

City and County of Denver, Colorado

TAX GUIDE

Topic No. 74

STATUTE OF LIMITATIONS

Assessment of sales, use, lodger's, occupational privilege, facilities development, and telecommunications business tax deficiencies by the Manager of Finance must be made within three years after the tax was or is payable. However, in the case of a failure to file a return or the filing of a false or fraudulent return, the Manager of Finance may assess the tax, penalty, and interest at any time.

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 Specialized Audit Support Team of the Treasury Division at 720-913-9955 or auditsupport@denvergov.org.

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 2018. When selected for audit, Dan's material purchase records may be examined back to January 1, 2018. 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, 2018 may be assessed at any time.
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 53-11. Trust status of tax in possession of retailer.

* DRMC Section 53-30. Statute of limitations.

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.