

Partnership Instructions for Colorado K-1 (DR 0106K)

Partnerships must complete a Colorado K-1 (DR 0106K) for each of its partners for each tax year. Completed Colorado K-1s must be filed with the Department, as described below. On or before the date the Colorado K-1s are filed with the Department, the partnership must furnish each partner with a copy of the Colorado K-1 reporting their income, deductions, modifications, and credits.

Due Dates

Colorado K-1s due to be filed the fifteenth day of the fourth month after the close of the tax year, or after the automatic six-month extension, if applicable. Colorado K-1s for calendar year 2023 are due on April 15, 2024. If the due date falls on a weekend or legal holiday, the Colorado K-1s will be due the next business day.

Filing Colorado K-1s with the Department

Partnerships must submit a copy of each partner's Colorado K-1 to the Department. These copies may be submitted in spreadsheet or XML form at [Colorado.gov/RevenueOnline](https://colorado.gov/RevenueOnline). Partnerships may also enter the data manually at [Colorado.gov/RevenueOnline](https://colorado.gov/RevenueOnline). Partnerships who file through MeF can submit each partner's K-1 as part of their partnership return. Finally, paper copies may be submitted with the Annual Transmittal of DR 0106K – Colorado K-1 Forms cover sheet (form DR 1706) by mail to:

**Colorado Department of Revenue
Denver, CO 80261-0006**

Do not submit the copies of the Colorado K-1s issued to partners (or the DR 1706 transmittal form) as an attachment to any paper form DR 0106 filed by the partnership.

Completing the Colorado K-1

Fiscal Year Filers

If the partnership's tax year is a fiscal year, enter the dates the partnership's fiscal year begins and ends.

Information About the Partner

Enter the partner's name and address.

Enter the partner's applicable tax identification number.

If the partner is an individual, enter the individual's social security number (SSN) or individual taxpayer identification number (ITIN). If the partner is an estate, trust, corporation, partnership, or other legal entity, enter the partner's federal employer identification number (FEIN).

Check the applicable box to indicate whether the partner is a Colorado resident or nonresident. Check the applicable box to indicate the partner is a resident if they were a Colorado resident for the entire tax year or for any part of the tax year.

- An individual is a Colorado resident if they are domiciled in Colorado or if they maintain a permanent place of abode in Colorado and spend in the aggregate

more than six months of the taxable year in Colorado. See Department publication Income Tax Topic: Part-Year Residents & Nonresidents for additional assistance in determining Colorado residency for individuals.

- An estate is a Colorado resident if it is the estate of a deceased person that is administered in Colorado in a proceeding other than an ancillary proceeding.
- A trust is a Colorado resident if it is administered in Colorado.

A C corporation that is a partner in a partnership is a Colorado resident partner if it is organized under Colorado law.

A partnership that is a partner in another partnership is a Colorado resident partner if it is organized under Colorado law. A limited liability company (LLC) that is treated as a partnership for federal income tax purposes is treated as a partnership for Colorado income tax purposes.

Part-Year Resident Partners

If a partner was a resident for only part of the tax year, check the box to indicate that they were a resident and complete the Colorado K-1 for the partner following the instructions for resident partners.

SALT Parity Act Election

If the partnership has made an election for the tax year pursuant to section 39-22-343, C.R.S., to be subject to tax at the entity level, check the applicable box to indicate the SALT Parity Act election. A SALT Parity Act election made by a partnership is binding on all of its partners, regardless of whether the partner is an individual, corporation, or other legal entity, and regardless of whether the partner is a resident or nonresident.

Nonresident Partners

If the partnership did not make a SALT Parity Act election and the partner is a nonresident of Colorado, check the applicable box to indicate whether the partnership is, with respect to the nonresident partner, filing a composite return, filing a DR 0107, or remitting payment with a DR 0108.

- **Composite Return** – A partnership may file a composite return on behalf of one or more of its nonresident partners, reporting and remitting the Colorado income tax due on the Colorado-source income of the nonresident partner(s) included in the composite return. If the nonresident partner has no other Colorado-source income, the composite return satisfies their Colorado income tax filing obligation for the tax year.
- **DR 0107** – A nonresident partner may complete and sign form DR 0107 thereby agreeing to file a Colorado income tax return, make timely payment of the tax due, and be subject to personal jurisdiction in Colorado for the purpose of income tax collection. The partnership

must submit a copy of the signed form DR 0107 with its return (form DR 0106).

- **DR 0108** – If a nonresident partner is not included in a composite return filed by the partnership and has not completed and signed form DR 0107, the partnership must, with form DR 0108, remit payment of the Colorado income tax due on the nonresident partner's Colorado source income. The nonresident partner may claim credit on their Colorado income tax return for the payment remitted on their behalf by the partnership.

Information About the Partnership

Enter the partnership's name, address, and either Colorado account number or federal employer identification number (FEIN).

Partner's or Shareholder's Share of Income and Other items

On each Colorado K-1, the partnership must report in Column A (Partner's or Shareholder's Share of Income and Other Items) the partner's distributive share of each item listed. In Column B (Partner's or Shareholder's Share of Income and Other Items Attributable to Colorado), the partnership must report the portion of each listed item attributed to Colorado. In each column, enter income and gains as positive numbers; enter losses and deductions as negative numbers. For paper returns, put negative amounts in parentheses, for example, (\$1,234). The following instructions provide guidance for determining the amounts to enter in each column.

