

Colorado allows a refundable income tax credit for the purchase or lease of a qualifying truck. In general, the credit is allowed for new electric, plug-in hybrid electric, and hydrogen fuel cell trucks that are titled and registered in Colorado, although several additional requirements apply. The amount of the credit varies by tax year. A purchaser or lessee of a qualifying truck can assign the credit to the financing entity or motor vehicle dealer.

This publication is designed to provide general guidance regarding the innovative truck credit and to supplement guidance provided in the *Colorado Individual Income Tax Guide* and *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.

For information about the innovative motor vehicle credit, please see Department publication *Income Tax Topics: Innovative Motor Vehicle Credit*, available online at [Tax.Colorado.gov/current-guidance-publications](https://tax.colorado.gov/current-guidance-publications). Please see Department publication *FYI Income 70: Innovative Truck Credits* for information about innovative truck credits allowed for tax years commencing prior to January 1, 2022, for motor vehicles and trucks that run on compressed natural gas, liquefied natural gas, or liquefied petroleum gas; and idling reduction and aerodynamic technologies.

## Eligible purchasers and lessees

Any taxpayer that purchases or leases a qualifying truck during the tax year can claim the credit. Individuals, estates, trust, and C corporations may claim a credit with respect to each qualifying truck they purchase or lease. In the case of a qualifying truck purchased or leased by a partnership or S corporation, the credit is allowed to its partners or shareholders.

For income tax years commencing on or after January 1, 2024, tax-exempt entities and local governments in Colorado may claim a credit for qualifying trucks they purchase or lease.

## Qualifying trucks

A credit is allowed for the purchase or lease of an electric or plug-in hybrid electric truck that meets all of the following requirements:

- A qualifying truck must have a maximum speed of at least 55 mph;
- It must have a gross vehicle weight rating (GVWR) of more than 8,500 pounds;
- It must be propelled to a significant extent by an electric motor;
- Its battery must be capable of being recharged from an external source of electricity;
- Its battery must have a capacity of at least 4 kWh;
- It must be new at the time of purchase or lease; and
- It must be titled and registered in Colorado or registered under the International Registration Plan (IRP) and base plated in Colorado.

A credit is also allowed for the purchase or lease of certain hydrogen trucks. The truck must satisfy all of the requirements listed above, except those requirements relating to the battery, and instead must be powered by one or more hydrogen fuel cells. The hydrogen fuel cell(s) must convert chemical energy directly into electricity by combining oxygen with hydrogen fuel that is stored on board the vehicle in any form.

The credit is also allowed for light-duty passenger motor vehicles capable of seating 12 passengers or less and busses with a minimum seating capacity of 33, including the driver, that satisfy all of the preceding requirements. Light-duty passenger motor vehicles with a GVWR of 8,500 pounds or less may qualify for the innovative motor vehicle credit, rather than the innovative truck credit. For additional information, please see Department publication *Income Tax Topics: Innovative Motor Vehicle Credit*, available online at [Tax.Colorado.gov/current-guidance-publications](https://tax.colorado.gov/current-guidance-publications).

## New trucks

A credit is allowed only for qualifying trucks that are new at the time of purchase or lease. A truck is new only the first time it is transferred from a manufacturer or importer, or dealer or agent of a manufacturer or importer, to the end user or customer.

A truck that has been used by a dealer for the purpose of demonstration to prospective customers is considered new unless such demonstration use has been for more than 1,500 miles.

Any truck that has been titled or registered or both in Colorado or any other state or jurisdiction prior to purchase or lease is not considered new.

## Titling and registration requirements

A credit is allowed only for trucks that are either titled in Colorado and registered by the purchaser or lessee in Colorado or are registered by the purchaser or lessee under the International Registration Plan (IRP) and base plated in Colorado. A temporary registration permit issued by the motor vehicle dealer is not sufficient to satisfy the Colorado registration requirement.

A qualifying truck may be acquired by the purchaser or lessee outside of Colorado, but it will not qualify for a credit if it has been titled or registered or both in any other state prior to being titled and registered in Colorado. If a purchaser or lessee takes possession of a truck in another state, the issuance of a temporary license plate by that state for the purpose of moving the truck to Colorado does not constitute registration in that state.

Although a qualifying truck must be titled and registered in Colorado or registered under the IRP and base plated in Colorado, the purchaser or lessee does not need to be a Colorado resident. For example, a nonresident military servicemember stationed in Colorado can claim a credit for a qualifying truck they purchase or lease and title and register in Colorado.

## Nonqualifying trucks

Any truck that does not meet all applicable requirements does not qualify for the credit. Non-qualifying trucks include, but are not limited to, the following types of trucks:

- Any used truck;
- Any truck with a maximum speed of less than 55 mph; and
- Any truck titled or registered or both in another state prior to being titled and registered in Colorado.

## Qualifying leases

If the qualifying truck is leased, the credit is allowed to the lessee, not the lessor. The lease must be for a term of at least two years. For vehicle and truck leases, early termination of a bona fide lease agreement for a term of at least two years will not abrogate the lessee's right to the credit or require any recapture of the credit previously claimed for the lease. The lessee may elect to assign the credit to a financing entity or motor vehicle dealer, as discussed later in this publication.

