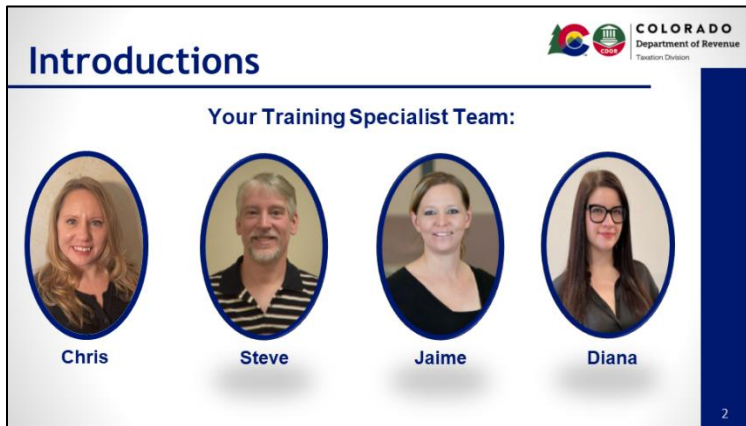




This webinar provides a review of 2022 individual income, partnership, severance, sales & use tax, and TABOR tax changes.

Please consult self-collected jurisdictions for questions about their taxes (DR 1002 / DR 0800).



Open the camera app on your iPhone or use a QR scanner app to take a picture of the QR Code to go to the website!

Tax.Colorado.gov



Revenue Online



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Recent Tax Changes



Objectives



After this class you should be able to:

Identify the changes to tax legislation that may affect you

Use the different tools and resources that are available for you

Properly sign up for tax legislation email notifications



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Motto:
Always Help

Our mission is to promote voluntary compliance with Colorado tax laws through information, education, assistance and customer service.

2022 Legislative Wrap-up Webinar

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Resources & Tools



Websites:

Tax.Colorado.gov

Colorado.gov/RevenueOnline

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Colorado.gov/RevenueOnline

Taxpayer Helpline: 303-238-7378



2022 Income/Severance Tax

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HB21-1311: Income Tax



1. Requires a risk-based audit of taxpayers who took distributions from 529 plans in prior tax years (TY) to determine whether the funds were used for a qualifying purpose
2. Extends the addback to Federal Taxable Income for Qualified Business Income Deductions (QBIDs) IF the taxpayer's adjusted gross income (AGI) exceeds \$500,000 for individuals OR \$1 million for joint filers
- 2a. Addback was scheduled to expire after TY 2022, but was extended through TY 2025

2b. Taxpayers who file a Schedule F for farm income are exempt



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HB21-1311 – Income Tax

TY or Filing Period Effective Date:

Items 1 and 2 took effect in TY 2021.
Income Tax Years beginning on or after January 1, 2022 for items 3-13

Forms Affected:

DR0104, DR0104AD, DR0104CR, DR0104TN, DR0104X, DR0112, DR0112C, DR0112CR, DR0112X, Child Tax Credit Schedule (New)

HB21-1311: Income Tax, cont'd



Beginning TY 2022

3. Imposes a cap on the amount of itemized deductions that are **NOT** subject to Colorado income tax
4. Imposes a cap on the amount of 529 savings plan contributions that can be deducted
5. Requires individuals and corporations to add back the amount by which the federal deduction for food and beverage expenses exceeded 50% of the qualifying expense amount

6. Increases the limit of the pension and annuity subtraction for taxpayers over 65 to the extent that social security benefits exceed the current limit



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Pension & Annuity Subtraction



The pension and annuity subtraction depends, in part, on the amount of social security benefits included in the taxpayer's federal taxable income

The subtraction is limited to \$24,000 **OR** the total amount of social security benefits included in the taxpayer's federal taxable income, whichever is **GREATER!**

- If the federal taxable income of a taxpayer age 65 or older includes a pension of \$20,000 and social security benefits of \$10,000
- **THEN**
- The taxpayer can claim a pension and annuity subtraction of \$24,000 on their Colorado return
- If the federal taxable income of a taxpayer age 65 or older includes a pension of \$20,000 and social security benefits of \$30,000
- **THEN**
- The taxpayer can claim a pension and annuity subtraction of \$30,000 on their Colorado return

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FYI 25 - Pension and Annuity Subtraction