Federal Income and Deductions

Enter on lines 1 through 8 and line 11 in Column A the income and deduction information about the partner's share of income and deductions from the partner's federal Schedule K-1. Enter income and gains as positive numbers. Enter any losses on lines 1, 2, 3, or 8, and any federal deductions on line 11, as negative amounts.

Colorado K-1 (Form DR 0106K)	Partner's Schedule K-1 (IRS Form 1065)
1. Ordinary business income (loss)	Box 1
2. Net rental real estate income (loss)	Box 2
3. Other net rental income (loss)	Box 3
4. Total guaranteed payments	Box 4c
5. Interest and dividends	Sum of Boxes 5 and 6a
6. Royalties	Box 7
7. Net capital gain	Sum of Boxes 8, 9a, and 10
8. Other income (loss)	Box 11
11. Federal deductions	Sum of Boxes 12 and 13

Enter on line 4 in Column B (Partner's or Shareholder's Share of Income and Other Items Attributable to Colorado) the portion of the partner's guaranteed payments from Column A that is derived from sources within Colorado as determined pursuant to 1 CCR 201-2, Rule 39-22-109(3)(b)(xii). Enter on lines 1 through 3, lines 5 through 8, and line 11 in Column B the portions of the partner's distributive shares of income and deduction from Column A that are derived from sources within Colorado as determined pursuant to section 39-22-203(1)(a), C.R.S. Amounts derived from sources within Colorado are either determined in accordance with the provisions of section 39-22-109, C.R.S., and Rule 39-22-109 or, at the partnership's election, apportioned or allocated to Colorado pursuant to section 39-22-303.6, C.R.S., and the related rules. See also General Information Letter 22-003.

Line 9. State income tax addback

Partner's or Shareholder's Share of Income and Other Items (Column A)

For all partners that are not C corporations, enter on line 9 in Column A the partner's distributive share of any state income tax deducted by the partnership on line 14 of IRS Form 1065 for the tax year, regardless of the state to which the income tax was paid or accrued.

For all partners that are C corporations, enter on line 9 in Column A the partner's distributive share of any Colorado income tax deducted by the partnership on line 14 of IRS Form 1065 for the tax year.

The partner's distributive share of the deduction is determined with the same ratio used to determine the partner's distributive share of partnership taxable income or loss generally for federal income tax purposes.

Partner's or Shareholder's Share of Income and Other Items Attributable to Colorado (Column B)

Enter on line 9 in Column B the partner's distributive share of any Colorado income tax deducted by the partnership on line 14 of IRS Form 1065 for the tax year. The partner's distributive share of the deduction claimed by the partnership must be determined in accordance with the partner's distributive share, for federal income tax purposes, of partnership taxable income or loss generally.

Line 10. Other Colorado additions

Partner's or Shareholder's Share of Income and Other Items (Column A)

Enter on line 10 in Column A the partner's distributive share of any required Colorado additions.

Include on line 10 the partner's distributive share of any addition required for non-Colorado state or local bond interest. A partner's distributive share of state and local bond interest is generally included in the amount reported in box 18 of the partner's Schedule K-1 (IRS Form 1065). The required addition does not include any amortization of the bond premium and is reduced by the amount of the deductions required by the Internal Revenue Code to be allocated to the interest income.

Include on line 10 the partner's distributive share of following additions. The partner's distributive share of any addition

is determined with the same ratio used to determine the partner's distributive share of partnership taxable income or loss generally for federal income tax purposes.

- Business expenses deducted in the calculation of federal taxable income for wages or remuneration paid to an unauthorized alien for the physical performance of services in Colorado;
- Expenses deducted in the calculation of federal taxable income that were incurred with respect to expenditures made at, or payments made to, any club that is licensed pursuant to section 44-3-418, C.R.S., that has a policy to restrict membership on the basis of sex, sexual orientation, gender identity, gender expression, marital status, race, creed, religion, color, ancestry, or national origin; and
- An amount equal to a federal deduction claimed for the income tax year for a food and beverage expense that exceeds 50% of the amount of the expense and that was allowed under section 274(n)(2)(D) of the Internal Revenue Code.

Partner's or Shareholder's Share of Income and Other Items Attributable to Colorado (Column B)

Enter on line 10 in Column B the portions of the partner's distributive shares of the additions from Column A that are attributable to Colorado.

Include on line 10 in Column B the full amount of any of the following additions entered in Column A:

- Business expenses deducted in the calculation of federal taxable income for wages or remuneration paid to an unauthorized alien for the physical performance of services in Colorado; and
- Expenses deducted in the calculation of federal taxable income that were incurred with respect to expenditures made at, or payments made to, any club that is licensed pursuant to section 44-3-418, C.R.S., that has a policy to restrict membership on the basis of sex, sexual orientation, gender identity, gender expression, marital status, race, creed, religion, color, ancestry, or national origin.

Include on line 10 in Column B the amount of the following addition entered in Column A to the extent that the underlying or related expenses were from business activity in Colorado:

- An amount equal to a federal deduction claimed for the income tax year for a food and beverage expense that exceeds 50% of the amount of the expense and that was allowed under section 274(n)(2)(D) of the Internal Revenue Code.

See sections 39-22-104, 39-22-202, and 39-22-203, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado additions.

Line 12. Colorado subtractions

Partner's or Shareholder's Share of Income and Other Items (Column A)

Enter on line 12 in Column A the partner's distributive

share of any allowable Colorado subtractions. Enter subtractions on line 12 as a negative amount.

