

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 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 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 single 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 Bicycle Tax Credit Records" on their Revenue Online income tax account. For additional guidance, please visit [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. Qualified electric bicycles used by a qualified retailer as a rental are not considered new.

Qualified electric bicycles that were previously sold and returned to the qualified retailer are considered new and eligible for the credit on a subsequent sale if both of the following conditions are met:

- The qualified retailer provided a full refund of the purchase price (less the required discount) to the original qualified purchaser; and
- The electric bicycle 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.

Qualified electric bicycles used by a qualified retailer for the purpose of demonstration are considered new and eligible for the credit if both of the following conditions are met:

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

Qualifying sales

A qualified retailer is allowed a credit for each retail sale of a new qualified electric bicycle 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 31, 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, 2022, through June 30, 2023, even if those sales occur on or after January 1, 2023.

Retail Sales

A qualified retailer must make a retail sale of a new qualified electric bicycle 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

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

A qualified 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 eligibility

At the time of the sale, a qualified retailer must verify an individual is a Colorado resident.

The qualified retailer must review the proof of residency provided by a purchaser in accordance with the directions on [form DR 0514](#), Qualified Purchaser of an Electric Bicycle Affidavit, and ensure the box on the affidavit that is checked or listed corresponds with the document the qualified retailer reviewed.

The qualified retailer must also collect from the purchaser either a signed and completed [form DR 0514](#), Qualified Purchaser of an Electric Bicycle Affidavit, or 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 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 a discount to the qualified purchaser at the time of the retail sale. The qualified retailer may retain an administrative fee for providing the discount.

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 qualified purchaser.

The maximum allowable amounts of credit, discount, and administrative fee are shown in the following table, except that the required discount is limited to the price of the qualified electric bicycle.

Credit, Discount, and Administrative Fee Amounts

<i>Tax Year</i>	<i>Credit</i>	<i>Discount</i>	<i>Administrative Fee</i>
2024	\$500	\$450	\$50
2025	\$500	\$450	\$50
2026	\$250	\$225	\$25

For qualified retailers that are fiscal year filers, the amount of the credit, required discount, and maximum administrative fee are determined by the first day of the tax year during which the qualifying sale was made. For example, if a qualified retailer's tax year runs from July 1, 2025, through June 30, 2026, the allowable credit for each qualifying electric bicycle sold during the tax year is \$500, because the tax year began in 2025. The credit allowed for each qualifying electric bicycle sold during the qualified retailer's next tax year, which runs from July 1, 2026, through June 30, 2027, will be \$250, because the tax year began in 2026.

Sales tax

Sales tax is calculated on the full purchase price of the new qualified electric bicycle without reduction for the amount of the discount the qualified retailer must provide to the qualified purchaser.

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 “Reporting returns”, later in this publication, 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 must electronically submit quarterly reports through the [Revenue Online](#) account registered for the credit as described earlier in this publication. A qualified retailer cannot claim any credit for any qualifying sale that was not included in a quarterly report submitted by the qualified retailer prior to filing their income tax return.

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 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 and the corresponding affidavits collected 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 and the corresponding affidavits collected 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 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 a timely filed quarterly report, the qualified retailer may include that sale and the corresponding DR 0514 in the quarterly report they file 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.

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.

Reporting returned electric bicycles

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 and the corresponding DR 0514 were 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 must file a Colorado income tax return to claim the credit. The return must be filed under the account that registered for the credit, and on which the quarterly reports were submitted, as discussed earlier in this publication. 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. The qualified retailer must include an Assigned Innovative Motor Vehicle and Truck Credits and Electric Bicycle Credit Reconciliation Schedule (DR 0619) with their return.

Advance payment of credits

For income tax years beginning on or after January 1, 2025, a qualified retailer may request advance payment of the credits on a quarterly basis. Qualified retailers may request advance payments only when submitting their quarterly reports through Revenue Online, as discussed earlier in this publication. Qualified retailers may not request advance payments on the final report filed for their tax year.

A qualified retailer is not required to request advance payment for all credits claimed during the quarter. Any allowable credit for which the qualified retailer does not request advance payment will be applied toward the qualified retailer's tax liability when the qualified retailer files their annual income tax return. Accordingly, qualified retailers may consider the amount of such credit when determining the quarterly estimated payments they must remit, if any, during the tax year. If the available credit exceeds the qualified retailer's tax liability, the excess will be refunded to the qualified retailer.

If the aggregate amount of advance payments provided to the qualified retailer in the tax year exceeds the amount of the credit allowed to the qualified retailer, the qualified retailer must report the difference as a recaptured credit amount on form DR 0619.

Protest Rights

A qualified retailer cannot protest or request a hearing with respect to any adjustments the Department makes to an advance payment request. A qualified retailer does not have protest rights until they file their income tax return claiming the credit. A qualified retailer that has filed their income tax return may file a protest or request for hearing if the claim for an applicable credit is rejected. Please visit [Tax.Colorado.gov/taxation-disputes](https://tax.colorado.gov/taxation-disputes) for additional information.

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 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.
- § 39-22-629. Advance payments of income tax credits - definitions.
- Rule 39-22-555. Electric Bicycle Tax Credit.
- Rule 39-22-629. Advance Payments of Income Tax Credits.

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 \(DR 0514\)](#)
- [Assigned Innovative Motor Vehicle and Truck Credits and Electric Bicycle Credit Reconciliation Schedule \(DR 0619\)](#)
- [Revenue Online](#)
- [Colorado Sales Tax Guide](#)
- [Colorado Individual Income Tax Guide](#)
- [Colorado Corporate Income Tax Guide](#)