<https://tax.colorado.gov/individual-income-tax-guidance-publications>

HB21-1311: Income Tax, cont'd



Beginning TY 2022

7. Increases the percentage of the Earned Income Tax Credit (EITC) to 20% of the federal credit
- 7a. The percentage increases to 25% of the federal credit for TYs 2023 through 2025
8. Funds the Child Tax Credit (CTC) effective for TY 2022
- 8a. Adjusted Gross Income (AGI) below \$25,000 receive 60% of the federal credit

- 8b. AGI between \$25,000 and \$50,000 receive 30%
- 8c. AGI between \$50,000 and \$75,000 receive 10%



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HB21-1311: Income Tax, cont'd



Beginning TY 2022

- 9. Requires corporate income taxpayers who file a combined report to apportion their income sourced to Colorado based on the income of the entire combined business
- 10. Requires C corporations that file a combined report to include in the combined group a corporation that is incorporated in a listed jurisdiction for the purpose of tax avoidance
- 11. Repeals the capital gains subtraction with some exceptions for certain agricultural gains

- 12. Allows businesses to claim a tax credit if the business converts to an employee-owned business model
- 13. Subjects certain captive insurance companies to income tax instead of gross premiums tax



13

HB21-1312:



Title: Insurance Premium Property Sales Severance Tax

- 1. Codifies that tangible personal property includes digital goods for state sales & use tax
- 2. Imposes sales and use tax on mainframe computer access, photocopying, packing, & crating
- 3. Disallows the vendor fee for any filing period that a retailer's total state taxable sales are greater than \$1,000,000 for returns filed on & after January 1, 2022

- 4. Limits the netback deduction for oil & gas severance tax to direct costs (including depreciation) actually paid or accrued by the taxpayer for transportation, manufacturing, & processing of the product



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HB21-1312, cont'd



Title: Insurance Premium Property Sales Severance Tax

- 5. The coal tonnage that is tax-exempt per quarter gradually decreases from TY 2022 to 2026
- 6. Percentage of tax for coal produced from underground mines that is allowed as a tax credit decreases by 10% each tax year from TY 2022 to TY 2026
- 7. The percentage of tax on lignitic coal that is allowed as a tax credit is also phased out in the same manner as the credit for coal produced from underground mines

- 8. Any increased severance tax revenue resulting from the phase out of the coal severance tax exemption and credits is credited to the Just Transitions Cash Fund



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HB21-1327



Title: State & Local Tax (SALT) Parity Act for Businesses

- 1. Beginning in TY 2022, pass-through entities can elect to pay state income tax at the entity level instead of the individual level
 - 1a. This election will be made on the tax return filed by the entity, and the election will be binding on all owners of the electing entity
 - 1b. Any credits must also be claimed by the entity and cannot be passed through to or claimed by entity owners

- 1c. The pass-through entity may claim credit for taxes paid to other states by resident individuals who are partners, shareholders, or members



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[HB21-1312 – Insurance Premium Property Sales Severance Tax](#)

TY or Filing Period Effective Date:

Codifying digital goods rule and imposing sales tax on mainframe computer access, photocopying, and packing and crating: July 1, 2021

Vendor fee: Periods beginning

January 1, 2022

Netback deduction: Tax years beginning on or after January 1, 2022

Coal severance tax provisions: Taxable years 2022-2025; no longer available beginning tax year 2026

Forms Affected:

DR 0100 (instructions only), **DR 0103** (instructions only), **DR 0020C** (TYs 2022-2026), **DR 0020CX** (TYs 2022-2026)

CO Sales Tax Guide:

<https://tax.colorado.gov/sales-use-tax-guidance-publications>

DR 1002:

<https://tax.colorado.gov/forms-in-number-order>

[HB21-1327 – State & Local Tax \(SALT\) Parity Act for Businesses](#)

TY or Filing Period Effective Date:

Income tax years beginning on or after January 1, 2022

Forms Affected:

DR 0106, **DR 0106CR**, **DR 0104**, **DR 0105**, **DR 0112**, new state-specific K-1, new sub-sub form for other states credits, new sub-sub form to the **DR 0104** to capture partner information related to the **IND** subtraction

HB21-1327, cont'd



Title: State & Local Tax (SALT) Parity Act for Businesses

2. Currently, the federal Tax Cuts and Jobs Act limits individual taxpayers to a federal deduction of \$10,000 for state and local taxes ("SALT" deduction)