Include on line 12 the partner's distributive share of any interest income on obligations of the United States and its possessions. A partner's distributive share of U.S. government interest is generally included in the amount reported in box 5 of the partner's Schedule K-1 (IRS Form 1065).

Include on line 12 the partner's distributive share of following subtractions, The partner's distributive share of any subtraction is determined with the same ratio used to determine the partner's distributive share of partnership taxable income or loss generally for federal income tax purposes.

- If the partnership is licensed under the "Colorado Marijuana Code," any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law;
- If the partnership is an "export taxpayer" as defined in section 39-22-206, C.R.S., any partnership income or gain that constitutes foreign source income for federal income tax purposes;
- For all partners that are not C corporations, the amount of any refund or credit for overpayment of income taxes imposed by Colorado or any other taxing jurisdiction to the extent included in the partnership's gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes; and
- For all partners that are C corporations, the amount of any refund or credit for overpayment of income taxes imposed by Colorado to the extent included in the partnership's gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes.

Partner's or Shareholder's Share of Income and Other Items Attributable to Colorado (Column B)

Enter on line 12 in Column B the portions of the partner's distributive shares of the subtractions from Column A that are attributable to Colorado.

Include on line 12 in Column B the full amount of any of the following subtraction entered in Column A:

- If the partnership is licensed under the "Colorado Marijuana Code," any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law;

Include on line 12 in Column B the amount of the following subtraction entered in Column A to the extent the underlying or related income is included on lines 1 through 8 in Column A:

- The amount of any refund or credit for overpayment of

income taxes imposed by Colorado or any other taxing jurisdiction to the extent included in the partnership's gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes.

See sections 39-22-104, 39-22-202, and 39-22-203, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado subtractions.

Lines 13 and 14. Partner's Share of Total Receipts and Non-Apportionable Income

Lines 13 and 14 of the Colorado K-1 must be completed for any partner that is a C corporation or that is treated as a C corporation for Colorado income tax purposes, but is not required for any other partner, unless the partner needs the information reportable on these lines for the preparation of their Colorado income tax return.

Enter on line 13 in Column A the partner's distributive share of the total receipts from line 8 in the "Everywhere" column of the partnership's form DR 0106, part V. Enter on line 13 in Column B the partner's distributive share of the total receipts from line 8 in the "Colorado" column of the partnership's form DR 0106, part V. The partner's distributive shares of receipts entered in both columns are determined with the same ratio used to determine the partner's distributive share of partnership taxable income or loss generally for federal income tax purposes.

Enter on line 14 in Column A the partner's distributive share of the total income directly allocable to any state from line 10 of the partnership's form DR 0106, part V. Enter on line 14 in Column B the partner's distributive share of the total income directly allocable to Colorado from line 13 of the partnership's form DR 0106, part V. The partner's distributive shares of directly allocable income entered in both columns are determined with the same ratio used to determine the partner's distributive share of partnership taxable income or loss generally for federal income tax purposes.

Line 15. Partner's or shareholder's share of tax paid with SALT Parity election

If the partnership has made an election for the tax year pursuant to section 39-22-343, C.R.S., to be subject to tax at the entity level, enter on line 15 the partner's share of the tax calculated and paid by the partnership pursuant to section 39-22-344(1), C.R.S. The partner's share of the tax calculated and paid depends on whether the partner is a resident or nonresident of Colorado for the tax year.

- In the case of a resident partner, including a partner who is a part-year resident for the tax year, sum the amounts on lines 1 through 3 and lines 5 through 12 in Column A, multiply the sum by 4.4% (0.044), and enter the result on line 15. If the sum of the amounts on lines 1 through 3 and lines 5 through 12 is a negative amount, enter 0 (zero) on line 15.
- In the case of a nonresident partner, sum the amounts on lines 1 through 3 and lines 5 through 12 in Column B, multiply the sum by 4.4% (0.044), and enter the result on line 15. If the sum of the amounts on lines 1

through 3 and lines 5 through 12 is a negative amount, enter 0 (zero) on line 15.

Do not enter on line 15 any amount that the partnership has not remitted to the Department. The total amounts entered on all Colorado K-1s must equal the total amounts tax calculated and paid by the partnership making the SALT parity election.

Partner's or Shareholder's Share of Credits

Enter on lines 16 through 33 the partner's distributive share of any credits allowed to the partnership for the tax year. Do not include any credits allowed in prior tax years.

Line 16. Advanced Industry Investment credit

Information regarding the advanced industries investment tax credit is available online at OEDIT.Colorado.gov/advanced-industries-investment-tax-credit.

Line 17. Business Personal Property credit

Please see section 39-22-537.5, C.R.S., for information about the business personal property tax credit.

Line 18. Child care center family care home investment credit

For information about the credit, please see FYI Income 7, available online at Tax.Colorado.gov/individual-income-tax-guidance-publications.

Line 19. Child care contribution credit

For information about the child care contribution credit, please see FYI Income 35, available online at Tax.Colorado.gov/individual-income-tax-guidance-publications.

Line 20. Colorado job growth incentive credit

Information regarding the advanced industries investment tax credit is available online at OEDIT.Colorado.gov/job-growth-incentive-tax-credit.

