

COLORADO TAX LAW UPDATE

HOUSE BILLS, SENATE BILLS AND PROPOSITIONS

Tax Accountant



What my friends think I do



What I think I do



What my mom thinks I do



What society thinks I do



What I actually do



JENNIFER VERHEY USTCP C
VANTAGE CERTIFIED PUBL
ACCOUNTANT LLC
5790 W 38TH AVE.
WHEAT RIDGE, CO 80212
303-422-1996

HB 20-1420 “The Tax Fairness Act”

- ▶ Signed by Governor Polis on July 11, 2020

THE BIG DEAL – 1st time Colorado has departed from federal law

Public Law 116-116, The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

HB 20-1420 Provisions to be covered NOL, Excess Business Interest, 199A, EITC

Net Operating Losses (NOL)

- ▶ Definition –

For income tax purposes, a net operation loss (NOL) is the result when a company's allowable deductions exceed its taxable income within a tax period. - *Investopedia*

- ▶ IRC allows for NOL's to be used to offset tax payments in other tax periods
 - ▶ WHY – To provide equality in taxes for fluctuating businesses

Net Operating Loss (NOL)

TCJA Section 172 (a)	CARES amendments Section 2303 “CARES Act”
NOL's Carryforward indefinitely	Allows carryback of NOL's arising from tax years 2018, 2019, 2020 for 5 years
Limit 80% of taxable income	Suspends 80% of taxable income limit for tax years beginning after 12/31/2017 and beginning before 1/1/2021

COLORADO

- ▶ Federal Carryback of NOL's arising from years after 12/31/2017 and before 01/01/2021 to previous years.
 - ▶ Do not impact Colorado Taxable income . DO NOT report to Colorado
- ▶ For tax years beginning or ending before 3/27/2020 and 12/31/2020
 - ▶ Adjust (Add-Back) to line 1 of the DR 0104 (Federal Taxable Income) the NOL amount that is in excess of pre- CARES Act limit.
 - ▶ Does not apply to any farming losses pursuant to Sec 172(b)(1)(B)

Business Interest Expense Limitation

- ▶ CARES Act increased the limitation on the deduction of business interest from 30% of adjusted taxable income to 50% of adjusted taxable income for tax years beginning in 2019 and 2020.
- ▶ Colorado is not conforming.
 - ▶ For tax years ending prior to 3/27/2020 DO NOT amend Colorado to reflect decreases in federal taxable income
 - ▶ If CO return was filed reporting federal taxable income reflecting changes made by CARES Act Amend Colorado to add back difference.
 - ▶ Going forward Line 1 of the DR 0104 is adjusted to add –back difference

Excess Business Loss Limitation

- ▶ Definition - An excess business loss is the amount by which the total deductions attributable to all of your trades or businesses exceed your total gross income and gains attributable to those trades or businesses plus \$250,000 (or \$500,000 in the case of a joint return)
- ▶ CARES ACT suspended this limitation for 2018, 2019, 2020
- ▶ COLORADO DID NOT

Example

- ▶ Facts – Calendar year C Corp
 - ▶ April 2018 places in service QIP basis \$5000.00
 - ▶ TY 2018 Treats as 39 year property SL MM
 - ▶ Federal depreciation \$91.00 CO Taxable income reflects this deduction
- ▶ Prior to filing 2019 CARES act enacted, Rev Proc 2020-25 issued, Emergency Rule 1 CCR 201-2, 39-22-103(5.3) “Colorado Rule” adopted
- ▶ Taxpayer files 2019 tax return July 15, 2020
- ▶ Property abandoned in 2023

Tax Year	Federal	Colorado
2018	Return amended increased deductions by \$5,000.00	No Change Amended return not filed / allowed
2019	No depreciation deduction	Reduce Line 1 federal taxable income by pro rata deduction of \$128.00
2020 – 2022	No adjustments	No adjustments
2023		CO subtraction for difference between federal basis and Colorado basis

