

City and County of Denver, Colorado

TAX GUIDE

Topic No. 74

STATUTE OF LIMITATIONS

Assessment of sales, use and telecommunications business tax deficiencies by the Manager of Finance must be made within three years after the sales, use or telecommunications business tax return is filed by the taxpayer. However, in the case of a failure to file a return or the filing of a false or fraudulent return, sales, use and business telecommunications taxes, penalty, and interest may be assessed at any time.

The period for the assessment of lodger's taxes, occupational privilege taxes and facilities development admissions taxes is three years after the tax was first payable.

The Manager of Finance and the taxpayer may consent to the extension of the three-year limitation period. The consent is generally used at the beginning of an audit engagement or when the examination of a taxpayer's returns must be delayed for various reasons. The consent must be in writing and executed by the taxpayer. Signing the consent is not an admission of liability. The time period for making the assessment must be indicated in the consent agreement and the taxes must be assessed prior to the expiration of the time period for making the assessment. The time period set forth in the consent agreement may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

For more information about Denver's excise taxes please visit www.denvergov.org/treasury or call the Taxpayer Service Unit of the Treasury Division at 720-913-9400.

EXAMPLES

1. Dan's Tile Company has never filed a use tax or occupational privilege tax (OPT) return with the City. Dan's has had several jobs in Denver beginning in 2015. When selected for audit, Dan's material purchase records may be examined back to January 1, 2015. The statute of limitations will not protect Dan's since they failed to file a return and therefore use taxes due for periods after January 1, 2015 may be assessed at any time. However, there is no such provision in the OPT article and any OPT deficiency can only be assessed for the current three-year period unless a "Consent" form has been signed.
2. XYZ Wool Distributing has been selected for an audit. When contacted by telephone, XYZ states that due to scheduling conflicts, they could not allow an auditor into their place of business for at least three months. To protect the audit period and to prevent the possible issuance of an estimated assessment, XYZ was requested to sign a consent extending the time period for assessing sales, use and occupational privilege taxes. Once properly executed, this form protects the audit period, and keeps the period open for the length of time which has been agreed upon by the parties.

- * DRMC Section 53-40. Trust status of tax in possession of retailer.
- * DRMC Section 53-68. Statute of limitations (Sales Tax).
- * DRMC Section 53-108. Trust status of tax in possession of retailer.
- * DRMC Section 53-136. Statute of limitations (Use Tax).
- * DRMC Section 53-179. Trust status of tax in possession of vendor.
- * DRMC Section 53-206. Statute of limitations (Lodger's Tax).
- * DRMC Section 53-272. Statute of limitations (Employee OPT).
- * DRMC Section 53-324. Statute of limitations (Business OPT).
- * DRMC Section 53-353. Trust status of tax in possession of vendor.
- * DRMC Section 53-377. Statute of limitations (FDA Tax).
- * DRMC Section 53-427. Statute of limitations (Telecommunications Business Tax).

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT DENVER TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE DRMC AND APPLICABLE RULES AND REGULATIONS.