2a. This election allows pass-through entities to claim an unlimited SALT deduction on their federal tax return

2b. The election will only be allowed in an income tax year where there is a limitation on the deductions allowed to individuals under Internal Revenue Code (IRC) Section 164

3. Individuals and partnerships will be required to add back any state and local taxes that are deducted at the federal level on their state tax returns



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SB22-124



Title: SALT Parity Act

1. Makes the provisions of the SALT Parity Act (HB 21-1327) retroactive to tax years beginning on or after January 1, 2018

1a. Electing entities must make the retroactive election for tax years 2018-2021 on or after September 1, 2023 but before July 1, 2024

1b. Repeals the subtraction created by HB 21-1327 and instead creates a refundable credit equal to the electing pass-through entity owner's distributive share of the income tax imposed on the electing pass-through entity

1c. Specifies that any credits attributable to the activities of an electing entity must be passed through to & claimed by the electing entity owners

1d. The requirement for an electing pass-through entity to make estimated payments does NOT apply for income tax years commencing prior to January 1, 2023

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SB22-124 – SALT Parity Act

TY or Filing Period Effective Date: The retroactive election for tax years 2018-2021 must be made on or after September 1, 2023 but before July 1, 2024

Forms Affected:

New combined reporting form for the retroactive election & **DR 0104CR, DR 0112CR, DR 0105, DR 0106**

HB22-1010



Title: Early Childhood Educator Income Tax Credit

1. Creates a refundable income tax credit for eligible early childhood educators

1a. Eligible early childhood educators are individuals with:

- A federal AGI less than or equal to \$75,000 (single) or \$150,000 (joint)
- That hold an early childhood professional credential for at least part of the income tax year AND
- Are either the licensee of an eligible program OR employed by an eligible program for at least six months of the income tax year

1b. Credit amount is based on the highest credential level held by the eligible educator during the income TY

1c. Credit amounts will be adjusted for inflation for income tax years 2023-2025



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HB22-1010 – Early Childhood Educator Income Tax Credit

TY or Filing Period Effective Date:

TY 2022-2025

Forms Affected:

DR 0104CR & new affidavit to collect taxpayer information

HB22-1051



Title: Mod Affordable Housing Tax Credit

1. Increases the cap available for the Affordable Housing Credit from \$10 million to \$15 million

AND

2. Extends the credit until 2034



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HB22-1051 – Mod Affordable Housing Tax Credit

TY or Filing Period Effective Date:

TY 2022 until TY 2034

Forms Affected:

N/A

HB22-1205



Title: Senior Housing Income Tax Credit

1. Creates an income tax credit for one year that is available to seniors 65 and older who

- Have an adjusted gross income (AGI) of less than or equal to \$75,000
- AND**
- Did **NOT** claim the senior homestead property tax exemption

2. The maximum credit amount is \$1,000

2a. The credit amount phases out as AGI increases above \$25,000

2b. For every \$500 of AGI above \$25,000, the credit amount is reduced by \$10



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[HB22-1205 – Senior Housing Income Tax Credit](#)

TY or Filing Period Effective Date:

TY 2022

Forms Affected:

DR 0104CR

HB22-1320



Title: Achieving a Better Life Experience (ABLE) Savings Accounts

1. Allows for distributions from ABLE savings accounts claimed at the federal level to be deducted from Colorado taxes for qualified expenses

2. ABLE accounts aim to ease financial strains faced by individuals with disabilities by making tax-free saving accounts available to cover qualified disability expenses



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[HB22-1320 – Achieving a Better Life Experience \(ABLE\) Savings Accounts](#)

TY or Filing Period Effective Date:

TY 2022

Forms Affected:

DR 0104AD

[Spotlight on ABLE Accounts](#)

HB22-1392



Title: Contaminated Land Income Tax & Property Tax Credit

1. Extends the Contaminated Land income tax credit for an additional 2 years

2. Raises the cap on tax credits

3. Includes a separate cap for credits issued to qualified entities in rural areas

4. Allows a taxpayer whose credit is tied to remediation of a site in a rural community to claim a credit equivalent to 50% of the first \$750,000 spent on remediation and 40% of the next \$750,000 spent



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[HB22-1392 – Contaminated Land Income Tax & Property Tax Credit](#)

TY or Filing Period Effective Date:

TY 2022 and onward

Forms Affected:

