



DO NOT SEND

## Partner or Shareholder Declaration for Qualified Business Income Deduction Addback Required for a Retroactive SALT Parity Act Election

This declaration may be used by partners and shareholders to communicate information about their qualified business income deduction and the required addback to a partnership or S corporation that is making a retroactive election under the SALT Parity Act. Retroactive elections may be made for tax years commencing on or after January 1, 2018, but prior to January 1, 2022. Complete the declaration and provide it to the partnership or S corporation to indicate the amount of any qualified business income deduction you claimed on your federal income tax return for the tax year and whether the amount of the deduction has already been added back for Colorado income tax purposes. Partners or shareholders who are corporations or partnerships need not complete this form. However, corporate and partnership partners should ensure that the electing pass-through entity has their current mailing address to avoid delays in receiving the refund of the resulting credit.

The SALT Parity Act allows partnerships and S corporations to make an annual election to be subject to Colorado income tax at the entity level. The election made by the partnership or S corporation is irrevocable and binding on all of its partners or shareholders, except that the election does not apply to any partner that is a C corporation that is unitary with an electing partnership.

If a partnership or S corporation makes the election, a Colorado income tax addback is required for the full amount of any qualified business income deduction each partner or shareholder claimed on their federal income tax return. The addback is required for the full amount of the qualified business income deduction claimed by the partner or shareholder, regardless of whether they have qualified business income from sources other than

the electing partnership or S corporation. The qualified business income deduction is allowed to, and the addback is required for, individuals, estates and trusts. No deduction is allowed and no addback is required for partners and shareholders that are corporations or partnerships.

For tax years commencing on or after January 1, 2018, but prior to January 1, 2022, partnerships and S corporations must retroactively file a composite amended return between September 1, 2023, and June 30, 2024, to make the election. Among other things, the composite amended return must report the required qualified business income addback for each partner or shareholder.

The composite amended return filed by the electing pass-through entity does not need to include any qualified business income deduction that has already been added back, either on the partner's or shareholder's own Colorado income tax return or through a composite amended return filed by another pass-through entity making a SALT Parity Act election for the same tax year. If the deduction has not previously been added back and the partner or shareholder was not a Colorado resident for the tax year, the required addback amount reported in the electing pass-through entity's composite amended return must be apportioned based on the apportionment percentage from the partner's or shareholder's Part-Year Resident/Nonresident Tax Calculation Schedule (DR 0104PN) for the tax year.

For additional information about SALT Parity Act elections and the qualified business income addback, please see Department publication *Income Tax Topics: SALT Parity Act* and the *Colorado Individual Income Tax Guide* both of which are available online at [Tax.colorado.gov/individual-income-tax-guidance-publications](https://tax.colorado.gov/individual-income-tax-guidance-publications).



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# Partner or Shareholder Declaration for Qualified Business Income Deduction Addback Required for a Retroactive SALT Parity Act Election

Electing Partnership's or S Corporation's Name		Electing Partnership's or S Corporation's Account Number (FEIN)			
Partner's or Shareholder's Name		Partner's or Shareholder's Account Number (SSN, ITIN, or FEIN)			
Partner's or Shareholder's Mailing Address					
City				State	ZIP
<b>Tax Year</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	
1. Qualified business income deduction from your federal income tax return					
<b>If you were not a Colorado resident for any part of the tax year, complete lines 2 and 3. Otherwise, skip lines 2 and three and proceed to line 4.</b>					
2. Enter the apportionment percentage from line 34 of your form DR 0104PN					
3. Multiply line 1 by line 2					
4. Was your qualified business income deduction for this tax year already added back, either on your own Colorado income tax return or through a composite amended return filed by another pass-through entity making a SALT Parity Act election?					
<b>No.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Yes</b> , the amount on line 1 was added back on my Colorado income tax return for the tax year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Yes</b> , the amount on line 1 or line 3, as applicable, was added back in a composite amended return filed by another pass-through entity making a SALT Parity Act election for the same tax year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Required addback: If you checked "No" on line 4, enter the amount from line 1 (or line 3, if applicable). If you checked "Yes" on line 4, enter 0 (zero).					
Under penalties of perjury, I declare that to the best of my knowledge and belief, the preceding information is true, correct and complete. I understand that this declaration will be used by the partnership or S corporation named above in connection with applying for a refund and that it is, therefore, unlawful to make a false statement herein.					
Partner's or Shareholder's Signature					Date (MM/DD/YY)



