



Qualifying taxpayers and tax-exempt entities may claim a refundable income tax credit for property tax paid on business personal property in Colorado. The credit is allowed only for tax imposed on the first \$18,000 of the total actual value of business personal property.

This publication is designed to provide general guidance regarding the business personal property tax credit and is intended to supplement guidance provided in the [Colorado Individual Income Tax Guide](#) and [Colorado Corporate Income Tax Guide](#). Nothing in this publication modifies or is intended to modify the requirements of Colorado’s statutes and regulations. Taxpayers are encouraged to consult their tax advisors for guidance regarding specific situations.

## Qualifying taxpayers

Any taxpayer that pays qualifying business personal property tax during the tax year can claim the credit. Individuals, estates, trusts, and C corporations may claim a credit with respect to the qualifying business personal property tax they pay. In the case of a partnership or S corporation, the credit is allowed to its partners or shareholders.

Organizations that are exempt from federal income tax under section 501(c) of the Internal Revenue Code may also claim the credit for qualifying business personal property tax they pay. Except as otherwise noted, the information in this publication for taxpayers also applies to tax-exempt entities that qualify for the credit.

## Qualifying business personal property tax

The credit is allowed for ad valorem tax imposed pursuant to Section 3 of Article X of the Colorado Constitution on the taxpayer’s personal property. The credit is allowed only for tax imposed on the first \$18,000 of the total actual value of the taxpayer’s personal property.

## Non-qualifying property taxes

The credit may not be claimed for any of the following property taxes:

- property tax paid on real property, including land, buildings, and other improvements;
- property tax paid on property in any state other than Colorado;
- specific ownership tax imposed pursuant to Section 6 of Article X of the Colorado Constitution on motor vehicles, trailers, and certain movable equipment;
- delinquent property taxes that were owed for a prior property tax year; or
- property tax assessed pursuant to section 39-4-102, C.R.S., on the operating property and plant of each public utility.

## Calculating the credit

The credit is allowed only for tax imposed on the first \$18,000 of the total actual value of the taxpayer’s business personal property. The actual value may be shown on the taxpayer’s property tax statements. If the actual value is not shown on the property tax statement, it can be calculated based on the assessed value and assessment rate from the property tax statement, using the following formula:

- 1) Assessed value \_\_\_\_\_
- 2) Assessment rate \_\_\_\_\_
- 3) Actual value, line 1 divided by line 2 \_\_\_\_\_

If the assessment rate is not shown on the property tax statement, see the instructions for the taxpayer’s Colorado income tax return.



## Income Tax Topics: Business Personal Property Credit

If the actual value is \$18,000 or less, the credit is equal to the amount of property tax assessed and paid. If the actual value is greater than \$18,000, the credit is calculated using the following formula:

- 1) Actual value limit \$ 18,000
- 2) Actual value \_\_\_\_\_
- 3) Line 1 divided by line 2 \_\_\_\_\_
- 4) Total qualifying property tax \_\_\_\_\_
- 5) Allowable credit, line 3 times line 4 \_\_\_\_\_

### Partnerships and S corporations

Partners and S corporation shareholders may claim credit for qualifying business personal property taxes paid by the partnership or S corporation.

In the case of qualifying business personal property tax paid by a partnership, each partner must take into account their distributive share of both the property tax paid by the partnership and the actual value of the property taxed when calculating the allowable credit.

In the case of qualifying business personal property tax paid by an S corporation, each shareholder must take into account their pro rata share of both the property tax paid by the partnership and the actual value of the property taxed when calculating the allowable credit.

### Claiming the credit

Individuals claiming the credit must complete and submit [Individual Credit Schedule \(DR 0104CR\)](#) with their [Colorado Individual Income Tax Return \(DR 0104\)](#).

C corporations claiming the credit must file a [Colorado C Corporation Income Tax Return \(DR 0112\)](#).

Tax-exempt entities that are required to file a [Colorado C Corporation Income Tax Return \(DR 0112\)](#) may claim the credit with their return. Tax-exempt entities that qualify for the credit but are not required to file form DR 0112 may claim the credit by filing a [Colorado Exempt Entity Income Tax Credit Return \(DR 0990\)](#).

Taxpayers and tax-exempt entities claiming the credit must submit a copy of their property tax statement(s) for all of their personal property for the property tax year for which the credit is claimed.

If the allowable credit exceeds the taxpayer's income tax liability, the excess credit is refunded to the taxpayer.

### Additional resources

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

### Statutes and regulations

- [§ 39-22-537.5. Credit for personal property taxes paid.](#)

### Forms and guidance

- [Tax.Colorado.gov](#)
- [Individual Credit Schedule \(DR 0104CR\)](#)
- [Colorado C Corporation Income Tax Return \(DR 0112\)](#)
- [Colorado Exempt Entity Income Tax Credit Return \(DR 0990\)](#)