199 A QUALIFIED BUSINESS INCOME

- ▶ For tax years 2021 and 2022 QBI must be added to Colorado Taxable Income if:
 - ▶ AGI greater than
 - ▶ \$500,000 Single Filers
 - ▶ \$1,000,000 Joint Filers
 - ▶ Does not apply to taxpayers who files a schedule F



BETH MB HANCOCK EA



5400 W CEDAR AVE LAKEWOOD CO 80226

CELL: 303.548.8805 PHONE: 303.953.1454 FAX:
303.945.7991

[HTTP://WWW.BFBCPA.US/ABOUT-US/](http://www.bfbcpa.us/about-us/)

- COSEA Education Chair
- Director of Tax and Consulting BF Borgers CPA
- Senior Tax Advisor BF Borgers CPA
- Master Tax Advisor H&R Block
- MBA University of Illinois
- BS Psychology University of Illinois

COLORADO EITC

- ⦿ Through December 31, 2020, Colorado EITC is 10% of the Federal EITC
- ⦿ For Tax year 2021 Colorado EITC is 10% of Federal EITC **OR** the calculated Federal EITC but not paid because taxpayer or child had an ITIN instead of an SSN
- ⦿ For tax years 2022 and beyond Colorado EITC is 15% of EITC of Federal EITC **OR** the calculated Federal EITC but not paid because taxpayer or child had an ITIN instead of an SSN

2021 EXAMPLE

From 1040 Department of the Treasury-Internal Revenue Service		(99)	2021	OMB No. 1545-0074	IRS Use Only-Do not write or staple in this space.
Filing Status	<input checked="" type="checkbox"/> Single	<input type="checkbox"/> Married filing jointly	<input type="checkbox"/> Married filing separately (MFS)		
	<input type="checkbox"/> Head of household (HOH)	<input type="checkbox"/> Qualifying widow(er) (QW)			
Check only one box. If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶					
Your first name and middle initial EXAMPLE		Last name PERSON		Your social security number 912-35-4984	
If joint return, spouse's first name and middle initial		Last name		Spouse's social security number	
Home address (number and street). If you have a P.O. box, see instructions. 12354 MAIN				Apt. no.	Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). ARVADA, CO 80003					
Foreign country name		Foreign province/state/county		Foreign postal code	
if more than four dependents, see inst. & check here ▶ <input type="checkbox"/>					
Standard Deduction	Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent				
	<input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien				
Age/Blindness	You: <input type="checkbox"/> Were born before January 2, 1955		<input type="checkbox"/> Are blind		
	Spouse: <input type="checkbox"/> Was born before January 2, 1955		<input type="checkbox"/> Is blind		
Dependents (see instructions):					
(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) check if qualifies for (see inst.): Child tax credit Credit for other dependents	
KIEXAMPLE	PERSON	812-56-1616	SON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

