact the Colorado Automobile Dealers Association at (303) 831-1722, or Independent Auto Dealers Association at (303) 239-8000.**