Line 21. Preservation of Historic Structures credit

For information about the credit, please visit OEDIT.Colorado.gov/commercial-historic-preservation-tax-credit and historycolorado.org/preservation-tax-credits.

Line 22. SALT Parity credit from lower-tier partnership

If the partnership is a partner (an "upper-tier partnership") in another partnership (a "lower-tier partnership") that made an election for the tax year pursuant to section 39-22-343, C.R.S., to be subject to tax at the entity level, enter on line 22 the partner's distributive share of the upper-tier partnership's share of the tax calculated and paid by the lower-tier partnership pursuant to section 39-22-344(1), C.R.S.

Lines 23 through 32. Enterprise Zone Tax Credits

For information about enterprise zone tax credits, please see the Enterprise Zone Tax Guide and Income Tax Topics: Enterprise Zone Contribution Credits, both of which are available online at Tax.Colorado.gov/individual-income-tax-guidance-publications.

Line 33. Refundable Heat Pump Credit.

The pro-rata share of the heat pump credit is refundable if the S-Corporation was the contractor or other seller that installed certain types of heat pump systems or heat pump water heaters into residential or commercial buildings in

Colorado and the building owner assigned the credit to the S-Corporation. See the DR 0106CR for further information.

Line 34. Nonrefundable Heat Pump Credit.

The pro-rata share of the heat pump credit is nonrefundable if the S-Corporation was the building owner that installed certain types of heat pump systems or heat pump water heaters into residential or commercial buildings in Colorado and the S-Corporation did not assign the credit to the contractor or other seller. The amount of the credit that exceeds the shareholder's income tax due is not refunded and may not be carried forward to any future years' income tax due. See the DR 0106CR for further information.

Line 35. Refundable Residential Energy Storage Systems Credit.

The pro-rata share of the residential energy storage systems credit is refundable if the S-Corporation was the seller that installed qualifying residential energy storage systems into residential buildings in Colorado and the building owner assigned the credit to the S-Corporation. See the DR 0106CR for further information.

Line 36. Nonrefundable Residential Energy Storage Systems Credit.

The pro-rata share of the residential energy storage systems credit is nonrefundable if the S-Corporation was the building owner that installed qualifying residential energy storage systems into residential buildings in Colorado and the S-Corporation did not assign the credit to the seller. The amount of the credit that exceeds the shareholder's income tax due is not refunded and may not be carried forward to any future years' income tax due. See the DR 0106CR for further information.

Line 37. Homeless Contribution Credit.

An income tax credit is available for making a monetary or in-kind contribution to an approved nonprofit organization that undertakes a capital campaign or provides certain services that assist individuals or families experiencing homelessness. The amount of the credit is 25% of the total value of the contribution. If the contribution is made to an approved nonprofit organization, or to an approved project, in an underserved, rural county, the amount of the credit is 30% of the total value of the contribution. The credit allowed may not exceed \$100,000 per taxpayer per year. For S corporations, this limit is applied at the entity level. A credit certificate issued by the approved nonprofit organization must be submitted with any return claiming this credit. Information regarding the credit is available at CDOLA.Colorado.gov/hctc.

Line 38. Alternative Transportation Options Credit. Prior to a partner claiming a distributive share of the alternative transportation options credit, the partnership must file an annual employer plan report on form DR 1323. Information regarding the alternative transportation options credit is available on the DR 0106CR and online at Tax.Colorado.gov/alternative-transportation-option-tax-credit.

Line 39. Other Credits

Please visit Tax.Colorado.gov/individual-income-tax-guidance-publications for information about any other Colorado income tax credits.

S corporation Instructions for Colorado K-1 (DR 0106K)

S corporations must complete a Colorado K-1 (DR 0106K) for each of its shareholders for each tax year. Completed Colorado K-1s must be filed with the Department, as described below. On or before the date the Colorado K-1s are filed with the Department, the S corporation must furnish each shareholder with a copy of the Colorado K-1 reporting their income, deductions, modifications, and credits.

Due Dates

Colorado K-1s due to be filed the fifteenth day of the fourth month after the close of the tax year, or after the automatic six-month extension, if applicable. Colorado K-1s for calendar year 2023 are due on April 15, 2024. If the due date falls on a weekend or legal holiday, the Colorado K-1s will be due the next business day.

Filing Colorado K-1s with the Department

S corporations must submit a copy of each shareholder's Colorado K-1 to the Department. These copies may be submitted in spreadsheet or XML form at [Colorado.gov/RevenueOnline](https://colorado.gov/RevenueOnline). S corporations may also enter the data manually at [Colorado.gov/RevenueOnline](https://colorado.gov/RevenueOnline). S corporations who file through MeF can submit each partner's K-1 as part of their S corporation return. Finally, paper copies may be submitted with the Annual Transmittal of DR 0106K – Colorado K-1 Forms cover sheet (form DR 1706) by mail to:

**Colorado Department of Revenue
Denver, CO 80261-0006**

Do not submit the copies of the Colorado K-1s issued to shareholders (or the DR 1706 transmittal form) as an attachment to any paper form DR 0106 filed by the S corporation.

Completing the Colorado K-1

Fiscal Year Filers

If the S corporation's tax year is a fiscal year, enter the dates the S corporation's fiscal year begins and ends.

Information About the Shareholder

Enter the shareholder's name and address.

Enter the shareholder's applicable tax identification number. If the shareholder is an individual, enter the individual's social security number (SSN) or individual taxpayer identification number (ITIN). If the shareholder is an estate or trust, enter the shareholder's federal employer identification number (FEIN).