2021 EXAMPLE

SCHEDULE C (Form 1040 or 1040-SR)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0047	
Department of the Treasury Internal Revenue Service (IRS)		Go to www.irs.gov/schedulec for instructions and the latest information.		2021	
▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partners/SPs generally must file Form 1065.		▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partners/SPs generally must file Form 1065.		Employer Identification No. 09	
Name of proprietor EXAMPLE VERSION		Social Security number (SSN)		912-35-4984	
A Principal business or profession, including product or service (see instructions) LARPS		B Enter code from instructions 332233		C Employer ID number (EIN) (see instr.)	
C Business name: If no separate business name, leave blank.		E Business address (including suite or room no.) ▶ 12354 MAIN		City, town or post office, state, and ZIP code ARVADA, CO 80003	
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶		G Did you "materially participate" in the operation of this business during 2021? If "No," see instructions for limit on losses.		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
H If you started or acquired this business during 2021, check here.		I Did you make any payments in 2021 that would require you to file Form(s) 1099? (see instructions)		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
J "Yes," do you or all you file required Form(s) 1099?				Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Part I Income					
1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form 1092 and the "statutory employee" box on that form was checked.	1		25,000	
2	Returns and allowances	2		0	
3	Subtract line 2 from line 1	3		25,000	
4	Cost of goods sold (from line 42)	4			
5	Gross profit. Subtract line 4 from line 3.	5		25,000	
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions).	6			
7	Gross income. Add lines 5 and 6.	7		25,000	
Part II Expenses. Enter expenses for business use of your home only on line 30.					
8	Advertising	8			
9	Car and truck expenses (see instructions)	9			
10	Commissions and fees	10			
11	Contract labor (see instructions)	11			
12	Depreciation	12			
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13			
14	Employee benefit programs (other than on line 19)	14			
15	Insurance (other than health)	15			
16	Interest (see instructions):	16			
a	Mortgage (paid to banks, etc.)	16a			
b	Other	16b			
17	Legal and professional services	17			
18	Office expense (see instructions)	18			
19	Pension and profit-sharing plans	19			
20	Rent or lease (see instructions):	20			
a	Vehicles, machinery, and equipment	20a			
b	Other business property	20b			
21	Repairs and maintenance	21			
22	Supplies (not included in Part III)	22		3,000	
23	Taxes and licenses	23			
24	Travel and meals:	24			
a	Travel	24a			
b	Deductible meals (see instructions)	24b			
25	Utilities	25			
26	Wages (less employment credits)	26			
27a	Other expenses (from line 48)	27a			
27b	Reserved for future use	27b			
28	Total expenses before expenses for business use of home. Add lines 8 through 27a.	28		3,000	
29	Net profit or (loss). Subtract line 28 from line 7.	29		20,000	
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home (b) the part of your home used for business. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30.	30			
31	Net profit or (loss). Subtract line 30 from line 29. * If a profit, enter on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and	31		20,000	

2021 EXAMPLE

Earned Income Credit Worksheet - Form 1040 or 1040-SR, line 18a	
<small>(Keep for your records)</small>	
<small>Name(s) as shown on return</small>	<small>Tax ID Number</small>
EXAMPLE PERSON	912-35-4984
1. Enter the amount from Form 1040 or 1040-SR, line 1 plus any nontaxable combat pay elected to be included in earned income	1. _____
2. If you received a taxable scholarship or fellowship grant that was not reported on a W-2 form, enter that amount here, plus any amounts received for work performed while an inmate in a penal institution; plus any amounts received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	2. _____
3. Subtract line 2 from line 1	3. _____
4. If you were self-employed or used Schedule C or C-EZ as a statutory employee, enter the amount from Worksheet B, line 4	4. <u>18,587</u>
5. Add lines 3 and 4	5. <u>18,587</u>
6. Look up the amount on line 5 above in the EIC Table right after Worksheet B in the instructions to find your credit. Enter the credit here. If line 6 is zero, stop . You cannot take the credit. Enter "No" directly to the left of Form 1040 or 1040-SR, line 18a	6. <u>3,526</u>
7. Enter your AGI or Form 1040 or 1040-SR, line 8b	7. <u>18,587</u>
8. Is line 7 less than - <ul style="list-style-type: none"> • \$8,650 if you do not have a qualifying child? (\$14,450 if married filing joint) • \$19,050 if you have at least one qualifying child? (\$24,850 if married filing joint) <input checked="" type="checkbox"/> Yes. Go to line 9 now. <input type="checkbox"/> No. Look up the amount on line 7 above in the EIC Table to find your credit. Enter the credit here	8. _____
9. Earned income credit. <ul style="list-style-type: none"> • If you checked "Yes" on line 8, enter the amount from line 6. • If you checked "No" on line 8, enter the smaller of line 6 or line 8 	9. <u>3,526</u>
<small>For additional information on the EIC calculation see the form instructions or IRS Publication 596.</small>	



2021 EXAMPLE

190104CR11024

DR 0104CR (10/15/19)
 COLORADO DEPARTMENT OF REVENUE
 Colorado.gov/Tax

Form 104CR Individual Credit Schedule 2021

Taxpayer's Last Name	First Name	Mobile (area)	SSN or ITIN
PERSON	EXAMPLE		912-35-4964

Use this schedule to calculate your income tax credits. For best results, visit Colorado.gov/Tax to research eligibility requirements and other information about these credits before following the line-by-line instructions contained below.

