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TAXES

Colorado Accepts Cryptocurrency to Pay Taxes

Colorado residents can use digital currency to pay taxes of all kinds, including personal and business.

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By Judith Kohler, The Denver Post (TNS)

Gov. Jared Polis said Coloradans can pay their taxes using cryptocurrency, making good on a plan he announced earlier this year.

“As of right now, the state of Colorado is officially accepting cryptocurrency as a payment option for all taxes,” Polis said. “We’ve been talking about this for a while. We said we would deliver by the end of summer and we have.”

Polis made the announcement Monday during a news conference that kicked off the 11th annual Denver Startup Week. He said the payment program, which began Sept. 1, is an example of Colorado being “tech-forward.”

Coloradans can use digital currency to pay taxes of all kinds: personal and business income, withholding, sales and use, severance and excise fuel taxes.

“The state will operate our own ledgers in dollars. Taxpayers who pay with crypto will see their transactions converted to dollars,” Polis said.

The Polis administration has said Colorado is the first state in the country that has started accepting cryptocurrency to pay taxes. Department of Revenue spokesman Daniel Carr said the state of Ohio had a pilot program a few years ago, but didn’t proceed with accepting the digital currency.

[Utah lawmakers approved a bill this year to authorize using cryptocurrency](#) to make payments to participating government agencies and political subdivisions, said Heather Morton, who works on cryptocurrency and digital assets issues for the National Conference of State Legislatures.

The Utah legislation directs the state Division of Finance to contract with a third party by Jan. 1, 2023, to set up the process, Morton said in an email. A 2019 Colorado law authorized the state to accept digital currency for taxes, she added.

The [Colorado Department of Revenue website](#) has been modified to add cryptocurrency as a payment option when paying taxes online. People will be directed to PayPal, where they can select which cryptocurrency they want to use.

The service fee is \$1 plus 1.83% of the payment amount. Tax refunds won’t be issued in cryptocurrency.

Carr said the volatility in the values of cryptocurrency doesn’t raise concerns about going forward with the program.

“We are using PayPal Cryptocurrencies Hub to accept all payments via cryptocurrency and they adjust for whatever the accepted cryptocurrencies values are in real-time. There is no risk to the state,” Carr said in an email.

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