Check the applicable box to indicate whether the shareholder is a Colorado resident or nonresident. Check the applicable box to indicate the shareholder is a resident if they were a Colorado resident for the entire tax year or for any part of the tax year.

- An individual is a Colorado resident if they are domiciled in Colorado or if they maintain a permanent place of abode in Colorado and spend in the aggregate more than six months of the taxable year in Colorado. See Department publication Income Tax Topic:

Part-Year Residents & Nonresidents for additional assistance in determining Colorado residency for individuals.

- An estate is a Colorado resident if it is the estate of a deceased person that is administered in Colorado in a proceeding other than an ancillary proceeding.
- A trust is a Colorado resident if it is administered in Colorado.

Part-Year Resident Shareholders

If a shareholder was a resident for only part of the tax year, check the box to indicate that they were a resident and complete the Colorado K-1 for the shareholder following the instructions provided below for resident shareholders.

SALT Parity Act Election

If the S corporation has made an election for the tax year pursuant to section 39-22-343, C.R.S., to be subject to tax at the entity level, check the applicable box to indicate the SALT Parity Act election. A SALT Parity Act election made by a S corporation is binding on all of its shareholders, regardless of whether the shareholder is an individual, estate, or trust, and regardless of whether the shareholder is a resident or nonresident.

Nonresident Shareholders

If the S corporation did not make a SALT Parity Act election, and the shareholder is a nonresident of Colorado, check the applicable box to indicate whether the S corporation is, with respect to the nonresident shareholder, filing a composite return, filing a DR 0107, or remitting payment with a DR 0108.

- **Composite Return** – An S corporation may file a composite return on behalf of one or more of its nonresident shareholders, reporting and remitting the Colorado income tax due on the Colorado-source income of the nonresident shareholder(s) included in the composite return. If the nonresident shareholder has no other Colorado-source income, the composite return satisfies their Colorado income tax filing obligation for the tax year.
- **DR 0107** – A nonresident shareholder may complete and sign form DR 0107 thereby agreeing to file a Colorado income tax return, make timely payment of the tax due, and be subject to personal jurisdiction in Colorado for the purpose of income tax collection. The S corporation must submit a copy of the signed form DR 0107 with its return (form DR 0106).
- **DR 0108** – If a nonresident shareholder is not included in a composite return filed by the S corporation and has not completed and signed form DR 0107, the S corporation must, with form DR 0108, remit payment of the Colorado income tax due on the nonresident shareholder's Colorado source income. The nonresident shareholder may claim credit on their Colorado income tax return for the payment remitted on their behalf by the S corporation.

Information About the S corporation

Enter the S corporation's name, address, and either Colorado account number or federal employer identification number (FEIN).

Partner's or Shareholder's Share of Income and Other items

On each Colorado K-1, the S corporation must report in Column A (Partner's or Shareholder's Share of Income and Other Items) the shareholder's pro rata share of each item listed. In Column B (Partner's or Shareholder's Share of Income and Other Items Attributable to Colorado), the S corporation must report the portion of each listed item attributed to Colorado. In each column, enter income and gains as positive numbers; enter losses and deductions as negative numbers. For paper returns, put negative amounts in parentheses, for example, (\$1,234). The following instructions provided guidance for determining the amounts to enter in each column.

Federal Income and Deductions

Enter on lines 1 through 8 and line 11 in Column A the income and deduction information about the shareholder's share of income and deductions from the shareholder's federal Schedule K-1. Enter income and gains as positive numbers. Enter any losses on lines 1, 2, 3, or 8, and any federal deductions on line 11, as negative amounts.

Colorado K-1 (Form DR 0106K)	Shareholder's Schedule K-1 (IRS Form 1120-S)
1. Ordinary business income (loss)	Box 1
2. Net rental real estate income (loss)	Box 2
3. Other net rental income (loss)	Box 3
4. Total guaranteed payments	N/A
5. Interest and dividends	Boxes 4 and 5a
6. Royalties	Box 6
7. Net capital gain	Boxes 7, 8a, and 9
8. Other income (loss)	Box 10
11. Federal deductions	Boxes 11 and 12

Enter on lines 1 through 8 and line 11 in Column B the portions of the shareholder's pro rata shares of income and deduction from Column A that are apportioned or allocated to Colorado pursuant to section 39-22-303.6, C.R.S., and, if applicable section 39-22-303.7, C.R.S.

Line 9. State income tax addback

Partner's or Shareholder's Share of Income and Other Items (Column A)

For all resident shareholders, enter on line 9 in Column A the shareholder's pro rata share of any state income tax deducted by the S corporation on line 12 of IRS Form 1120-S for the tax year, regardless of the state to which the income tax was paid or accrued.

For all nonresident shareholders, enter on line 9 in Column A the shareholder's pro rata share of any Colorado income tax deducted by the S corporation on line 12 of IRS Form 1120-S for the tax year.

The shareholder's pro rata share of the deduction claimed by the S corporation is determined in the manner provided in, and subject to any election made under, section 1377 (a) or 1362 (e), as the case may be, of the Internal Revenue Code.

Partner's or Shareholder's Share of Income and Other Items Attributable to Colorado (Column B)

Enter on line 9 in Column B the shareholder's pro rata share of any Colorado income tax deducted by the S corporation on line 12 of IRS Form 1120-S for the tax year. The shareholder's pro rata share of the deduction claimed by the S corporation is determined in the manner provided in, and subject to any election made under, section 1377 (a) or 1362 (e), as the case may be, of the Internal Revenue Code.