- Be sure to submit the required supporting documentation as indicated for each credit.
- Most e-file software and tax preparers have the ability to submit this schedule and attachments electronically. However, Revenue Online can also be used to file your return and attachments electronically. Otherwise, attach all required documents to your paper return.
- If you received any of these credits from a pass-through entity, be sure to provide the entity's name and account number and your ownership percentage where required. If credits were passed through from multiple entities, attach to your return a written statement that includes all relevant information.
- Dollar amounts shall be rounded to the nearest whole dollar. Calculate percentages to the fourth decimal place. Round to four significant digits, e.g. xxx.xxxx

Part I - Refundable Credits

1. Child Care Expenses Credit from the DR 0347, you must submit the DR 0347 with your return. **1** 00

Earned Income Tax Credit (EITC) - full or part-year Colorado residents who claim the federal EITC are allowed an earned income tax credit against their income tax. Complete the table for each qualifying child. Read the instructions in the 104 book and FYI Income 27 for additional guidance on completing this section. Only check the "Deceased" box for a qualifying child if the child was born and died in 2021 and was not assigned an SSN. You must submit a copy of the child's birth certificate, death certificate, or hospital records showing a live birth with your return.

2. Enter the amount of Earned Income calculated for your federal return. **2** 18,587 00

3. The federal EITC you could have claimed if you had an SSN. **3** 3,526 00

Qualifying Child's Last Name	Qualifying Child's First Name	Year of Birth	SSN	Deceased*
PERSON	KIDEXAMPLE	2015	812561616	<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

*Check only if child was deceased before SSN was assigned in 2021, see instructions.

4. COEITC, multiply line 3 by 10% (0.10) **4** 353 00

2022 EXAMPLE

1040 Department of the Treasury Internal Revenue Service (1040) **2022** OMB No. 1545-0047 832 Use Only On red prints or prints in full color.

U.S. Individual Income Tax Return

Filing Status Single Married filing jointly Married filing separately (MFS)
 Head of household (HOH) Qualifying widow(er) (QW)

check only one: If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial: **EXAMPLE** Last name: **PERSON** Your social security number: **912-35-4984**
 If joint return, spouse's first name and middle initial: Last name: Spouse's social security number:

home address (number and street), if you have a P.O. box, see instructions. APT. NO. **12354 MAIN** Precandidate Election Campaign: Check box if you, or your spouse if filing jointly, used \$3 to pay in the last 60 days before the election year. Yes No or other

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). **ARVADA CO 80003** Foreign country name: Foreign province/state/county: Foreign postal code: If more than four dependents, see Part 6 (other here) ▶

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1955 Are blind
 Spouse: Was born before January 2, 1955 Is blind

Dependents (see instructions)		(2) Social security number	(3) Relationship to you	(4) Check if qualifies for (see Part 6)	
(1) First name	Last name			Child (see 6(b))	Child for other dependents
EXAMPLE	PERSON	812-56-1616	SON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1	Wages, salaries, tips, etc. Attach Form(s) W-2		1	
2a	Tax-exempt interest	2a	b Taxable interest	2b
3a	Qualified dividends	3a	b Ordinary dividends	3b
4a	IRA distributions	4a	b Taxable amount	4b
c	Pensions and annuities	4c	d Taxable amount	4d
5a	Social security benefits	5a	b Taxable amount	5b
6	Capital gain or (loss). Attach Schedule D if required. If not required, check here	<input type="checkbox"/>	6	
7a	Other income from Schedule 1, line 9		7a	20,000
	Add lines 1, 2b, 3b, 4b, 5b, 6, and 7a. This is your total income		7b	20,000
8a	Adjustments to income from Schedule 1, line 22		8a	1,413
b	Subtract line 8a from line 7b. This is your adjusted gross income		8b	18,587
9	Standard deduction or itemized deductions (from Schedule A)	9	12,200	
10	Qualified business income deduction. Attach Form 8965 or Form 8965-A	10	1,277	
11a	Add lines 9 and 10	11a	13,477	
b	Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-	11b	5,110	

For Obituaries, Privacy Act, and Paperwork Reduction Act notices, see separate instructions.

