

For tax years 2025 through 2028, each qualified child care worker and direct care worker is allowed a credit against their Colorado income tax. The credit is allowed only to resident individuals whose federal adjusted gross income does not exceed certain limits. If the credit exceeds the taxpayer's Colorado tax liability, the excess credit is refunded to the taxpayer.

This publication is designed to provide guidance regarding the qualified care worker credit and to supplement guidance provided in Department of Revenue publication [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.

General requirements

To qualify for the credit, child care and direct care workers must meet the following income limits and residency requirements.

Income limits

The qualified care worker credit is not allowed to an individual whose federal adjusted gross income exceeds certain limits. An individual who files a single return is not allowed the credit if their federal adjusted gross income exceeds \$75,000. Two individuals who file a joint return are not allowed the credit if their federal adjusted gross income exceeds \$100,000, regardless of whether one or both individuals are otherwise eligible child care workers or direct care workers.

Residency

An individual may qualify for the credit only if they are either a full-year resident or part-year resident of Colorado for the tax year. For more information about Colorado residency, see Part 1 of Department of Revenue publication [Colorado Individual Income Tax Guide](#).

Child care workers

Child care workers must also satisfy the following requirements for the credit.

Registration

A qualifying child care worker must be registered with the Department of Early Childhood's Colorado Shines Professional Development Information System (PDIS). For more information about the PDIS, please see the [Colorado Shines website](#).

Qualifying work

A qualifying child care worker must provide care for at least 720 hours during the tax year as either:

- An employee or a licensee and operator of an eligible program; or
- An informal family, friend, or neighbor (FFN) child care worker.

Eligible programs

An eligible program is an early childhood education program or family child care home that:

- Is licensed by the Department of Early Childhood, Division of Early Learning Licensing and Administration; and
- Held at least a level one quality rating pursuant to the Colorado Shines Quality Rating and Improvement System (QRIS) for the entire income tax year or that portion of the income tax year for which the program was licensed.

For more information about eligible programs and ratings, please see the [Colorado Shines website](#).

FFN providers

An informal family, friend, or neighbor (FFN) child care worker provides less than twenty-four-hour child care for children other than their own who are five years of age or younger.

The children being cared for must also meet one of the following conditions:

- The children are related to the caregiver, are siblings from a single family that is unrelated to the caregiver, or a combination of such children; or
- There are no more than four children, with no more than two children under two years of age from multiple families, regardless of the children's relation to the caregiver.

For more information about FFN providers, please see the Department of Early Childhood's [FFN webpage](#).

Attestation

To claim the credit, each qualified child care worker must complete an attestation in the Colorado Shines Professional Development Information System (PDIS). For more information about the Department of Early Childhood's requirements, please see their [Care Worker Tax Credit webpage](#).

Direct care workers

Direct care workers must also satisfy the following requirements for the credit.

Qualifying work

To qualify for the credit, a direct care worker must be employed for at least 720 hours during the tax year by one or more long-term care employers in a position that:

- Provides hands-on care and services, including personal care, to participants receiving long-term care in Colorado; and
- Requires the appropriate knowledge, skills, and training, but does not require certification as a certified nurse aide (CNA).

As described below, every long-term care employer must file an annual report with the Department of Revenue that includes the total hours worked by each employee in a qualifying position.

For more information regarding direct care workers, please see the Department of Healthcare Policy & Financing's [Direct Care Workforce Collaborative webpage](#), and scroll down to "Resources."

Allowable credit

Each qualified full-year resident is allowed a credit of \$1,200. For a part-year resident, the credit is generally calculated by multiplying the base credit by the tax apportionment percentage from form [DR 0104PN, Part-Year Resident/Nonresident Calculation Schedule](#). However, the percentage for calculating the credit may not exceed 100%, even if the percentage from form [DR 0104PN](#) exceeds 100%.

An individual who is both a qualified child care worker and a qualified direct care worker is not allowed an additional credit because of their dual qualification.

On a joint return the total credit allowed is the sum of the credits allowed to each individual.

Claiming the credit

To claim the credit, qualified care workers must file form [*DR 0104, Colorado Individual Income Tax Return*](#), with both of the following attachments:

- [*Form DR 104CR, Individual Credit Schedule*](#); and
- [*Form DR 1217, Qualified Care Worker Tax Credit*](#).

On form [*DR 1217*](#), a qualified child care worker must enter the full ID number (“CCW_#####”) from their attestation in the Department of Early Childhood’s [*Colorado Shines Professional Development Information System \(PDIS\)*](#). For more information about the attestation, please see the Department of Early Childhood’s [*Care Worker Tax Credit webpage*](#).

On a joint return, complete the applicable sections of form [*DR 1217*](#) according to each taxpayer’s eligibility for the credit.

Refund of excess credit

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

Long-term care employers

On or before January 31 each year, every long-term care employer or its agent must file an annual report with the Department of Revenue that includes the total hours worked by each employee in a qualifying direct care position during the previous calendar year.

For the purpose of the credit, a long-term care employer is an employer who employs one or more direct care workers to provide the following types of care in Colorado:

- Home- and community-based services (provider type 36), including consumer-directed care;
- Care provided at a nursing facility (provider types 20 and 21); or
- Care provided by a certified home care agency (provider type 10).

The Department of Health Care Policy & Financing (HCPF) will provide the Department of Revenue with a list of qualifying employers for each tax year. For more information about qualifying employers, please see HCPF’s [*Find Your Provider Type webpage*](#).

Consumer-directed care

For consumer-directed care, HCPF or its financial management services (FMS) provider must file the annual report with the Department of Revenue. Consumer-directed care means the recipient is an eligible person who receives a direct payment through a voucher and employs, trains, and manages the direct care worker. For more information, please see HCPF’s [*Consumer-Directed Attendant Support Services webpage*](#).

Filing the report

Long-term care employers or their service providers must file the annual report via [*Revenue Online*](#) on or before January 31 of each year. For the required spreadsheet template and detailed instructions, please see the Department of Revenue’s [*Long Term Care Employer Report webpage*](#).

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to the qualified care worker 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 and regulations

- § 39-22-566, C.R.S., Qualified Care Worker Credit.
- § 25.5-6-1101, C.R.S., Definitions.
- § 26.5-5-304, C.R.S., Application of part.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Revenue Online](#)
- [Long-Term Care Employer Report](#)
- [Form DR 0104, Colorado Individual Income Tax Return](#)
- [Form DR 0104PN, Part-Year Resident/Nonresident Tax Calculation Schedule](#)
- [Form DR 0104CR, Individual Credit Schedule](#)
- [Form DR 1217, Qualified Care Worker Tax Credit](#)