DR 0348 & DR 0349



2022 Sales Tax

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SB22-006



Title: Sales Tax Assistance for Small Businesses

1. Increases the vendor fee (service fee) allowed to 5.4%

1a. For taxpayers with taxable sales of \$100k or less for any filing period

1b. For sales made during the 2023 calendar year

1c. Vendor/Service Fee: A percentage of the sales tax collected that a retailer is allowed to retain in order to cover the expenses incurred by collecting and remitting state sales tax



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[SB22-006 – Sales Tax Assistance for Small Bus](#)

TY or Filing Period Effective Date:

N/A

Forms Affected:

N/A

Vendor/Service Fee

<https://tax.colorado.gov/service-fee>

HB22-1039



Title: Sales & Use Tax Exemption Form Simplification

1. Requires the Department to review the forms and applications for certain sales and use tax exemptions

AND, where possible

1a. Consolidate and/or simplify the forms and applications for certain sales and use tax exemptions



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[HB22-1039 – Sales & Use Tax Exemption Form Simplification](#)

TY or Filing Period Effective Date:

Initial form simplification must be completed on or before July 1, 2023

Forms Affected:

Unknown at this time. Forms will be reviewed and potentially updated as part of the yearly forms update process

HB22-1055



Title: Sales Tax Exemption Essential Hygiene Products

1. Exempts from sales tax all incontinence products, diapers, & period products purchased **AFTER JANUARY 1, 2023**

2. Includes all sales, storage, use, & consumption of incontinence products, diapers, & period products

3. Statutory cities & counties may choose to adopt either or both exemptions

4. Self-collecting home-rule municipalities are not affected by this change



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[SB22-1055 – Sales Tax Exemption Essential Hygiene Products](#)

TY or Filing Period Effective Date:

After January 1, 2023

Forms Affected:

N/A

[Essential Hygiene Tax Exemption Information](#)



Taxpayer Bill of Rights TABOR

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SB22-233



Title: TABOR Refund Mechanism for FY 2021-22 Only

1. Created a one-year, one-time TABOR refund for fiscal year 2021-22 for qualified individuals

- At least 18 years old **AND**
- A resident of CO for the entire income tax year commencing on January 1, 2021

2. Taxpayers must have filed their state income tax return or applied for a PTC rebate by June 30, 2022 (or October 17, 2022 for extension filers)

3. Refund of \$750 for single filers & \$1,500 for joint filers

4. Filed by June 30 = No Later Than (NLT) 9/30/22

Extension filers = NLT 1/31/23



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[SB22-233 – TABOR Refund Mechanism for FY 2021-22 Only](#)

TY or Filing Period Effective Date:

N/A

Forms Affected:

N/A

Colorado Cash Back

<https://tax.colorado.gov/cash-back>

Taxpayer's Bill of Rights (TABOR) Information

<https://tax.colorado.gov/TABOR>

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Colorado Department of Revenue Family of Websites 2022 Legislative Wrap-up Webinar

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Your Colorado L.I.F.E.

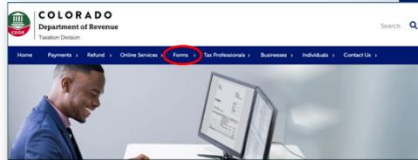
<https://sites.google.com/state.co.us/yourcolife/home>

Tax.Colorado.gov



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CDOR website

<https://tax.colorado.gov/>

Colorado State Tax & Fee Due Date Guide

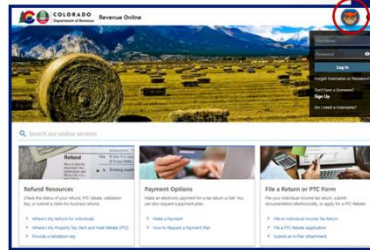
<https://tax.colorado.gov/due-date-guide>

Revenue Online



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- Helpful Links & Additional Services



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Revenue Online

[https://www.colorado.gov/revenueonline/ /](https://www.colorado.gov/revenueonline/)



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- Colorado.gov/RevenueOnline

Taxpayer Helpline: 303-238-7378

SUTS Support Line: 720-795-7759




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- Denver Metro
- Fort Collins
- Grand Junction
- Pueblo




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Legislation Summary

- Income Tax
- Severance Tax
- Sales & Use Tax
- TABOR



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Thank you

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