Income Tax Topics: Family Affordability Tax Credit

COLORADO
Department of Revenue
Taxation Division

Qualifying resident individuals can claim a refundable family affordability tax credit for tax years 2024 and 2025 but not for tax year 2026. Income restrictions apply in determining eligibility for the credit. The credit is allowed only for eligible children under the age of 17. Eligible children age 5 and younger may also qualify for the Colorado child tax credit. For additional information, please see Department publication *Income Tax Topics: Child Tax Credit*.

This publication is designed to provide general guidance regarding the family affordability tax credit and to supplement guidance provided in the *Colorado Individual Income Tax Guide*. Nothing in this publication modifies or is intended to modify the requirements of Colorado's statutes and regulations. Taxpayers are encouraged to consult their tax advisors for guidance regarding specific situations.

Residency requirements

The family affordability tax credit is allowed only to Colorado residents. An individual may qualify for a credit if they are either a full-year resident or part-year resident of Colorado for the tax year. Individuals who are not Colorado residents are not eligible for the credit. Part 1 of the *Colorado Individual Income Tax Guide* provides additional information about Colorado residency.

Income limits

An individual may claim credit only if their federal adjusted gross income (AGI) does not exceed the applicable limitations, shown below, based on filing status. Any taxpayer whose federal filing status is single, head of household, or married filing separately is considered a single filer for the purpose of the credit.

AGI Limits

Tax Year	*Single filers*	*Joint filers*
2024	$85,000	$95,000
2025	$85,000	$96,000

Eligible children

In general, the credit is allowed for eligible children that satisfy certain requirements. The child must be under age 17 at the end of the tax year. Additionally, the child generally must meet the requirements for the federal child tax credit, such as the relationship test and the residency test described in *IRS Publication 501*. However, a child does not need a social security number to qualify for the Colorado child tax credit.

Relationship test

The taxpayer must have a qualifying relationship with the child to claim the credit. The qualifying child may be any of the following:

- the taxpayer's child, son, daughter, stepchild, or foster child, or a descendant (such as a grandchild) of any of them; or
- the taxpayer's sibling, brother, sister, half-sibling, half-brother, half-sister, stepsibling, stepbrother, or stepsister, or a descendant (such as a niece or nephew) of any of them.

For additional information, please see the section on the Relationship Test in *IRS Publication 501*.

Residency test

The child must live with the taxpayer claiming the credit for more than half of the tax year. There are certain exceptions to this requirement for temporary absences, children who were born or died during the year, adopted or foster children, kidnapped children, and children of divorced or separated parents. For additional information, please see the section on the Residency Test in *IRS Publication 501*.

Other requirements

Certain other requirements apply. For example, special rules apply if a child is an eligible child of more than one person. Please see *IRS Publication 501* for additional information.

Revised November 2026

Credit amounts

The credit is a fixed amount for each eligible child based on the taxpayer's filing status and adjusted gross income. Any taxpayer whose federal filing status is single, head of household, or married filing separately is considered a single filer for the purpose of the credit. For income brackets and credit amounts for tax years 2024 and 2025, please see:

- *2024 form DR 0104CN, Child Tax Credit*
- *2025 form DR 0104CN, Child Tax Credit*

The family affordability tax credit is not allowed for tax year 2026.

Part-year residents

The credit for part-year residents is apportioned using the percentage on line 34 of their Colorado Form 104PN or 100%, whichever is less.

Claiming the credit

Taxpayers must file each of the following forms to claim the credit:

1) *Colorado Individual Income Tax Return (DR 0104)*;
2) *Individual Credit Schedule (Form 104CR)*; and
3) *Child Tax Credit (DR 0104CN)*.

If the amount of the credit exceeds the taxpayer's Colorado income tax liability, the excess credit will be refunded to the taxpayer.

Additional resources

The following is a list of statutes, forms, and guidance pertaining to the family affordability tax credit. This list is not, and is not intended to be, an exhaustive list of authorities that govern the tax treatment of every situation. Individuals and businesses with specific questions should consult their tax advisors.

Statutes

- § 39-22-130, C.R.S. Family affordability tax credit.

Forms and guidance

- *Tax.Colorado.gov*
- *Colorado Individual Income Tax Guide*
- *Income Tax Topics: Child and Dependent Care Expenses Credit*
- *Income Tax Topics: Low-Income Child Care Credit*
- *Income Tax Topics: Child Tax Credit*
- *IRS Publication 501*
- *Colorado Individual Income Tax Return (DR 0104)*
- *Individual Credit Schedule (Form 104CR)*
- *Child Tax Credit (DR 0104CN)*