

Income Tax Topics: Electric-Powered Lawn Equipment Credit



For income tax years commencing on or after January 1, 2024, but before January 1, 2027, Colorado allows an income tax credit to incentivize the purchase of electric-powered lawn equipment. The credit is allowed to qualified retailers for all retail sales of new, electric-powered lawn equipment sold in Colorado during the retailer's income tax year. The qualified retailer may claim a credit equal to 33% of the aggregate purchase price of the qualifying electric-powered lawn equipment and must provide the purchaser a discount as described later in this publication. The credit is subject to several requirements and limitations discussed in this publication.

This publication is designed to provide general guidance regarding the credit and is intended to supplement guidance provided in the [Colorado Individual Income Tax Guide](#) and the [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.

Qualified retailers

Only qualified retailers may claim the credit. Purchasers may not claim the credit on their own income tax returns. A retailer that sells new, electric-powered lawn equipment must satisfy all of the following criteria to qualify for the credit:

- They must hold a current Colorado sales tax license.
- They must have timely filed monthly Colorado sales tax returns showing a tax liability for at least twelve months.
- They must have paid the taxes due on each monthly sales tax return.
- They must have registered with the Department for the credit.

Registration

Before selling a piece of new, electric-powered lawn equipment for which a retailer intends to claim this credit, the retailer must register as a qualified retailer with the Department through its Revenue Online account. If the retailer is an affiliated corporation included in a combined or consolidated return, the registration must be made under the account for the parent corporation or other filing member. If the retailer is a partnership or S corporation, the registration must be made under the account for the partnership or S corporation. If the retailer is a limited liability company (LLC) that is disregarded for tax purposes, the registration must be made under the account of the member.

If the qualified retailer does not have a Revenue Online account, it must first [create an account](#). A qualified retailer with an active Revenue Online account should see an option to "Submit Electric Powered Lawn Equipment and Electric Bicycle Registration" within their income tax account. One or two days after selecting this option and completing the required steps, the qualified retailer should see an option to "Submit Electric Powered Lawn Equipment Records" on their Revenue Online income tax account. For additional guidance, please visit [Tax.Colorado.gov/electric-powered-lawn-equipment-tax-credit](https://tax.colorado.gov/electric-powered-lawn-equipment-tax-credit).

Qualifying lawn equipment

A qualified retailer is allowed a credit for each retail sale of new, electric-powered lawn equipment sold in Colorado. Lawn mowers, leaf blowers, trimmers, and snowblowers are all lawn equipment that can qualify for the credit.

Electric-powered

Qualifying lawn equipment must have an electric motor that is powered exclusively by electricity through an electrical outlet or by a rechargeable battery to qualify for the credit. Lawn equipment that is manual, hybrid, or partially electric is not powered exclusively by electricity and does not qualify for the credit.

While qualifying lawn equipment must be electric-powered to qualify for the credit, any ancillary pieces sold separately that may be necessary to operate the equipment, such as chargers, batteries, or extension cords, do not qualify for the credit.

New qualifying lawn equipment

Qualifying lawn equipment must be new at the time of purchase to qualify for the credit. Lawn equipment is new if it is being transferred for the first time from a manufacturer, dealer or agent of a manufacturer, or retailer to the end user or consumer. Qualifying lawn equipment used by a qualified retailer as a rental is not considered new.

Qualifying lawn equipment that was previously sold and returned to the qualified retailer is considered new and eligible for the credit on a subsequent sale if:

- The qualified retailer provided a full refund of the purchase price (less the required discount) to the original purchaser; and
- The lawn equipment that was returned is marketed and sold in new condition for the full price on a subsequent sale and is not discounted because it was previously returned.

Qualifying lawn equipment used by a qualified retailer for the purpose of demonstration is considered new and eligible for the credit if:

- The lawn equipment was not used by the qualified retailer as a rental; and
- The lawn equipment is marketed and sold in new condition for the full price and is not discounted because it was previously used for demonstration purposes.

Specific types of qualifying lawn equipment

Lawn mowers, leaf blowers, trimmers, and snowblowers can all qualify for the credit.

Lawn Mower

For the purpose of the credit, a lawn mower is any machine with one or more revolving or rotating blades used for cutting grass on a lawn. Various types of lawn mowers can qualify for the credit, including push or walk-behind, reel or cylinder, riding or ride-on, stand-behind, hover, and robotic mowers as well as lawn tractors, brush cutters, and brush mowers.

Brush hogs or rotary cutters, grooming mowers, flail mowers or shredders, hay and forage mowing equipment, and farm tractors are not lawn mowers and do not qualify for the credit.

Leaf Blower

The credit is allowed for leaf blowers, which are machines that generate a concentrated stream of air that blows or vacuums debris such as dirt, dust, leaves, grass, clippings, cuttings, and trimmings. Leaf blowers come in various forms, including hand-held models, backpack models, corded and cordless models, walk-behind models, leaf vacuums, and combo kits that include a leaf blower.

