

For income tax years commencing on or after January 1, 2024, but before January 1, 2033, Colorado allows an income tax credit to incentivize the purchase of electric bicycles. The credit is allowed to qualified retailers for all retail sales of new qualified electric bicycles sold in Colorado during the retailer's income tax year to a qualified purchaser. The qualified retailer may claim a credit equal to \$500 for each new qualified electric bicycle sold and must provide the purchaser a specified discount. The credit is subject to several requirements and limitations discussed later in this publication.

This publication is designed to provide general guidance regarding the electric bicycle 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

The credit is allowed only to qualified retailers. Purchasers may not claim the credit on their own income tax returns. A retailer that sells new qualified electric bicycles 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

Prior to selling a new qualified electric bicycle for which a retailer intends to claim this credit, the retailer must register as a qualified retailer with the Department. 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 disregarded LLC, the registration must be made under the account of the member/owner.

For specific instructions on how to register as a qualified retailer for the credit, please visit the [Tax.Colorado.gov/electric-bicycle-tax-credit](https://tax.colorado.gov/electric-bicycle-tax-credit).

Qualified electric bicycles

Not all electric bicycles sold at retail qualify for the credit. Electric bicycles, which include adaptive electric bicycles, must satisfy the following criteria to qualify for the credit:

- Be new at the time of purchase;
- Have 2 or 3 wheels and fully operable pedals;
- Have an electric motor that is 750 watts of power or less;
- Not be gasoline powered;
- Meet independent UL certification standards, UL 2849, UL 2271, or EN 15194; and
- Be a class 1, 2, or 3 electrical assisted bicycle.



Electrical Assisted Bicycle Class Requirements

<i>Class</i>	<i>Condition under which the motor provides assistance</i>	<i>Speed at which the motor ceases providing assistance</i>
Class 1	Only when the rider is pedaling	20mph
Class 2	Regardless of whether the rider is pedaling	20mph
Class 3	Only when the rider is pedaling	28mph

New qualified electric bicycles

Qualified electric bicycles must be new at the time of purchase to qualify for the credit. An electric bicycle 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. Electric bicycles are not considered new if:

- The electric bicycle was previously sold, unless it meets the conditions to be considered new below;
- The electric bicycle was used by a retailer for the purpose of demonstration; or
- The electric bicycle was used by a retailer for the purpose of a rental.

Electric bicycles that were previously sold and returned to the qualified retailer are still considered new and eligible for the credit on a subsequent sale if:

- The qualified retailer provided a full refund to the original qualified purchaser; and
- The electric bicycle can be resold in new condition for the full price on a subsequent sale and is not discounted because it was previously returned.

If a returned electric bicycle is used in such a way that it cannot be resold in new condition for the full price on a subsequent sale, the electric bicycle is no longer new and is not eligible for the credit.

Qualifying sales

A qualified retailer is allowed a credit for all retail sales of new qualified electric bicycles sold in Colorado to qualified purchasers during a tax year for which the credit is allowed, except that no credit is allowed for sales made prior to April 1, 2024.

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, 2033. For the income tax year commencing on January 1, 2024, the credit is allowed only for retail sales made on or after April 1, 2024, but on or before December 1, 2024. Any sales made prior to April 1, 2024, are not eligible for the income tax credit.

Sales made during a qualified retailer’s tax year beginning prior to January 1, 2024, or after December 31, 2033, do not qualify for the credit even if those sales are made between January 1, 2024, and January 1, 2033.

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 April 1, 2024. However, the qualified retailer can claim credits on its return for its tax year running from July 1, 2032, through June 30, 2033, even if those sales occur on or after January 1, 2033.

Retail Sales

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

Electric bicycles 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 in Colorado, please see Part 1 of the [Colorado Sales Tax Guide](#).

Qualified purchasers

An electric bicycle must be sold to a qualified purchaser to qualify for the credit. A purchaser must meet the following conditions to be considered a qualified purchaser:

- The purchaser must be an individual (legal entities, like corporations, do not qualify for the credit);
- The purchaser must be a Colorado resident; and
- The purchaser must not have previously purchased a qualified electric bicycle that was discounted by a qualified retailer claiming the credit in the same calendar year.

Proof of Residency

A qualified purchaser must provide proof of Colorado residency to receive the discount described later in this publication. [Form DR 0514](#), Qualified Purchaser of an Electric Bicycle Affidavit, lists all the types of documentation an individual may provide to the qualified retailer at the time of purchase to prove Colorado residency.

Retailer responsibility to verify residency

A qualified retailer must verify an individual is a Colorado resident by both:

- reviewing the proof of residency provided by a purchaser; and
- collecting either a signed and completed [form DR 0514](#), Qualified Purchaser of an Electric Bicycle Affidavit, or collecting the information required to complete the [form DR 0514 spreadsheet](#).

