



Retroactive SALT Parity Act Elections for Tax Years Commencing on or After January 1, 2018, but before January 1, 2022

The SALT Parity Act allows partnerships and S corporations to make an annual election to be subject to Colorado income tax at the entity level. The election made by the partnership or S corporation is irrevocable and binding on all of its partners or shareholders, except that the election does not apply to any partner that is a C corporation that is unitary with an electing partnership.

For tax years commencing on or after January 1, 2018, but prior to January 1, 2022, partnerships and S corporations must file a composite amended return through Revenue Online to make the election. A partnership or S corporation must click on the link “File SALT Return” or “SALT Parity Return” to file the return to make the election for these tax years. The composite amended return must include all tax years commencing on or after January 1, 2018, but prior to January 1, 2022, for which the election is made. The composite amended return must report the tax calculated for the electing pass-through entity, any required qualified business income addback for each partner or shareholder, and each partner’s or shareholder’s share of the tax paid with the composite amended return. Each partner’s or shareholder’s share of the tax paid, less any additional tax they owe for a qualified business income addback, will be refunded to them.

The following instructions are designed to assist partnerships and S corporations in the preparation of composite amended returns filed to make the SALT Parity Act election. For the purpose of calculating the tax, the partnership or S corporation must report each partner’s or shareholder’s income, gain, loss, deductions, and modifications for the year of the election. These instructions provide separate sets of instructions for determining the income, gain, loss, deductions, and modifications for resident partners, nonresident partners, resident shareholders, and nonresident shareholders.

Information About the Partner or Shareholder

Any partnership or S corporation that files a composite amended return to make a SALT Parity Act election must provide information with respect to each partner or shareholder, except any C corporation that is unitary with the partnership making the election. The electing pass-through entity must provide identifying information for each partner or shareholder, as well as information about income, gain, loss, deductions, and modifications, discussed in subsequent sections of these instructions.

The identifying information provided by the partnership or S corporation will be used to issue refunds to partners or shareholders. Therefore, it is imperative that the identifying information provided for each partner or shareholder is accurate and current.

Tiered partnerships. If a partnership is a partner (an “upper-tier partnership”) in another partnership (a “lower-tier partnership”) that makes a SALT Parity Act election, the lower-tier partnership must provide the identifying information and income information for the upper-tier partnership. Any refund due to the upper-tier partnership as a result of the SALT Parity Act election made by the lower-tier partnership will be issued to the upper-tier partnership, rather than to its partners.

Enter the tax year for which the SALT Parity Act election is being made (2018, 2019, 2020, or 2021). If the tax year is a fiscal year, enter the year in which the partnership’s or S corporation’s tax year begins.

Enter the three-letter code for the partner’s or shareholder’s account type:

- IND: individuals (normally required to file form DR 0104)
- PAR: partnerships and S corporations (normally required to file form DR 0106)
- FID: estates and trusts (normally required to file form DR 0105)
- COR: C corporations (normally required to file form DR 0112)

If the partner or shareholder is a C corporation, S corporation, or partnership, enter the partner’s or shareholder’s business type:

- ASSOC: association
- CORP: corporation
- LLC: limited liability company
- LLLP: limited liability limited partnership
- LLP: limited liability partnership
- LPAR: limited partnership
- NP: non-profit
- PAR: partnership

Enter the partner’s or shareholder’s business name (if the partner or shareholder is any form of legal entity) or the partner’s or shareholder’s first and last name (if the partner or shareholder is an individual).

Enter the partner’s or shareholder’s applicable tax identification type and number. If the partner or shareholder is an individual, enter the individual’s social security number (SSN) or individual taxpayer identification number (ITIN). If the partner or shareholder is an estate, trust, corporation, partnership, or other legal entity, enter the partner’s or shareholder’s federal employer identification number (FEIN).

Enter the partner’s or shareholder’s mailing address, including the three-letter country code. Be sure to enter the partner’s or shareholder’s current mailing address and the name under which the partner or

shareholder files their income tax returns. The refund due to each partner or shareholder as a result of the retroactive SALT Parity Act election will be mailed to the address provided by the electing partnership or S corporation. Therefore, it is important that the mailing address provided for each partner or shareholder is current and accurate.