## Other credits, grants, and rebates

Qualifying motor vehicles may also be eligible for other credits, grants, and rebates, including federal income tax credits. Any other credit, grant, or rebate allowed to the purchaser or lessee of a qualifying motor vehicle or truck does not affect the purchaser's or lessee's ability to claim the innovative motor vehicle credit.



## Allowable credit amounts

The following tables list allowable credit amounts based the tax year and whether the qualifying truck was purchased or leased. For the purpose of determining the allowable credit amount, the purchase or lease generally is not considered complete until the purchaser or lessee takes possession of the truck.

For fiscal year filers, the tax year is determined by its starting date. For example, a fiscal year beginning July 1, 2023, and ending June 30, 2024, is considered tax year 2023.

A purchaser or lessee of multiple qualifying trucks may claim credit for each qualifying truck they purchase or

lease. There is no limit on number of qualifying trucks for which a purchaser or lessee may claim a credit. No more than one credit may be claimed for any particular truck.

### Light-duty passenger motor vehicles

Light-duty passenger motor vehicles are private passenger motor vehicles, including vans, capable of seating 12 passengers or less, but not including motor homes or motor vehicles designed to travel on three or fewer wheels in contact with the ground. If a qualifying vehicle is both a light-duty passenger motor vehicle and a light-duty truck, it is eligible for the credit allowed for light-duty passenger motor vehicles.

### Credit Amounts by Tax Year for the Purchase of a Qualifying Truck

Tax Year	Light-Duty Passenger Motor Vehicles (8,501 - 10,000 lbs. GVWR)	Light Duty Electric Trucks (8,501 - 10,000 lbs. GVWR)	Medium Duty Electric Trucks (10,001 - 26,000 lbs. GVWR)	Heavy Duty Trucks (greater than 26,000 lbs. GVWR)
2019	\$5,000	\$7,000	\$10,000	\$20,000
2020	\$4,000	\$5,500	\$8,000	\$16,000
2021	\$2,500	\$3,500	\$5,000	\$10,000
2022	\$2,500	\$3,500	\$5,000	\$10,000
2023	\$2,000	\$2,800	\$4,000	\$8,000
2024	\$5,000	\$5,000	\$12,000	\$12,000
2025	\$3,500	\$3,500	\$12,000	\$12,000
2026	TBD	TBD	\$4,000	\$8,000
2027	TBD	TBD	\$4,000	\$8,000
2028	TBD	TBD	\$4,000	\$8,000

Credit amounts for light-duty passenger motor vehicles and light-duty electric trucks purchased in tax years 2026 through 2028 will be determined based on revenue forecasts prepared by the Legislative Council Staff or the Office of State Planning and Budgeting.

The allowable credit a purchaser may claim for the purchase of a qualifying truck in any tax year may not exceed the difference in manufacturer’s suggested retail price (MSRP) between the qualifying truck and a comparable truck that runs on either gasoline or diesel fuel.



**Credit Amounts by Tax Year for the Lease of a Qualifying Truck**

<i>Tax Year</i>	<i>Light-Duty Passenger Motor Vehicles (8,501 - 10,000 lbs. GVWR)</i>	<i>Light Duty Electric Trucks (8,500 - 10,000 lbs. GVWR)</i>	<i>Medium Duty Electric Trucks (10,001 - 26,000 lbs. GVWR)</i>	<i>Heavy Duty Trucks (greater than 26,000 lbs. GVWR)</i>
2018	\$2,500	\$3,500	\$5,000	\$10,000
2019	\$2,500	\$3,500	\$5,000	\$10,000
2020	\$2,000	\$2,750	\$4,000	\$8,000
2021	\$1,500	\$1,750	\$2,500	\$5,000
2022	\$1,500	\$1,750	\$2,500	\$5,000
2023	\$1,500	\$1,750	\$2,500	\$5,000
2024	\$5,000	\$5,000	\$12,000	\$12,000
2025	\$3,500	\$3,500	\$12,000	\$12,000
2026	TBD	TBD	\$4,000	\$8,000
2027	TBD	TBD	\$4,000	\$8,000
2028	TBD	TBD	\$4,000	\$8,000

Credit amounts for light-duty passenger motor vehicles and light-duty electric trucks leased in tax years 2026 through 2028 will be determined based on revenue forecasts prepared by the Legislative Council Staff or the Office of State Planning and Budgeting.

The allowable credit a lessee may claim for the lease of a qualifying truck in any tax year may not exceed the difference in manufacturer’s suggested retail price (MSRP) between the qualifying truck and a comparable truck that runs on either gasoline or diesel fuel.



## Credit assignment

A purchaser or lessee may assign the allowable credit to a motor vehicle dealer or financing entity who accepts assignment of the credit (the “assignee”). The assignment must be completed at the time of purchase or lease by executing the required election statement. The assignee must compensate the truck purchaser or lessee for the assigned credit. A purchaser or lessee who assigns the credit forfeits the right to claim the credit on the purchaser’s or lessee’s income tax return. The purchaser or lessee must title and register the truck in Colorado as required by state law or register the truck under the International Registration Plan (IRP) and base plate the truck in Colorado.