Line 10. Other Colorado additions

Partner's or Shareholder's Share of Income and Other Items (Column A)

Enter on line 10 in Column A the shareholder's pro rata share of any required Colorado additions.

Include on line 10 the shareholder's pro rata share of any addition required for non-Colorado state or local bond interest. A shareholder's pro rata share of state and local bond interest is generally included in the amount reported in box 16 of the shareholder's Schedule K-1 (IRS Form 1120-S). The required addition does not include any amortization of the bond premium and is reduced by the amount of the deductions required by the Internal Revenue Code to be allocated to the interest income.

Include on line 10 the shareholder's pro rata share of the following additions. The shareholder's pro rata share of any addition is determined with the same ratio used to determine the shareholder's pro rata shares of items of income, loss, deduction, or credit for federal income tax purposes. See section 39-22-321(4), C.R.S., and sections 1377(a) and 1362(e) of the Internal Revenue Code.

- Any income, war profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States deducted by the S corporation on line 12 of IRS Form 1120-S for the tax year;
- Business expenses deducted in the calculation of federal taxable income for wages or remuneration paid to an unauthorized alien for the physical performance of services in Colorado;
- Expenses deducted in the calculation of federal taxable income that were incurred with respect to expenditures made at, or payments made to, any club that is licensed pursuant to section 44-3-418, C.R.S., that has a policy to restrict membership on the basis of sex, sexual orientation, gender identity, gender expression, marital status, race, creed, religion, color, ancestry, or national origin; and

- An amount equal to a federal deduction claimed for the income tax year for a food and beverage expense that exceeds 50% of the amount of the expense and that was allowed under section 274(n)(2)(D) of the Internal Revenue Code.

Partner's or Shareholder's Share of Income and Other Items Attributable to Colorado (Column B)

Enter on line 10 in Column B the portions of the shareholder's pro rata shares of the additions from Column A that are attributable to Colorado.

Include on line 10 in Column B the full amount of any of the following additions entered on line 10 in the in Column A:

- Business expenses deducted in the calculation of federal taxable income for wages or remuneration paid to an unauthorized alien for the physical performance of services in Colorado; and
- Expenses deducted in the calculation of federal taxable income that were incurred with respect to expenditures made at, or payments made to, any club that is licensed pursuant to section 44-3-418, C.R.S., that has a policy to restrict membership on the basis of sex, sexual orientation, gender identity, gender expression, marital status, race, creed, religion, color, ancestry, or national origin.

Include on line 10 in Column B the amount of the following addition entered in Column A to the extent that the underlying or related expenses were from business activity in Colorado:

- An amount equal to a federal deduction claimed for the income tax year for a food and beverage expense that exceeds 50% of the amount of the expense and that was allowed under section 274(n)(2)(D) of the Internal Revenue Code.

See sections 39-22-104, 39-22-304, 39-22-322, and 39-22-323, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado additions.

Line 12. Colorado subtractions

Partner's or Shareholder's Share of Income and Other Items (Column A)

Enter on line 12 in Column A the shareholder's pro rata share of any allowable Colorado subtractions. Enter subtractions on line 12 as a negative amount.

Include on line 12 the shareholder's pro rata share of any interest income on obligations of the United States and its possessions. A shareholder's pro rata share of U.S. government interest is generally included in the amount reported in box 4 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Include on line 12 the shareholder's pro rata share of following subtractions. The shareholder's pro rata share of any subtraction is determined with the same ratio used to determine the shareholder's pro rata shares of items of income, loss, deduction, or credit for federal income tax purposes. See section 39-22-321(4), C.R.S., and sections 1377(a) and 1362(e) of the Internal Revenue Code.

- If the S corporation is licensed under the "Colorado Marijuana Code," any expenditure that is eligible to

be claimed as a federal income tax deduction but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law;

- For all resident shareholders, the amount of any refund or credit for overpayment of income taxes imposed by Colorado or any other taxing jurisdiction to the extent included in the S corporation's gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes;
- For all nonresident shareholders, the amount of any refund or credit for overpayment of income taxes imposed by Colorado to the extent included in the S corporation's gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes; and
- Any portion of wages or salaries paid or incurred by the S corporation for the tax year, but which are not deductible for federal income tax purposes due to section 280C of the Internal Revenue Code.

Partner's or Shareholder's Share of Income and Other Items Attributable to Colorado (Column B)

Enter on line 12 in Column B the portions of the shareholder's pro rata shares of the subtractions from Column A that are attributable to Colorado.

Include on line 12 in Column B the full amount of any of the following subtraction entered on line 12 in the in Column A:

- If the S corporation is licensed under the "Colorado Marijuana Code," any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law.

Include on line 12 in Column B the amount of the following subtraction entered on line 12 in Column A to the extent the underlying or related income is included on lines 1 through 8 in Column A:

- The amount of any refund or credit for overpayment of income taxes imposed by Colorado or any other taxing jurisdiction to the extent included in the S corporation's gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes.

Include on line 12 in Column B the amount of the following subtraction entered on line 12 in Column A to the extent the underlying or related expenses or losses are from business activity in Colorado:

- Any portion of wages or salaries paid or incurred by the S corporation for the tax year, but which are not deductible for federal income tax purposes due to section 280C of the Internal Revenue Code.

