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STATUTE OF LIMITATIONS

This tax guide is prepared and published for the information of the general public and all persons in business pursuits who would be required to make payment of Sales Tax or Use Tax under provisions of the City of Fort Collins Sales and Use Tax Code, as well as for the guidance of the City employees whose responsibility it is to collect the taxes imposed by the Tax Code and the enforcement thereof. The following guide is exactly as it says, a GUIDE, and not to be used in any case of law. Please refer to the City of Fort Collins Sales Tax Ordinance for any references to your particular business operation for the official laws imposed by the City.

Assessment of sales, use, and lodging tax deficiencies by the Financial Officer must be made within three years after the sales or use tax return is filed by the taxpayer. However, in the case of (i) a failure to file a return, (ii) the filing of a false or fraudulent return, or (iii) the failure to obtain a license, then sales and use taxes, penalty, and interest may be assessed back to the first day of business.

The Financial Officer, or such other person designated by the Financial Officer, and the taxpayer may consent to the extension of the three-year limitation period. The consent is generally obtained at the beginning of an audit engagement or when the examination of a taxpayer's returns must be delayed. 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.

EXAMPLES

1. Pearl's Jewelry Store has never filed a sales and use tax return with the City. Pearl's has been engaged in business in the City since January 1, 1982. When selected for audit, Pearl's records may be examined back to January 1, 1982. The statute of limitations will not protect Pearl's since they failed to file a return and therefore sales and use taxes due for periods after January 1, 1982, may be assessed at any time.
2. Lambs Wool Distributing has been selected for an audit. When contacted by telephone, Lambs 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, the City asked Lambs to sign a consent to extend the time period for assessing sales and use tax. Once properly executed, this consent form protects the audit period, and keeps the period open for the length of time that has been agreed upon by the parties.

CITY OF FORT COLLINS SALES AND USE TAX ORDINANCE

Section 25-166	Preservation of returns and other records; confidentiality.
Section 25-167	Records and accounts to be kept.
Section 25-168	Examination of returns; recomputation, credits, deficiencies.
Section 25-169	Investigation of records relating to taxes.
Section 25-225	Limitation on actions to collect.

June 12, 2006