



For tax years 2022 through 2025, early childhood educators who satisfy certain statutory requirements may claim a tax credit on their Colorado income tax return. The credit is allowed only to individuals whose federal adjusted gross income does not exceed certain limitations. The early childhood educator credit is refundable; if the credit allowed exceeds the taxpayer's Colorado tax liability, the excess credit is refunded to the taxpayer.

This publication is designed to provide general guidance regarding the early childhood educator credit and is intended to supplement guidance provided in the *Colorado Individual 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.

Eligible early childhood educators

An early childhood educator must meet all the following requirements relating to credentialing, qualifying licensure or employment, and income limitations to qualify for the credit.

Early childhood professional credentials

The eligible childhood educator must hold an early childhood professional credential issued by the Department of Early Childhood. The credential must designate them as an Early Childhood Professional I, II, III, IV, V, or VI. They must hold the professional credential for at least part of the income tax year for which the credit is claimed. Additional information about credentialing can be found online at [Coloradoshinespdis.com/articles/Website_content/Learn-about-Credentials](https://coloradoshinespdis.com/articles/Website_content/Learn-about-Credentials).

Qualifying licensure or employment

The early childhood educator must be either the licensee of an eligible program or be employed by an eligible program for at least six months of the income tax year for which the credit is claimed. Eligible programs for purposes of the early childhood educator credit can be either of the following:

- licensed childcare programs that provide childcare and education to children five years of age or younger; or
- licensed family childcare homes.

Eligible programs must be licensed by the Department of Early Childhood, Division of Early Learning Licensing and Administration, and must have held at least a level one quality rating pursuant to the Colorado Shines Quality Rating and Improvement System for the income tax year for which the credit is claimed. Additional information about eligible programs and ratings can be found online at [Coloradoshines.com/programs](https://coloradoshines.com/programs).

Income limitations

An individual may claim the credit only if their adjusted gross income (AGI) for the tax year does not exceed the following limits:

Income Limitations

Filing Status	AGI Limitation
Single	\$75,000
Joint	\$150,000

If the taxpayer's AGI exceeds these limitations, they may not claim the early childhood educator credit.

Allowable credit

The amount of credit an eligible early childhood educator may claim is based on the level of early childhood professional credential they hold during the tax year and the tax year for which the credit is claimed. The credit amounts for tax years after 2022 will be adjusted to reflect inflation.

Credit Amounts Based on Credential Level and Tax Year

Credential Level	Tax Year 2022	Tax Year 2023
Professional I	\$750	TBD
Professional II	\$1,000	TBD
Professional III, IV, V or VI	\$1,500	TBD

Each eligible early childhood educator is only allowed one credit per income tax year. If two taxpayers filing jointly are both eligible early childhood educators, they may both claim the credit on their return.

If an early childhood educator earns early childhood professional credentials at multiple levels in the same year, the credit is based on the highest early childhood professional credential obtained during the income tax year. For example, if an individual holds a level II credential for most of the year and attains a level III credential within the same tax year, they may claim the credit for the level III credential.

Claiming the credit

Eligible early childhood educators must file a *Colorado Individual Income Tax Return (DR 0104)* with both of the following attachments to claim the credit:

- *Individual Credit Schedule (DR 0104CR)*,
- *Early Childhood Educator Income Tax Credit (DR 1703)*

If two taxpayers filing jointly are both eligible early childhood educators, they must each complete the applicable section of the DR1703 attesting to their eligibility for the credit.

Forms and instructions are available online at [Tax.Colorado.gov/individual-income-tax-forms](https://tax.colorado.gov/individual-income-tax-forms).

Refund for excess credit

If the amount of the early childhood educator credit exceeds the taxpayer's Colorado tax liability, the excess credit will be refunded to the taxpayer.

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to the early childhood educator 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 with specific questions should consult their tax advisors.

Statutes and regulations

- § 39-22-547, C.R.S. Early childhood educator income tax credit.
- § 26.5-2-202, C.R.S. Definitions.
- § 26.5-5-303, C.R.S. Definitions.

Forms and guidance

- [Colorado.gov/Tax](https://tax.colorado.gov/Tax)
- *Individual Credit Schedule (DR 0104CR)*
- *Early Childhood Educator Income Tax Credit (DR 1703)*