START A BUSINESS - COLORADO

How to open an auto repair shop in Colorado

We found no Colorado State repair shop license; the key rule is sales tax: parts are taxed and itemized labor is not.

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1 Is a repair shop right for you?

Repair shops diagnose and fix vehicles, from maintenance and brakes to engines and collision repair. It suits experienced technicians who price fairly and keep good records.

2 Form the business and get a sales tax license

1. Choose a structure. LLCs and corporations file with the Colorado Secretary of State.
2. Get a Colorado sales tax license and collect state, local and special district sales taxes. Some home-rule cities collect their own sales tax.
3. Check your city or county for business licenses and zoning.

3 Licenses

We found no Colorado State license for repair or body shops. Check your city or county for business licenses and zoning.

4 Sales tax on repairs

Parts and accessories installed in vehicles are taxable; separately stated service or labor charges are not. If you lump parts and labor into one price, the whole charge can be taxable.

5 A/C work

Servicing vehicle air conditioning for pay requires EPA Section 609 certification.

6 Your first steps

1. Form the business and get a sales tax license.
2. Get local business licenses and check zoning.
3. Buy insurance and equipment.
4. List your business on Nearby Car Care

Requirements at a glance

Sales tax on parts; separate labor

Required - State - Colorado Department of Revenue

In Colorado, parts and accessories installed in vehicles are taxable; separately stated service or labor charges are not. If parts and labor are lumped into one price, the whole charge can be taxable. Colorado has state, local and special district sales taxes.

EPA Section 609 certification for air conditioning work

Required in some cases - Federal - U.S. Environmental Protection Agency

Anyone who repairs or services a motor vehicle air conditioning system for payment or bartering must be certified by an EPA-approved Section 609 program. We found no Colorado State license for repair or body shops.

Official agencies and links

Section 609 Technician Training and Certification Programs
U.S. Environmental Protection Agency
https://www.epa.gov/mvac/section-609-technician-training-and-certification-programs

Sales and Use Tax Topics: Auto Repairs
Colorado Department of Revenue, Taxation
https://tax.colorado.gov/sales-use-tax-topics-auto-repairs

Frequently asked questions

Is repair labor taxable in Colorado?

No, when it is itemized separately from the parts. An unitemized bill is fully taxable.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.