



Correction Instructions on Line 13 for C Corporations Apportioning Income

Pursuant to section 39-22-304(3)(p), C.R.S., a C corporation may claim a subtraction for the tax year commencing in 2021 in relation to certain retroactive provisions of the CARES Act (the "HB21-1002 Subtraction"). For complete instructions on how to calculate this subtraction, please see the CARES Act guidance publication available at [Tax.Colorado.gov/corporate-income-tax-guidance-publications](https://tax.colorado.gov/corporate-income-tax-guidance-publications).

In general, the subtraction is allowed to C corporations that made an addition on their 2020 return pursuant to section 39-22-304(2)(i), C.R.S., for business interest deducted on their federal return. For corporations who were required to allocate and apportion income under section 39-22-303.6(3)(b), C.R.S., for tax year 2020, the business interest deduction addback must be multiplied by the taxpayer's apportionment factor for the year of the addback to determine the amount of the subtraction. Therefore, the subtraction represents an apportioned amount that should not be multiplied by the apportionment factor for tax year 2021.

Because corporations apportioning and allocating income should claim the subtraction after apportioning and allocating modified federal taxable income for tax year 2021, the placement of the subtraction line (line 13) on the C Corporation Income Tax Return (form DR 0112) above line 16 will not result in the correct Colorado taxable income. Corporations apportioning

and allocating income will instead need to claim the subtraction on line 17 as follows.

1. Enter 0 (zero) on line 13 of form DR 0112 and complete lines 14 through 16 of form DR 0112 as instructed.
2. Complete the line 17 worksheet below.
3. Enter the amount from line (H) of the line 17 worksheet on line 17(a) of form DR 0112. Enter the amount from line (D) on line 17(c) of form DR 0112. Complete the remaining lines of the form as instructed.

The subtraction that may be claimed for tax years beginning in 2021 is limited to the lesser of Colorado taxable income or \$300,000. This limitation is reflected in the line 17 worksheet below. Any amount of the allowable subtraction the taxpayer may not claim for the tax year commencing during 2021 may be carried forward to subsequent tax years.

Make note of the amounts listed on lines (G) and (I) of the line 17 worksheet below. Line (G) is the amount of the HB21-1002 Subtraction claimed for this tax year. Line (I) is the remaining amount of the HB21-1002 Subtraction, which may be carried forward to the following tax year to the extent permitted by statute.

Line 17 Worksheet

(A) Enter the amount of Colorado taxable income before net operating loss deduction from form DR 0112, line 16.		00
(B) Enter the lesser of: the total of any Colorado net operating losses carried forward from tax years beginning before January 1, 2018, or the amount on line (A).		00
(C) Subtract line (B) from line (A).		00
(D) Enter the lesser of: the total of any Colorado net operating losses carried forward from tax years beginning on or after January 1, 2018, or 80% of the amount on line (C).		00
(E) Subtract line (D) from line (C).		00
(F) Enter the full amount of the HB21-1002 Subtraction allowed without regard to the limitation in section 39-22-304(3)(p)(II)(A), C.R.S.		00
(G) Enter the lesser of: the amount on line (E), the amount on line (F), or \$300,000.		00
(H) Add line (G) to line (B).		00
(I) Subtract line (G) from line (F)		00