For additional information about the affidavit and instructions for retailers, please visit [Tax.Colorado.gov/electric-bicycle-tax-credit](https://tax.colorado.gov/electric-bicycle-tax-credit).

Retailer credit and purchaser discount

A qualified retailer may claim a credit equal to \$500 for each retail sale of a new qualified electric bicycle sold in Colorado to a qualified purchaser during the qualified retailer's income tax year.

The qualified retailer claiming the credit must provide to the qualified purchaser at the time of the retail sale a discount on the price of the qualified electric bicycle equal to the lesser of:

- \$450 dollars, or
- the price of the qualified electric bicycle.

The qualified retailer must show the discount as a separate line item on the receipt or invoice provided to the qualified purchaser.

The qualified retailer may retain an administrative fee not to exceed \$50 dollars for providing the discount.

For income tax years beginning on and after January 1, 2026, if revenue forecasts project that state revenues will not increase by at least 4% for the next fiscal year, the amount of the credit, the required discount, and the administrative fee are reduced by 50%.



Sales tax

Sales tax is calculated on the full purchase price of the new electric bicycle, rather than the net price to the consumer after deducting the amount of the discount required for the credit. However, if the qualified retailer provides a store coupon or other discount reducing the purchase 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 calculating sales tax.

Returned qualified electric bicycles

No credit is allowed if the qualified electric bicycle is returned. However, a returned qualified electric bicycle 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 the subsequent sale of a returned electric bicycle qualifies for the credit.

Please see the quarterly reporting instructions in [Revenue Online](#) for information about reporting returned sales.

Reporting and filing requirements

The qualified retailer must electronically submit quarterly reports through their Revenue Online account. They must also file a Colorado income tax return to claim the credit.

Quarterly reports

A qualified retailer can claim the credit only after electronically submitting quarterly reports through their [Revenue Online](#) account. If the qualified retailer is an affiliated corporation included in a combined or consolidated return, the parent corporation or other filing member must file the quarterly reports through their own [Revenue Online](#) account. If the qualified retailer is a partnership or S corporation, the partnership or S corporation must file the quarterly reports through their own [Revenue Online](#) account. If the qualified retailer is a disregarded LLC, the member/owner must file the quarterly reports through their own [Revenue Online](#) account.

Due dates

The due dates for quarterly reports coincide with the qualified retailer’s due dates for estimated tax payments. Please see Part 7 of the [Colorado Individual Income Tax Guide](#) and Part 9 [Colorado Corporate Income Tax Guide](#) for additional information regarding estimated payments.

Reporting qualifying sales and submitting affidavits

Each qualifying sale and the corresponding DR 0514 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 and the corresponding DR 0514 in the appropriate quarterly report, the qualified retailer may include that sale and the corresponding DR 0514 in the report they file for a subsequent quarter. However, if a qualifying sale and the corresponding DR 0514 was not included in any quarterly 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.

Along with the quarterly report, the qualified retailer must upload either the collected forms DR 0514 from each qualifying sale or the [form DR 0514 spreadsheet](#) with information from each qualifying sales. For instructions about filing quarterly reports, please visit Tax.Colorado.gov/electric-bicycle-tax-credit.

Income tax return

The qualified retailer must file a Colorado income tax return with the applicable credit schedule to claim the credit. If the qualified retailer is an affiliated corporation included in a combined or consolidated return, the parent corporation or other filing member must claim the credit on its Colorado income tax return.

The credits may be claimed only on the Colorado income tax return filed for the tax year in which the new qualified electric bicycles were sold. If the previously filed quarterly reports do not accurately reflect the correct number of qualifying sales made by the qualified retailer during the income tax year, the retailer must send a web message through their [Revenue Online](#) account to request any necessary corrections to their quarterly reports.

If the allowable credits exceed 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 qualified electric bicycle is sold and thereby reduces the amount of the required estimated payments.

For information about estimated payments, please see Part 7 of the [Colorado Individual Income Tax Guide](#) and Part 8 [Colorado Corporate Income Tax Guide](#).

Advance payment of credits

For income tax years beginning on or after January 1, 2025, a qualified retailer may elect to receive advanced payment of the credits earned when filing required quarterly reports. The qualified retailer must specify how much of the credits earned in that quarter they elect to receive in advance payments.

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to the sale of electric bicycles. 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

- § 39-22-555, C.R.S. Electric bicycle tax credit.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Tax.Colorado.gov/electric-bicycle-tax-credit](https://tax.colorado.gov/electric-bicycle-tax-credit)
- [Qualified Purchaser of an Electric Bicycle Affidavit \(DR 0514\)](#)
- [Revenue Online](#)
- [Colorado Sales Tax Guide](#)
- [Colorado Individual Income Tax Guide](#)
- [Colorado Corporate Income Tax Guide](#)