See sections 39-22-104, 39-22-304, 39-22-322, and 39-22-323, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado subtractions.

Lines 13 and 14. Partner's Share of Total Receipts and Non-Apportionable Income

The completion of lines 13 and 14 is not required on a Colorado K-1 prepared for any S corporation shareholder, unless the shareholder needs the information reportable on these lines for the preparation of their Colorado income tax return.

Enter on line 13 in Column A the shareholder's pro rata share of the total receipts from line 8 in the "Everywhere" column of the S corporation's form DR 0106, part V. Enter on line 13 in Column B the shareholder's pro rata share of the total receipts from line 8 in the "Colorado" column of the S corporation's form DR 0106, part V. The shareholder's pro rata shares of receipts entered in both columns are determined with the same ratio used to determine the shareholder's pro rata shares of items of income, loss, deduction, or credit for federal income tax purposes. See section 39-22-321(4), C.R.S., and sections 1377(a) and 1362(e) of the Internal Revenue Code.

Enter on line 14 in Column A the shareholder's pro rata share of the total income directly allocable to any state from line 10 of the S corporation's form DR 0106, part V. Enter on line 14 in Column B the shareholder's pro rata share of the total income directly allocable to Colorado from line 13 of the S corporation's form DR 0106, part V. The shareholder's pro rata shares of directly allocable income entered in both columns are determined with the same ratio used to determine the shareholder's pro rata shares of items of income, loss, deduction, or credit for federal income tax purposes. See section 39-22-321(4), C.R.S., and sections 1377(a) and 1362(e) of the Internal Revenue Code.

Line 15. Partner's or shareholder's share of tax paid with SALT Parity election

If the S corporation has made an election for the tax year pursuant to section 39-22-343, C.R.S., to be subject to tax at the entity level, enter on line 15 the shareholder's share of the tax calculated and paid by the S corporation pursuant to section 39-22-344(1), C.R.S. The shareholder's share of the tax calculated and paid depends on whether the shareholder is a resident or nonresident of Colorado for the tax year.

- In the case of a resident shareholder, including a shareholder who is a part-year resident for the tax year, sum the amounts on lines 1 through 12 in Column A, multiply the sum by 4.4% (0.044), and enter the result on line 15. If the sum of the amounts on lines 1 through 12 is a negative amount, enter 0 (zero) on line 15.
- In the case of a nonresident shareholder, sum the amounts on lines 1 through 12 in Column B, multiply the sum by 4.4% (0.044), and enter the result on line 15. If the sum of the amounts on lines 1 through 12 is a negative amount, enter 0 (zero) on line 15.

Do not enter on line 15 any amount that the S corporation has not remitted to the Department. The total amounts entered on all Colorado K-1s must equal the total amounts tax calculated and paid by the S corporation making the SALT parity election.

Partner's or Shareholder's Share of Credits

Enter on lines 16 through 33 the shareholder's pro rata share of any credits allowed to the S corporation for the tax year. Do not include any credits allowed in prior tax years.

Line 16. Advanced Industry Investment credit

Information regarding the advanced industries investment tax credit is available online at OEDIT.Colorado.gov/advanced-industries-investment-tax-credit.

Line 17. Business Personal Property credit

Please see section 39-22-537.5, C.R.S., for information about the business personal property tax credit.

Line 18. Child care center family care home investment credit

For information about the credit, please see *FYI Income 7*, available online at Tax.Colorado.gov/individual-income-tax-guidance-publications.

Line 19. Child care contribution credit

For information about the child care contribution credit, please see *FYI Income 35*, available online at Tax.Colorado.gov/individual-income-tax-guidance-publications.

Line 20. Colorado job growth incentive credit

Information regarding the advanced industries investment tax credit is available online at OEDIT.Colorado.gov/job-growth-incentive-tax-credit.

Line 21. Preservation of Historic Structures credit

For information about the credit, please visit OEDIT.Colorado.gov/commercial-historic-preservation-tax-credit and historycolorado.org/preservation-tax-credits.

Line 22. SALT Parity credit from lower-tier partnership

If the S corporation is a partner in a partnership (a "lower-tier partnership") that made an election for the tax year pursuant to section 39-22-343, C.R.S., to be subject to tax at the entity level, enter on line 22 the shareholder's pro rata share of the S corporation's share of the tax calculated and paid by the lower-tier partnership pursuant to section 39-22-344(1), C.R.S.

Lines 23 through 32. Enterprise Zone Tax Credits

For information about enterprise zone tax credits, please see the Enterprise Zone Tax Guide and Income Tax Topics: Enterprise Zone Contribution Credits, both of which are available online at Tax.Colorado.gov/individual-income-tax-guidance-publications.

Line 33. Refundable Heat Pump Credit.

The pro-rata share of the heat pump credit is refundable if the S-Corporation was the contractor or other seller that installed certain types of heat pump systems or heat pump water heaters into residential or commercial buildings in Colorado and the building owner assigned the credit to the S-Corporation. See the DR 0106CR for further information.

Line 34. Nonrefundable Heat Pump Credit.

The pro-rata share of the heat pump credit is nonrefundable if the S-Corporation was the building owner that installed certain types of heat pump systems or heat pump water heaters into residential or commercial buildings in Colorado and the S-Corporation did not assign the credit to the contractor or other seller. The amount of the credit that exceeds the shareholder's income tax due is not refunded and may not be carried forward to any future years' income tax due. See the DR 0106CR for further information.