The amount of the credit is determined by the tax year in which the qualifying truck is purchased or leased. For the purpose of determining the allowable credit amount, the purchase or lease generally is not considered complete until the purchaser or lessee takes possession of the truck. If the assignee has a different tax year (e.g. a fiscal tax year) than the purchaser or lessee, the amount of the credit is determined with respect to the purchaser’s or lessee’s tax year and not the assignee’s tax year.

## Compensation for credit assignment

The assignee must compensate the truck purchaser or lessee for the full amount of the assigned credit. Such compensation must be made effective on the date the election statement to assign the credit is executed and not applied at any subsequent date. Compensation must be made in the form of a cash payment, a reduction in cash price, a capitalized cost reduction, or some similar consideration and the amount of the compensation must be separately stated in the purchase, lease, or loan agreement. The assignee may deduct an administrative fee from the compensation provided to the purchaser or less for the assignment of the credit, but the fee cannot exceed \$250. Prior January 1, 2024, the maximum allowable administrative fee the assignee could deduct was \$150.

## Election statement

The truck purchaser or lessee and the assignee must complete and sign an election statement (form DR 0618) to assign the credit. The election statement must be completed at the time of the purchase or lease. A separate election statement must be completed for each assigned credit. The assignee may authorize an agent or designee to sign the election statement on its behalf to facilitate the assignment of the credit.

On a quarterly basis, assignees must electronically submit the information contained in the election statement to the Department. The electronic submission must be made through the Department’s website at [Colorado.gov/RevenueOnline](https://Colorado.gov/RevenueOnline) under the assignee’s account. If the assignee is an affiliated corporation included in a combined or consolidated return, the electronic submission should be made under the account for the parent corporation.

If the assignee or parent corporation does not have a Revenue Online account, it must first create an account. An assignee or parent corporation with an active Revenue Online account should see an option to “Register to Submit an Innovative Motor Vehicle Credit” within their income tax account. One or two days after selecting this option and completing the required steps, the assignee should see an option to “Submit an Innovative Motor Vehicle Credit File” on their Revenue Online income tax account.

Assignees can either manually enter the information from an election statement or upload an electronic file with information from one or more election statements. Information about formatting requirements for electronic files can be found online at [Tax.Colorado.gov/forms-in-number-order](https://Tax.Colorado.gov/forms-in-number-order) by clicking the hyperlink for “Approved File Format for Electronic Submissions” next to the link for form DR 0618.

### Advance payment

Beginning January 1, 2025, an assignee or motor vehicle dealer who accepts assignment of a credit from a purchaser or lessee may elect to receive advanced payment of the credit pursuant to section 39-22-629, C.R.S. Additional information about making the election will be made available prior to January 1, 2025.

### Claiming the credit

A purchaser, lessee, or assignee must file a Colorado income tax return to claim the credit. The credit may be claimed only on the return filed for the tax year in which the purchaser or lessee purchased or leased the qualifying truck. In general, the purchase or lease is not considered complete until the purchaser or lessee takes possession of the truck.

Anyone claiming the credit must complete and submit form DR 0617 with their return. For information about other required documentation, please see the instructions for form DR 0617, available online at [Tax.Colorado.gov/DR0617](https://tax.colorado.gov/DR0617).

If the allowable credit exceeds the taxpayer's tax liability for the tax year, the excess credit will be refunded to the taxpayer.

A purchaser or lessee who assigns the credit is not required to complete form DR 0617 or file a Colorado income tax return to claim the credit. For example, a local government that assigns the credit for the purchase of qualifying motor vehicle is not required to file a Colorado income tax return to claim the credit.

### Estimated tax payments

Although credits may not be claimed prior to the filing of the taxpayer's Colorado income tax return, a taxpayer may take any allowable credit into account in calculating their required estimated payments for the tax year. Any allowable credit reduces the taxpayer's tax liability for the tax year in which the qualifying truck is purchased or leased and thereby reduces the amount of their required estimated 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.

### Additional resources

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

#### Statutes and regulations

- § 39-22-516.8. Tax credit for innovative trucks - definitions - repeal.
- Rule 39-22-516. Innovative Motor Vehicle and Innovative Truck Credits.

#### Forms and guidance

- [Colorado.gov/Tax](https://tax.colorado.gov/Tax)
- [Colorado Individual Income Tax Guide](#)
- [Colorado Corporate Income Tax Guide](#)
- [Tax.Colorado.gov/current-guidance-publications](https://tax.colorado.gov/current-guidance-publications)
- [Income Tax Topics: Innovative Motor Vehicle Credit](#)
- [FYI Income 70: Innovative Truck Credits](#)
- [Tax.Colorado.gov/forms-in-number-order](https://tax.colorado.gov/forms-in-number-order)
- [Innovative Motor Vehicle and Truck Credit Schedule \(DR 0617\)](#)
- [Innovative Motor Vehicle Tax Credit - Election Statement \(DR 0618\)](#)