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DR 1322 (08/01/25)
COLORADO DEPARTMENT OF REVENUE
Tax.Colorado.gov

2025 Heat Pump Tax Credit for Registered Contractors Worksheet Instructions

What's New

The heat pump tax credit is allowed only to a heat pump tax credit contractor that is registered with the Colorado Energy Office. To earn the credit, the registered contractor must provide a discount from the amount charged for the installation of qualifying heat pump technology in Colorado, and the discount must be shown as a separate item on the receipt or invoice.

You may not claim this credit if you own a building in which qualifying heat pump technology was installed, unless you are a registered heat pump tax credit contractor that installed your own heat pump technology in the building you own. In general, to benefit from this credit as a building owner, you must hire a registered heat pump tax credit contractor who is participating in the tax credit program and offering the required discount.

Building owners are no longer required to certify their eligibility and assign the income tax credit for each heat pump. For more information, visit the Colorado Energy Office website at EnergyOffice.Colorado.gov/HPTC.

General Instructions

If you are a heat pump tax credit contractor that is registered with the Colorado Energy Office, complete this worksheet for the tax year that the heat pump technology was placed into service.

Lines 1, 3, and 5

First, determine the type of heat pump technology you installed.

- Line 1 is for heat pump water heaters;
- Line 3 is for air-source or variable refrigerant flow heat pumps; and
- Line 5 is for ground-source, water-source, or combined source heat pumps, which includes combined air-source and ground-source heat pumps, combined water-source and ground-source heat pumps, combined variable refrigerant flow and ground-source heat pumps, and combined variable refrigerant flow and water-source heat pumps. For more information, visit the Colorado Energy Office website at EnergyOffice.Colorado.gov/HPTC.

Second, determine the number of units for the type of heat pump technology based on the type of property where you installed it. For more information, see the Definitions section below.

- **Single Family Residence:** Count one unit for each residence where you installed a heat pump.
- **Multifamily Property:** Count the number of residential units in the property that will utilize the heat pump technology.
- **Nonresidential Building:** Calculate the number of units based on four-ton increments of the heat pump technology's heating capacity. Determine the total tons of heating capacity, divide that amount by 4, and round down to the next whole number.

Heat Pump Units = Tons of Heating Capacity / 4, rounded down to the next whole number

For example, a heat pump with 15 tons of heating capacity would equal 3 heat pump units:
 $15 / 4 = 3.75$, which rounds down to 3 units.



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- **Thermal Energy Network or Campus:** Count each single family residence, multifamily property unit, and nonresidential building increment that is networked into a single heat pump system.

Lines 2, 4, and 6

For each type of heat pump technology, multiply the number of heat pump units by the allowed credit amount.

Line 7

Calculate your total heat pump tax credit by adding lines 2, 4, and 6. Transfer this amount to the appropriate form for your return, either DR 0104CR line 14, DR 0106CR line 31A, DR 0112 line 38, DR 0105 line 34, or DR 0990 line 5.

Definitions

Campus means a collection of two or more buildings that are owned and operated by the same person, that have a shared purpose and function as a single property, that do not lease space to tenants, and that do not provide energy or heat services for a fee.

Multifamily property means a building with multiple separate housing units for residential inhabitants, including a duplex, triplex, or multi-structure of four or more units.

Thermal energy network:

- Means all real estate, fixtures, and personal property that are operated, owned, used, or intended to be used for, in connection with or to facilitate, a distribution infrastructure project that supplies thermal energy to two or more buildings that are not a campus and that assists in reducing greenhouse gas emissions in the state;
- Consists of pipe loops between multiple buildings and energy sources carrying piped, noncombustible fluids at the desired thermal temperature;
- Includes a network that can be used for heating, cooling, and other building services; and
- May also be known as a geothermal exchange district, networked geothermal system, geoexchange system, geogrid system, community geothermal heating and cooling district, or geothermal heating district.



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2025 Heat Pump Tax Credit for Registered Contractors Worksheet

Taxpayer Name		SSN, ITIN, or FEIN	
1. Heat pump water heater units placed into service during the tax year.		1	
2. Heat pump water heater credit, line 1 multiplied by \$500.		2	\$ 00
3. Air-source and variable refrigerant flow heat pump units placed into service during the tax year.		3	
4. Air-source and variable refrigerant flow heat pump credit, line 3 multiplied by \$1,500.		4	\$ 00
5. Ground-source, water-source, and combined-source heat pump units placed into service during the tax year.		5	
6. Ground-source, water-source, and combined-source heat pump credit, line 5 multiplied by \$3,000.		6	\$ 00
7. Total heat pump tax credit, sum of lines 2, 4, and 6. Transfer this amount to the appropriate form as listed in the instructions.		7	\$ 00