2021 EXAMPLE

SCHEDULE C Profit or Loss From Business (Sole Proprietorship) **2022**

Department of the Treasury Internal Revenue Service (IRS) • Go to www.irs.gov/ScheduleC for instructions and the latest information. • Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065. **2022** Schedule C (Form 1040) 09

Name of proprietor: **EXAMPLE PERSON** Social security number (SSN): **912-35-4984**

A Principal business or profession, including product or service (see instructions): **LANPS** **B** Enter code from instructions: **999999**

C Business name, if no separate business name, leave blank. **D** Employer ID number (EIN) (see instructions):

E Business address (including suite or room no.): **12354 MAIN**
City, town or post office, state, and ZIP code: **ARYADA, CO 80003**

F Accounting method: (1) Cash (2) Accrual (3) Other (specify):

G Did you "materially participate" in the operation of this business during 2022? If "No," see instructions for limit on losses. **Yes** **No**

H If you started or acquired this business during 2022, check here: **Dis** **Yes** **No**

I If you make any payments in 2022 that would require you to file Form(s) 1099? (see instructions) **0** **Yes** **No**

J "Yes," did you or will you file required Form(s) 1099? **0** **Yes** **No**

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "statutory employee" box on that form was checked. <input type="checkbox"/>	1	25,000
2	Returns and allowances	2	0
3	Subtract line 2 from line 1	3	25,000
4	Cost of goods sold (from line 42)	4	
5	Gross profit. Subtract line 4 from line 3	5	25,000
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	Gross income. Add lines 5 and 6	7	25,000

Part II Expenses. Enter expenses for business use of your home only on line 30.

8	Advertising	8		18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions)	9		19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions)	20a	
11	Contract labor (see instructions)	11			a Vehicles, machinery, and equipment	20b	
12	Depreciation	12			b Other business property	21	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	3,000
15	Insurance (other than health)	15		23	Taxes and licenses	23	
16	Interest (see instructions):			24	Travel and meals:		
	a Mortgage (paid to banks, etc.)	16a			a Travel	24a	
	b Other	16b			b Deductible meals (see instructions)	24b	
17	Legal and professional services	17		25	Utilities	25	
				26	Wages (less employment credits)	26	
18	Legal and professional services	18		27a	Other expenses (from line 43)	27a	
					b Reserved for future use	27b	
19	Total expenses before expenses for business use of home. Add lines 8 through 27a.	19	3,000	28	Total expenses before expenses for business use of home. Add lines 8 through 27a.	28	3,000
20	Home office profit or (loss). Subtract line 28 from line 7.	20	20,000	29	Net profit or (loss). Subtract line 30 from line 29.	29	20,000
21	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30.	21		30	Net profit or (loss). Subtract line 30 from line 29.	30	
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions.) Estates and	31	20,000				

