



The federal earned income credit (“federal EITC”) is a refundable tax credit for low- and middle-income working individuals and families whose earnings are below an income threshold. Colorado also offers a refundable earned income tax credit (“Colorado EITC”) for residents of Colorado, based on the federal credit.

This publication is designed to provide general guidance regarding the Colorado EITC and to supplement the guidance provided in the *Colorado Individual Income Tax Guide*. Nothing in this publication modifies or is intended to modify Colorado’s statutes or regulations. Taxpayers are encouraged to consult their tax advisors for guidance regarding specific situations.

General requirements

Taxpayers must meet Colorado residency requirements and generally must claim an allowable federal EITC to qualify for the Colorado EITC. General requirements relating to Colorado residency and eligibility for the federal EITC are further described below.

Colorado residency

The Colorado EITC is allowed to Colorado resident individuals, including full-year residents and part-year residents. Nonresidents of Colorado cannot claim the Colorado EITC. See *Part 1* of the *Colorado Individual Income Tax Guide* for additional information regarding Colorado residency.

Eligibility for federal EITC

In general, the Colorado EITC is allowed only to resident individuals who claim and are allowed a federal EITC on their federal income tax return for the same tax year.

However, starting with tax year 2020, the Colorado EITC is also allowed to resident individuals based on the federal EITC they would have been allowed, but were not solely because the resident individual, their spouse, or one or more of their dependents did not have a social security number (SSN) that is valid for employment. To qualify for the Colorado EITC, the resident individual, their spouse, and their dependents, if applicable, must meet all other requirements for the federal EITC. See *IRS Publication 596* and the *Form 1040 and 1040-SR Instructions* for more information about the federal EITC requirements.

Claiming the credit

To claim the Colorado EITC, taxpayers must complete and submit the *Individual Credit Schedule* (DR 0104CR), along with their *Colorado Individual Income Tax Return* (DR 0104).

If the taxpayer, their spouse, or any of their dependents do not have an SSN that is valid for employment, the taxpayer must also complete the *Colorado Earned Income Tax Credit for ITIN Filers Schedule* (DR 0104TN).

For more information about obtaining an ITIN (Individual Taxpayer Identification Number), visit the IRS website at [IRS.gov/individuals/individual-taxpayer-identification-number](https://www.irs.gov/individuals/individual-taxpayer-identification-number).



Calculating the credit

The Colorado EITC a taxpayer may claim is equal to a percentage of either:

- the federal EITC the taxpayer claimed and was allowed for the same tax year, or
- the federal EITC the taxpayer would have been allowed, but for the fact that the taxpayer, their spouse, or one or more of their dependents do not have an SSN that is valid for employment.

For tax years 2021 and prior, the Colorado EITC is equal to 10% of the federal EITC calculation. For tax years 2022 and later, the Colorado EITC is equal to 15% of the federal EITC calculation. If the allowable Colorado EITC exceeds the tax otherwise due, the difference will be refunded to the taxpayer.

Part-year residents

The Colorado EITC a part-year resident may claim must be apportioned with the same percentage that is used to calculate their Colorado income tax. After calculating the Colorado EITC as described above, as a percentage of the federal EITC calculation, a part-year resident must also multiply the credit by the percentage (not to exceed 100%) on line 34 of their *Part-Year Resident/Nonresident Tax Calculation Schedule* (DR 0104PN).

Effect on other public assistance

In determining an individual's eligibility for any other public or medical assistance benefits authorized under state law or under any other publicly funded programs, the Colorado EITC is not considered to be income or resources.

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to the Colorado EITC. This list is not, and is not intended to be, an exhaustive list of authorities that govern the tax treatment of every situation. Individuals with specific questions should consult their tax advisors.

Statutes and regulations

- § 39-22-123.5, C.R.S. Earned income tax credit.
- House Bill 21-1002. Concerning reductions to certain taxpayers' state income tax.
- 26 U.S.C. § 32. Earned income.
- 26 C.F.R. § 1.32-2. Earned income credit for taxable years beginning after December 31, 1978.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- *Colorado Individual Income Tax Guide*
- *Colorado Individual Credit Schedule* (DR 0104CR)
- *Colorado Earned Income Tax Credit for ITIN Filers Schedule* (DR 0104TN)
- [IRS.gov/credits-deductions/individuals/earned-income-tax-credit-eitc](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit-eitc)
- *Form 1040 and 1040-SR Instructions*
- *IRS Publication 596, Earned Income Credit (EIC)*
- *IRS Publication 3524, EITC Eligibility Checklist*
- *IRS Publication 5334, Do I Qualify for EITC?*