

First Extraordinary Session
Sixty-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 06B-2081.01 Jason Gelender

HOUSE BILL 06S-1015

HOUSE SPONSORSHIP

Kerr A.,

SENATE SPONSORSHIP

Keller,

House Committees

Business Affairs and Labor

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A REQUIREMENT THAT A PERSON WITHHOLD COLORADO**
102 **INCOME TAX FROM A PAYMENT TO A PERSON OTHER THAN AN**
103 **EMPLOYEE FOR SERVICES PERFORMED.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Requires a person that makes a payment to another person for services performed and reports that payment on internal revenue service form 1099-MISC to deduct and withhold state income tax at the rate of 4.63% if the person who performed the services:

 Fails to provide a correct taxpayer identification number;
 or

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

Provides an internal revenue service-issued taxpayer identification number issued for nonresident aliens.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 39-22-604, Colorado Revised Statutes, is amended
3 BY THE ADDITION OF A NEW SUBSECTION to read:

4 **39-22-604. Withholding tax - requirement to withhold - tax**
5 **lien - exemption from lien.** (18) (a) ANY PERSON WHO MAKES A
6 PAYMENT TO ANOTHER PERSON FOR SERVICES PERFORMED AND REPORTS
7 THAT PAYMENT ON INTERNAL REVENUE SERVICE FORM 1099-MISC SHALL
8 DEDUCT AND WITHHOLD STATE INCOME TAX AT THE RATE OF FOUR AND
9 SIXTY-THREE ONE-HUNDREDTHS PERCENT IF THE PERSON WHO PERFORMED
10 THE SERVICES:

11 (I) FAILS TO PROVIDE A CORRECT TAXPAYER IDENTIFICATION
12 NUMBER; OR

13 (II) PROVIDES AN INTERNAL REVENUE SERVICE-ISSUED TAXPAYER
14 IDENTIFICATION NUMBER ISSUED FOR NONRESIDENT ALIENS.

15 (b) THE REQUIREMENT TO WITHHOLD AND DEDUCT PURSUANT TO
16 PARAGRAPH (a) OF THIS SUBSECTION (18) SHALL NOT APPLY TO AN
17 INDIVIDUAL WHO IS EXEMPT FROM FEDERAL WITHHOLDING PURSUANT TO
18 A PROPERLY FILED INTERNAL REVENUE SERVICE FORM 8233 IF A COPY OF
19 SUCH FORM HAS BEEN FILED WITH THE DEPARTMENT OF REVENUE.

20 (c) FOR PURPOSES OF ALL OTHER PROVISIONS OF THIS SECTION,
21 EXCLUDING PARAGRAPH (a) OF SUBSECTION (3) OF THIS SECTION, A
22 PERSON WHO DEDUCTS AND WITHHOLDS STATE INCOME TAX FROM A
23 PERSON WHO PERFORMS SERVICES PURSUANT TO THE PROVISIONS OF THIS
24 SUBSECTION (18) SHALL BE TREATED AS AN EMPLOYER WITHHOLDING AND
25 DEDUCTING WAGES FROM AN EMPLOYEE, AND SUCH OTHER PROVISIONS OF

1 THIS SECTION SHALL APPLY ACCORDINGLY. THIS PARAGRAPH (c) SHALL
2 NOT BE CONSTRUED AS MAKING THE PERSON WHO PERFORMED THE
3 SERVICES AN EMPLOYEE OF THE PERSON WHO DEDUCTS AND WITHHOLDS
4 STATE INCOME TAX FOR ANY OTHER PURPOSE IN LAW.

5 **SECTION 2. Effective date - applicability.** This act shall take
6 effect January 1, 2007, and shall apply to services performed on or after
7 said date.

8 **SECTION 3. Safety clause.** The general assembly hereby finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, and safety.