

Tax deduction for restaurants goes into effect

Bill introduced and passed by Rep. Dylan Roberts of Avon goes into effect Friday

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Restaurants will retain sales tax revenue collected instead of remitting it to the state as of July 1.
 Steve Kepple/Courtesy photo

A bill introduced and passed by Rep. Dylan Roberts of Avon during this year's state legislative session to allow restaurants to retain sales tax revenue collected instead of remitting it to the state went into effect Friday.

[HB22-1406](#) was passed with bipartisan support in the legislature and signed into law by Gov. Jared Polis on June 3. The law will save nearly 9,000 restaurants and retailers almost \$40 million this summer by allowing them to deduct up to \$70,000 from their net taxable sales, saving those businesses around \$2,000 per location in sales tax collections in July, August and September of this year — often the busiest period of the year for most Colorado eateries.

“After hearing from and working with many local restaurants in Eagle County, Routt County, and across the Western Slope, I introduced this bill to give them some crucial relief and help them save some money,” Roberts said in a news release. “We know that restaurants in our region are such important employers and economic drivers, and these savings will allow each restaurant to keep more of the money they earn and use it to address rising costs, hire or retain employees, or expand their business.”

All eligible restaurants can claim the deduction on their regular tax filings to the state where they will be given the option for this deduction. Eligible entities are restaurants — except multi-state chains — bars, food trucks, catering companies, and hotels that serve food.

Scott Engelman is a restaurant owner in Routt County and former president of the Colorado Restaurant Association.

“As a restaurant owner and employer myself, any ability for us to retain more of the money we earn is incredibly valuable,” Engelman said. “I will be able to use this extra revenue for employee needs and to help offset some of the rising costs during these peak summer months. I thank the state legislature for passing this bill to provide restaurants across the state some much-needed support.”

Businesses that have questions about the deduction should reach out to the Colorado Department of Revenue at [Tax.Colorado.gov/sales-tax-relief](https://tax.colorado.gov/sales-tax-relief) or contact Roberts' office at 303-866-2923 for assistance.