Trimmer

Trimmers for which a credit may be claimed are portable machines with cords, blade(s), or line that cut, clip, pare, prune, or remove unwanted or untidy parts of a lawn, tree, hedge, bush, or shrub. The credit may be claimed for corded or cordless string and hedge trimmers, grass shears, pruners, loppers, and combo kits that include a trimmer.

Chainsaws and tractor-mounted hedge trimmers do not qualify for the credit.

Snowblower

The credit is allowed for snowblowers, which are machines with an auger to remove snow by picking it up and propelling it aside through a chute. Snowblower includes snow throwers.

Snowplows and devices that attach to a tractor or other vehicle do not qualify for the credit.

Qualifying Sales

A qualified retailer is allowed a credit for all retail sales of new, electric-powered lawn equipment that the qualified retailer sold in Colorado during a tax year for which the credit is allowed.

Eligible tax years

The credit is allowed for qualifying sales made during income tax years beginning on or after January 1, 2024, but before January 1, 2027. Sales made during a qualified retailer's tax year beginning prior to January 1, 2024, or after December 31, 2026, do not qualify for the credit even if those sales are made between January 1, 2024, and January 1, 2027.

Example

A qualified retailer's income tax year is a fiscal year running from July 1 to June 30. The qualified retailer cannot claim any credits on its return for its tax year running from July 1, 2023, through June 30, 2024, even if those sales occur on or after January 1, 2024. However, the qualified retailer can claim credits on its return for its tax year running from July 1, 2026, through June 30, 2027, even if those sales occur on or after January 1, 2027.

Retail Sales

A qualified retailer must make a retail sale of a new, electric-powered lawn equipment to be eligible for the credit. A retail sale is a sale to the user or consumer. A sale to a retailer, dealer, or wholesaler for the purpose of resale is not a retail sale. For additional information about retail sales, please see Part 1 of the [Colorado Sales Tax Guide](#).

Sales in Colorado

Lawn equipment must be sold in Colorado to qualify for the credit. A retail sale is made in Colorado if it is sourced to Colorado in accordance with Colorado sales tax law. In general, a retail sale is sourced to the location where the purchaser takes possession of the purchased property. For more information regarding the sourcing of retail sales, please see Part 1 of the [Colorado Sales Tax Guide](#).

Retailer credit and purchaser discount

A qualified retailer may claim a credit equal to 33% of the aggregate purchase price for all qualifying retail sales of new, electric-powered lawn equipment sold in Colorado during the retailer's income tax year.

The qualified retailer claiming the credit must provide to the purchaser, at the time of the retail sale, a discount equal to 30% of the purchase price of the qualifying lawn equipment. The qualified retailer must show the discount as a separate and distinct line item from the price of the items purchased and any applicable taxes or fees on a written or electronic receipt or invoice provided to the purchaser.

The qualified retailer may retain an administrative fee not to exceed 3% of the purchase price of the new, electric-powered lawn equipment sold.

The credit, required discount, and administrative fee are all calculated on the full purchase price of the new, electric-powered lawn equipment without reduction for the amount of the discount required to be provided by the qualified retailer to the purchaser. Please see Part 3 of the [Colorado Sales Tax Guide](#) for more information about purchase price.

However, if the qualified retailer provides a store coupon or other discount reducing the sales price, the amount of credit, required discount, and administrative fee are all calculated on the sales price after reduction by the store coupon or other discount.

There is no minimum or maximum purchase price for new, electric-powered lawn equipment that may be sold and eligible for the credit and discount.

Sales tax

Sales tax is calculated on the full purchase price of the new, electric-powered lawn equipment without reduction for the amount of the discount required to be provided by the qualified retailer to the purchaser.

However, if the qualified retailer provides a store coupon or other discount reducing the sales price, the sales tax is calculated on the purchase price after reduction by the store coupon or other discount.

Please see Part 3 of the [Colorado Sales Tax Guide](#) for more information about sales tax.

Returned lawn equipment

No credit is allowed if the electric-powered lawn equipment is returned. However, returned electric-powered lawn equipment that is still considered new may be eligible for a credit on a subsequent sale if it meets the conditions required to be considered new. Please see "New qualified electric bicycles" earlier in this publication for information about the conditions under which a subsequent sale of returned electric-powered lawn equipment qualifies for the credit.

Please see "Reporting returns" below for information about reporting returned sales.

Reporting and filing requirements

The qualified retailer must electronically submit quarterly reports through their [Revenue Online](#) account. It must also file a Colorado income tax return to claim the credit.

Quarterly reports

A qualified retailer must electronically submit quarterly reports by selecting “Submit Electric Powered Lawn Equipment Credit Records” in the [Revenue Online](#) account that registered for this credit as described earlier in this publication to be eligible to claim the credit.