2022 EXAMPLE

Earned Income Credit Worksheet - Form 1040 or 1040-SR, line 18a (Keep for your records)		Tax ID Number: 912-35-6984
<small>Form 1040 or 1040-SR, line 18a</small>		
EXAMPLE PERSON		
1. Enter the amount from Form 1040 or 1040-SR, line 1 plus any nontaxable combat pay elected to be included in earned income	1.	
2. If you received a taxable scholarship or fellowship grant that was not reported on a 1042 form, enter that amount here; plus any amounts received for work performed while an inmate in a penal institution; plus any amounts received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental SECTION 457 (a) plan	2.	
3. Subtract line 2 from line 1	3.	
4. If you were self-employed or used Schedule C or C-EZ as a statutory employee, enter the amount from Worksheet B, line 4	4.	18,587
5. Add lines 3 and 4	5.	18,587
6. Look up the amount on line 5 above in the EIC Table right after Worksheet B in the instructions to find your credit. Enter the credit here. If line 6 is zero, stop. You cannot take the credit. Enter "No" directly to the left of Form 1040 or 1040-SR, line 18a	6.	3,526
7. Enter your AGI or Form 1040 or 1040-SR, line 8b	7.	18,587
8. Is line 7 less than - <ul style="list-style-type: none"> • \$8,650 if you do not have a qualifying child? (\$14,450 if married filing joint) • \$19,050 if you have at least one qualifying child? (\$24,850 if married filing joint) <input checked="" type="checkbox"/> Yes. Go to line 9 now. <input type="checkbox"/> No. Look up the amount on line 7 above in the EIC Table to find your credit. Enter the credit here	8.	
9. Earned income credit. <ul style="list-style-type: none"> • If you checked "Yes" on line 8, enter the amount from line 6. • If you checked "No" on line 8, enter the smaller of line 6 or line 5 	9.	3,526
<small>For additional information on the EIC calculation see the form instructions or IRS Publication 596.</small>		



2021 EXAMPLE

190104 21024		Name	SSN or (ITIN)
		EXAMPLE PERSON	912-35-4984
4.	Subtotal, sum of lines 1 through 3	4	5,110 00
Colorado Subtractions			
5.	Subtractions from the DR 0104AD Schedule, line 20, you must submit the DR 0104AD schedule with your return.	5	00
6.	Colorado Taxable Income, subtract line 5 from line 4	6	5,110 00
Tax, Prepayments and Credits; see 164 Book for full-year tax table and part-year DR 0104PN Schedule			
7.	Colorado Tax from tax table or the DR 0104PN line 36, you must submit the DR 0104PN with your return if applicable.	7	232 00
8.	Alternative Minimum Tax from the DR 0104AMT line 8, you must submit the DR 0104AMT with your return.	8	00
9.	Recapture of prior year credits	9	00
10.	Subtotal, sum of lines 7 through 9	10	232 00
11.	Nonrefundable Credits from the DR 0104CR line 41, the sum of lines 11, 12, and 13 cannot exceed line 10, you must submit the DR 0104CR with your return.	11	00
12.	Total Nonrefundable Enterprise Zone credits used - as calculated, or from the DR 1366 line 87, the sum of lines 11, 12, and 13 cannot exceed line 10, you must submit the DR 1366 with your return.	12	00
13.	Strategic Capital Tax Credit from DR 1330, the sum of lines 11, 12, and 13 cannot exceed line 10, you must submit the DR 1330 with your return.	13	00
14.	Net Income Tax, sum of lines 11, 12, and 13. Subtract that sum from line 10.	14	232 00
15.	Use Tax reported on the DR 0104US schedule line 7, you must submit the DR 0104US with your return.	15	00
16.	Net Colorado Tax, sum of lines 14 and 15	16	232 00
17.	CO Income Tax Withheld from W-2s and 1099s, you must submit the W-2s and/or 1099s claiming Colorado withholding with your return.	17	00
18.	Prior-year Estimated Tax Carryforward	18	00
19.	Estimated Tax Payments, enter the sum of the quarterly payments remitted for this tax year	19	00
20.	Extension Payment remitted with the DR 0158-I	20	00
21.	Other Prepayments: <input type="checkbox"/> DR 0104BEP <input type="checkbox"/> DR 0108 <input type="checkbox"/> DR 1079	21	00
22.	Gross Conservation Easement Credit from the DR 1305G line 33, you must submit the DR 1305G with your return.	22	00
23.	Innovative Motor Vehicle Credit from the DR 0617, you must submit each DR 0617 with your return.	23	00
24.	Refundable Credits from the DR 0104CR line 8, you must submit the DR 0104CR with your return.	24	529 00
25.	Subtotal, sum of lines 17 through 24	25	529 00