Line 35. Refundable Residential Energy Storage Systems Credit.

The pro-rata share of the residential energy storage systems credit is refundable if the S-Corporation was the seller that installed qualifying residential energy storage systems into residential buildings in Colorado and the building owner assigned the credit to the S-Corporation. See the DR 0106CR for further information.

Line 36. Nonrefundable Residential Energy Storage Systems Credit.

The pro-rata share of the residential energy storage systems credit is nonrefundable if the S-Corporation was the building owner that installed qualifying residential energy storage systems into residential buildings in Colorado and the S-Corporation did not assign the credit to the seller. The amount of the credit that exceeds the shareholder's income tax due is not refunded and may not be carried forward to any future years' income tax due. See the DR 0106CR for further information.

Line 37. Homeless Contribution Credit.

An income tax credit is available for making a monetary or in-kind contribution to an approved nonprofit organization that undertakes a capital campaign or provides certain services that assist individuals or families experiencing homelessness. The amount of the credit is 25% of the total value of the contribution. If the contribution is made to an approved nonprofit organization, or to an approved project, in an underserved, rural county, the amount of the credit is 30% of the total value of the contribution. The credit allowed may not exceed \$100,000 per taxpayer per year. For S corporations, this limit is applied at the entity level. A credit certificate issued by the approved nonprofit organization must be submitted with any return claiming this credit. Information regarding the credit is available at CDOLA.Colorado.gov/hctc.

Line 38. Alternative Transportation Options Credit.

Prior to a partner claiming a distributive share of the alternative transportation options credit, the partnership must file an annual employer plan report on form DR 1323. Information regarding the alternative transportation options credit is available on the DR 0106CR and online at Tax.Colorado.gov/alternative-transportation-option-tax-credit.

Line 39. Other Credits

Please visit Tax.Colorado.gov/individual-income-tax-guidance-publications for information about any other Colorado income tax credits.



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2023 Colorado K-1

● Fiscal Year Beginning (MM/DD/23)		● Fiscal Year Ending (MM/DD/YY)	
● Name of Partner or Shareholder		● Partner's or Shareholder's SSN, ITIN, FEIN, or Colorado Account Number	
● Address		● City	● State ● ZIP
<input type="checkbox"/> Resident <input type="checkbox"/> Non-Resident		<input type="checkbox"/> Composite <input type="checkbox"/> DR 0107 Included <input type="checkbox"/> DR 0108 Filed <input type="checkbox"/> SALT Parity Election	
● Name of Partnership or S Corporation		● Partnership's or S Corporation's Colorado Account Number or FEIN	
● Address		● City	● State ● ZIP

Partner's or Shareholder's:	A. Share of Income and Other items		B. Share of Income and Other Items Attributable to Colorado
1. Ordinary business income (loss) ●1		00	00
2. Net rental real estate income (loss) ●2		00	00
3. Other net rental income (loss) ●3		00	00
4. Total guaranteed payments ●4		00	00
5. Interest and dividends ●5		00	00
6. Royalties ●6		00	00
7. Net capital gain ●7		00	00
8. Other income (loss) ●8		00	00
9. State income tax addback ●9		00	00
10. Other Colorado additions ●10		00	00
11. Federal deductions ●11		00	00
12. Colorado subtractions ●12		00	00
13. Partner's share of total receipts from line 8 of the DR 0106, part V. ●13		00	00
14. Partner's share of non-apportionable income from the DR 0106, part V. ●14		00	00
15. Partner's or shareholder's share of tax paid with SALT Parity election ●15		00	00



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Name of Partner or Shareholder	Partner's or Shareholder's SSN, ITIN, FEIN, or Colorado Account Number

Partner's or Shareholder's Share of Credits	Amount
16. Advanced Industry Investment credit ●16	00
17. Business Personal Property credit ●17	00
18. Child care center family care home investment credit ●18	00
19. Child care contribution credit ●19	00
20. Colorado job growth incentive credit ●20	00
21. Preservation of Historic Structures credit ●21	00
22. SALT Parity credit from lower-tier partnership (see instructions) ●22	00
23. Enterprise zone agricultural processing new employee credit ●23	00
24. Enterprise zone commercial vehicle investment tax credit ●24	00
25. Enterprise zone contribution credit ●25	00
26. Enterprise zone employee health insurance credit ●26	00
27. Enterprise zone enhanced rural agricultural processing new employee credit ●27	00
28. Enterprise zone enhanced rural new employee credit ●28	00
29. Enterprise zone investment tax credit ●29	00
30. Enterprise zone job training investment tax credit ●30	00
31. Enterprise zone research and experimental activities credit ●31	00
32. Enterprise zone vacant commercial building rehabilitation credit ●32	00
33. Refundable Heat Pump Credit ●33	00
34. Nonrefundable Heat Pump Credit ●34	00
35. Refundable Residential Energy Storage Systems Credit ●35	00
36. Nonrefundable Residential Energy Storage Systems Credit ●36	00
37. Homeless Contribution Credit, you must submit certificate (to substantiate your contribution) ●37	00
38. Alternative Transportation Options Credit ●38	00





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Name of Partner or Shareholder		Partner's or Shareholder's SSN, ITIN, FEIN, or Colorado Account Number

39. Other Credits, explain below:

• 39

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Explain

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