Due dates

Qualified retailers must file their quarterly reports in accordance with the reporting schedules indicated in the following tables. The first table shows the reporting schedule for calendar year taxpayers whose tax year runs from January through December. The second table shows the reporting schedule for fiscal year filers whose tax year begins and ends in any other months. In addition to their four quarterly reports, qualified retailers must file a final report, as discussed later in this publication.

A qualified retailer must file each quarterly report after the close of the quarter and no later than the fifteenth day following the close of the quarter.

Reporting Schedule for Calendar Year Filers

Quarter	Included Months	Due Date
First	January, February, and March	April 15 th
Second	April and May	June 15 th
Third	June, July, and August	Sept. 15 th
Fourth	September, October, and Nov.	Dec. 15 th

Reporting Schedule for Fiscal Year Filers

Quarter	Included Months	Due Date
First	1 st , 2 nd , and 3 rd	15 th day of 4 th month
Second	4 th and 5 th	15 th day of 6 th month
Third	6 th , 7 th , and 8 th	15 th day of 9 th month
Fourth	9 th , 10 th , and 11 th	15 th day of 12 th month

Final report

The qualified retailer must file a separate final electronic report that includes any qualifying sales made during the 12th month of the qualified retailer’s tax year (December for calendar year filers). Qualified retailers must also include in the final report any qualifying sales made during any prior month in the qualified retailer’s tax year but not included in any electronic quarterly report filed for the first, second, third, or fourth quarter of the qualified retailer’s tax year. The qualified retailer must file the final report by the due date for the qualified retailer’s income tax return, determined without regard to any extensions. However, the final report must be filed before the qualified retailer files its income tax return for the tax year.

Reporting qualifying sales

Each qualifying sale must be included in the first quarterly report due after the month in which the sale occurred. If the qualified retailer fails to include any qualifying sale in a timely filed quarterly report, the qualified retailer must include that qualifying sale in the quarterly report it files for a subsequent quarter within the same tax year. Any credit not included in any quarterly report must be included in the retailer’s final report.

Reporting returns

Each qualifying sale that is returned to the qualified retailer is not eligible for the credit. The qualified retailer shall deduct the credit amount previously earned from the returned qualifying sale when reporting the amount of credit earned on the quarterly report. Each quarterly report must include all qualifying sales that are returned to the qualified retailer during the quarter.

If the qualified retailer fails to include any returned qualifying sale in a timely filed quarterly report, the qualified retailer must include that returned qualifying sale in a quarterly report filed for a subsequent quarter within the same tax year. Any returned qualifying sale made during the twelfth month of the qualified retailer's tax year and any returned qualifying sales not included in any quarterly report for the tax year must be included in the final report.

Reporting corrections

Qualified retailers must electronically report any necessary corrections to previously reported credits. If a qualifying sale was not included in any quarterly report or the final report for the tax year in which the sale was made, the qualified retailer must send a web message through their [Revenue Online](#) account to request any necessary corrections to their quarterly reports.

Income tax return

The qualified retailer that registered for the credit as discussed earlier in this publication must file a Colorado income tax return for any tax year in which it claims the credit. A credit may be claimed only on the Colorado income tax return filed for the tax year in which the new, electric-powered lawn equipment was sold.

If the allowable credit exceeds the qualified retailer's tax liability for the income tax year, the excess credit will be refunded to the qualified retailer and may not be carried forward.

Estimated tax payments

Although credits may not be claimed prior to the filing of the qualified retailer's Colorado income tax return, a qualified retailer may take any allowable credits into account in calculating their required estimated payments for the tax year. Any allowable credits reduce the qualified retailer's tax liability for the tax year in which the new, electric-powered lawn equipment is sold and thereby reduce the amount of the required estimated payments.

For additional information regarding estimated payments, please see Part 7 of the [Colorado Individual Income Tax Guide](#) and Part 9 [Colorado Corporate Income Tax Guide](#).

Disallowed credits

The Department will disallow a credit claimed by a qualified retailer if the Department determines that the applicable requirements were not met, or the credit was otherwise claimed in error. The Department will issue notice of the disallowance to the qualified retailer. The qualified retailer will be liable for any resulting underpayment of tax, and any refund claimed by the qualified retailer will be appropriately reduced or disallowed, regardless of whether the qualified retailer recovers any part of the compensation it provided to the qualified purchaser.

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to the sale of electric-powered lawn equipment. 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

- § 39-22-550, C.R.S. Tax credit for reducing emissions for certain lawn equipment
- § 39-26-102, C.R.S. Definitions

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Tax.Colorado.gov/electric-powered-lawn-equipment-tax-credit](https://tax.colorado.gov/electric-powered-lawn-equipment-tax-credit)
- [Colorado.gov/revenueonline](https://colorado.gov/revenueonline)
- [Colorado Individual Income Tax Guide](#)
- [Colorado Corporate Income Tax Guide](#)
- [Colorado Sales Tax Guide](#)