2022 EXAMPLE

190104CR11024		DR 104CR (10/15/22) COLORADO DEPARTMENT OF REVENUE Colorado.gov/Tax		
Form 104CR Individual Credit Schedule 2022				
Taxpayer's Last Name	First Name	Middle Initial	SSN or ITIN	
PERSON	EXAMPLE		912-35-4984	
<p>Use this schedule to calculate your income tax credits. For best results, visit Colorado.gov/Tax to research eligibility requirements and other information about these credits before following the line-by-line instructions contained below.</p> <ul style="list-style-type: none"> Be sure to submit the required supporting documentation as indicated for each credit. Most e-file software and tax preparers have the ability to submit this schedule and attachments electronically. However, Revenue Online can also be used to file your return and attachments electronically. Otherwise, attach all required documents to your paper return. If you received any of these credits from a pass-through entity, be sure to provide the entity's name and account number and your ownership percentage where required. If credits were passed through from multiple entities, attach to your return a written statement that includes all relevant information. Dollar amounts shall be rounded to the nearest whole dollar. Calculate percentages to the fourth decimal place. Round to four significant digits, e.g. xxx.xxx. 				
Part I - Refundable Credits				
1. Child Care Expenses Credit from the DR 0347, you must submit the DR 0347 with your return.		1		00
<p>Earned Income Tax Credit (EITC) - Full or part-year Colorado residents who claim the federal EITC are allowed an earned income tax credit against their income tax. Complete the table for each qualifying child. Read the instructions in the 104 book and FV Income 27 for additional guidance on completing this section. Only check the "Deceased" box for a qualifying child if the child was born and died in 2022 and was not assigned an SSN. You must submit a copy of the child's birth certificate, death certificate, or hospital records showing a live birth with your return.</p>				
2. Enter the amount of Earned Income calculated for your federal return.		2	18,587	00
3. The federal EITC you could have claimed if you had an SSN.		3	3,526	00
Qualifying Child's Last Name	Qualifying Child's First Name	Year of Birth	SSN	Deceased
PERSON	HIEXAMPLE	2015	812561616	<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
4. COEITC, multiply line 3 by 10% (0.10)		4	529	00



WARNING TO PAYROLL CLIENTS

If a person has an ITIN and not a Social Security Number they are not permitted to work in the US and their employers could be subject to significant fines.

NON RESIDENT DISASTER RELIEF WORKER EXEMPTION / SUBTRACTION

- **Who Qualifies:** A non- resident of Colorado who is here temporarily for Disaster Relief Disaster relief work includes repairing, renovating, installing, building, or rendering services that relate to infrastructure that has been damaged, impaired, or destroyed by a declared state disaster emergency or providing emergency medical, firefighting, law enforcement, hazardous material, search and rescue, or other emergency service related to a state declared disaster emergency. The Governor has declared a disaster emergency due to the presence of COVID-19 in Colorado.
- **No state wages should be reported to Colorado. No income taxes should be withheld.**

NON RESIDENT DISASTER RELIEF WORKER EXEMPTION / SUBTRACTION

- ◉ Nonresidents who perform disaster-related work during a declared state disaster emergency should not file a Colorado income tax return unless (1) they have other Colorado-source income or (2) Colorado income tax was withheld (erroneously) from their wages for the disaster-related work.
- ◉ If Colorado income tax was withheld for the disaster-related work during a declared state disaster emergency, the nonresident worker should enter the amount of income (compensation earned) while working in Colorado on line 15 of the Subtraction from Income Schedule (DR 0104AD). This schedule should be included with the Nonresident Tax Calculation Schedule (DR 0104PN) and the Individual Income Tax Return (DR 0104) when submitting a return. Forms can be printed/downloaded from the Individual Income Tax Forms web page. Nonresidents can also file online using an [Accepted Third Party Software](#).

