

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. Under certain circumstances, taxpayers who are not eligible for the federal EITC may still be eligible to claim the Colorado EITC.

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. However, certain taxpayers who may not claim the federal EITC may still be eligible for the Colorado EITC. General residency and eligibility requirements 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. Please see *Part 1* of the *Colorado Individual Income Tax Guide* for additional information regarding Colorado residency.

## Eligibility for Colorado 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 allowed 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. For additional information, please see form DR 0104TN, *Colorado Earned Income Tax Credit Schedule for ITIN Filers or Certain Filers Under Age 25*, and its instructions, available online at [Tax.Colorado.gov/individual-income-tax-forms](https://tax.colorado.gov/individual-income-tax-forms).

Additionally, beginning with tax year 2022, resident individuals under age 25 who do not have a qualifying child and who do not qualify for the federal EITC may be able to claim the Colorado EITC. To qualify for the Colorado EITC, these resident individuals must have a work-eligible social security number and must be either:

- Age 24 at the end of the tax year if they are a specified student; or
- Age 19-24 at then end of the tax year if they are not a specified student; or
- Age 18-24 at the end of the tax year if they are a qualified former foster youth or qualified homeless youth.

For more information regarding these qualifying criteria, please see form DR 0104TN, *Colorado Earned Income Tax Credit Schedule for ITIN Filers or Certain Filers Under Age 25*, and its instructions, instructions available online at [Tax.Colorado.gov/individual-income-tax-forms](https://tax.colorado.gov/individual-income-tax-forms).



## 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).

The taxpayer must also complete the *Colorado Earned Income Tax Credit for ITIN Filers Schedule* (DR 0104TN) in either of the following situations:

- the taxpayer, their spouse, or any of their dependents do not have an SSN that is valid for employment; or
- the taxpayer is under age 25 at the end of the tax year and does not have a qualifying child.

Forms and instructions are available online at [Tax.Colorado.gov/individual-income-tax-forms](https://tax.colorado.gov/individual-income-tax-forms). For information about obtaining an ITIN (Individual Taxpayer Identification Number), please visit the IRS website at [IRS.gov/individuals/individual-taxpayer-identification-number](https://irs.gov/individuals/individual-taxpayer-identification-number).

## Calculating the credit

In general, the Colorado EITC a taxpayer may claim is equal to a percentage of the federal EITC the taxpayer claimed and was allowed for the same tax year. The percentages vary by tax year and are shown in the following table.

**Credit Percentages**

Tax Year(s)	Credit Percentage
2017 - 2021	10%
2022	20%
2023	50%
2024	38%
2025	25%
2026 and later	20%

The percentages in the preceding table are also used to calculate the Colorado EITC for taxpayers who cannot claim the federal credit, but who qualify to claim the Colorado EITC using form DR 0104TN, *Colorado Earned Income Tax Credit for ITIN Filers Schedule*.

For tax years 2020 and later, if the taxpayer, their spouse, or any of their dependents did not have an SSN that is valid for employment, and therefore could not claim the federal EITC, the Colorado EITC is equal to a percentage of 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 2022 and later, if the taxpayer was under age 25 at the end of the tax year and did not have a qualifying child, and therefore could not claim the federal EITC, the Colorado EITC is equal to a percentage of the federal EITC the taxpayer would have been allowed under the minimum age requirements in section 32(n)(1) of the Internal Revenue Code.



### Refundability

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 on their *Part-Year Resident/Nonresident Tax Calculation Schedule* (DR 0104PN). After calculating the Colorado EITC they would have been eligible for as a full year resident, as described earlier in this publication, a part-year resident must multiply the credit by the apportionment percentage (not to exceed 100%) from 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.
- Rule 39-22-123.5. Earned income tax credit.
- 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)
- [Tax.Colorado.gov/individual-income-tax-forms](https://tax.colorado.gov/individual-income-tax-forms)
- [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://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?](#)