EXEMPT WAGES FOR NONRESIDENT EMPLOYEE

<i>Type of employee</i>	<i>Exempt wages</i>	<i>Legal authority</i>
Rail carrier employee	Compensation paid for the performance of regularly assigned duties on a railroad in more than one state	49 U.S.C. § 11502
Air carrier employee	Compensation paid for employee's work for air carrier, provided no more than 50% of the employee's pay is earned in Colorado	49 U.S.C. § 40116(f)
Motor carrier employee	Compensation paid for the performance of regularly assigned duties in two or more states with respect to a motor vehicle	49 U.S.C. § 14503(a)
Military servicemember	Compensation paid for military service	50 U.S.C. § 4001(b) § 39-22-109(2)(b), C.R.S.
Spouse of military servicemember	Compensation paid to the spouse of a military servicemember if such spouse is in Colorado solely to be with the servicemember serving in compliance with military orders	50 U.S.C. § 4001(c) § 39-22-109(2)(b), C.R.S.
Film and television production employee	Compensation paid for the performance of services in connection with any phase of a motion picture, television production, or television commercial for less than 120 days during the calendar year	§ 39-22-604(2)(a), C.R.S.
Disaster-related worker	Compensation paid for the performance of work related to a declared state disaster emergency.	§ 39-22-604(19), C.R.S. § 39-22-104(4)(t), C.R.S.
Telecommuters	Compensation paid for work performed at locations outside of Colorado, regardless of the business location of the employer.	Rule 39-22-604(6), § 39-22-109, C.R.S. Reg. 39-22-109(3)(b)(i)(A)

SB 20-205 COLORADO PAID SICK LEAVE

- Covers paid sick leave for illness, public health emergency (closure of daycare or school), sexual assault or harassment, all doctor or mental healthcare visits, mental health diagnosis, domestic abuse, care for family member
- In a Public health emergency the max is 80 hours for employees who normally work 40 hours per week. If employee works less than 40, the max is the average amount of hours in a 14 day period
- Requires one hour of paid sick leave for every 30 hours worked. Maximum leave of 48 hours
- Employer may provide a more generous leave. Employer may advance un-accrued sick leave
- Paid in hourly increments or employer could permit smaller units

SB 20-205 COLORADO PAID SICK LEAVE

- ◉ If an employee leaves employment or is terminated before using the 48 hours, no payout is required, unless the reason for leaving is because the employee was prevented from using mandatory sick leave
- ◉ If employee leaves and is rehired within 6 months they are given back previously accrued sick leave
- ◉ Effective January 2021 for employers with 16 or more employees
- ◉ Effective January 2022 for all employers

SB 20-207 INCREASE IN UNEMPLOYMENT INSURANCE WAGE BASE

Year	Maximum Earnings on which SUTA is Charged
2020	13,600
2021	13,600
2022	17,000
2023	20,400
2024	23,800
2025	27,200
2026	30,600
2027 and beyond	Indexed to change in average weekly earnings rounded to the nearest \$100



PROPOSITION 116

- ◉ Prop 116 Lowers rate beginning 1/1/2020 from 4.63% to 4.55% for individuals, estates, C-Corporations and trusts.
- ◉ State withholding on 1099 is required if the SSN or EIN is not validated: This might be a valuable service to our clients because we already have the e-services accounts to use to validate numbers
- ◉ <https://www.irs.gov/government-entities/federal-state-local-governments/taxpayer-identification-matching-tin-tools>

PROP 118 FEDERAL MEDICAL LEAVE ACT IS PAID TIME OFF

- Employee needs to earn \$2500 before qualified to collect the 12 weeks of paid leave at 90% of the state average weekly wage or 50% of normal wage with a max of \$1100 per week.
- Individual is required to make reasonable effort to schedule leave as to not be disruptive

PROP 118 FEDERAL MEDICAL LEAVE ACT IS PAID TIME OFF

- ⦿ January 1 2023 Premiums start being paid: 9/10%
- ⦿ January 1 2024 people are eligible to collect
- ⦿ January 1, 2025 premiums will rise to whatever is necessary to cover 135% of payout plus admin costs of the immediately preceding year. Max rate 1.2% of wages

PROP 118 FEDERAL MEDICAL LEAVE ACT IS PAID TIME OFF

- ◉ **If you have more than 10 employees the amount is split between employee and employer**
- ◉ **Less than 10 employees then only pay half the rate and it comes from employee**
- ◉ **Self employed individuals pay half the rate on income from self employment (act does not say net or gross)**