Indicate whether the partner or shareholder was a Colorado resident or nonresident for the tax year for which the SALT Parity Act election is made. Indicate the partner or shareholder was a resident if they were a Colorado resident for the entire tax year or for any part of the tax year. In determining the residency for different taxpayer types, the following rules apply:

- An individual is a Colorado resident if they are domiciled in Colorado or if they maintain a permanent place of abode in Colorado and spend in the aggregate more than six months of the taxable year in Colorado. Please see Department publication *Income Tax Topic: Part-Year Residents & Nonresidents* for additional assistance in determining Colorado residency for individuals.
- An estate of a deceased person is a Colorado resident if it is administered in Colorado in a proceeding other than an ancillary proceeding.
- A trust is a Colorado resident if it is administered in Colorado.
- A C corporation that is a partner in a partnership is a Colorado resident partner if it is organized under Colorado law.
- A partnership that is a partner in another partnership is a Colorado resident partner if it is organized under Colorado law. A limited liability company (LLC) that is treated as a partnership for federal income tax purposes is treated as a partnership for Colorado income tax purposes.

If a partner or shareholder was a resident for only part of the tax year, they are treated as a resident for the purposes of completing the composite amended return and calculating the tax.

For each nonresident partner or shareholder, indicate whether the partnership or S corporation, with its original return, filed a composite return, filed a DR 0107, or remitted payment with a DR 0108. For additional information about nonresident composite returns, DR 0107s, and DR 0108s, please see the DR 0106 Book for the applicable tax year, available online at [Tax.Colorado.gov/business-income-tax-forms](https://tax.colorado.gov/business-income-tax-forms).

Partner's or Shareholder's Share of Income and Other items

Different rules apply for determining the amounts of income, gain, loss, deductions, and modifications for resident partners, nonresident partners, resident shareholders, and nonresident shareholders. Resident partners, nonresident partners, resident shareholders, and nonresident shareholders are each addressed separately in the following instructions.

Resident Partner's Share of Income and Other Items

Enter on the applicable lines the full amount of each resident partner's distributive share of partnership income and other items, not just the Colorado amount of each item. Enter income and gains as positive numbers; enter losses and deductions as negative numbers.

Line 1. Ordinary business income (loss). Enter the resident partner's distributive share of ordinary business income or loss from Box 1 of the partner's Schedule K-1 (IRS Form 1065).

Line 2. Net rental real estate income (loss). Enter the resident partner's distributive share of net rental real estate income or loss from Box 2 of the partner's Schedule K-1 (IRS Form 1065).

Line 3. Other net rental income (loss). Enter the resident partner's distributive share of other net rental income or loss from Box 3 of the partner's Schedule K-1 (IRS Form 1065).

Line 4. Interest and dividends. Enter the resident partner's distributive share of interest and dividends from Boxes 5 and 6a of the partner's Schedule K-1 (IRS Form 1065).

Line 5. Royalties. Enter the resident partner's distributive share of royalties from Box 7 of the partner's Schedule K-1 (IRS Form 1065).

Line 6. Net capital gain. Enter the resident partner's distributive share of net capital gain from Boxes 8, 9a, and 10 of the partner's Schedule K-1 (IRS Form 1065).

Line 7. Other income (loss). Enter the resident partner's distributive share of other income or loss from Box 11 of the partner's Schedule K-1 (IRS Form 1065).

Line 8. State income tax addback. The state income tax addback to enter on line 8 depends on whether or not the resident partner is a C corporation.

For all resident partners that are not C corporations, enter on line 8 the partner's distributive share of any state income tax deducted by the partnership on line 14 of IRS Form 1065 for the tax year, regardless of the state to which the income tax was paid or accrued.

For all resident partners that are C corporations, enter on line 8 the partner's distributive share of any Colorado income tax deducted by the partnership on line 14 of IRS Form 1065 for the tax year.

The partner's distributive share of the deduction is determined with the same ratio used to determine the partner's distributive share of partnership taxable income or loss generally for federal income tax purposes.

Line 9. Other Colorado additions. Enter the resident partner's distributive share of any required Colorado additions. The partner's distributive share of any addition is determined with the same ratio used to determine the partner's distributive share of partnership taxable income or loss generally for federal income tax purposes.

Include on line 9 the resident partner's distributive share of any addition required for non-Colorado state or local bond interest. The required addition does not include any amortization of the bond premium

and is reduced by the amount of the deductions required by the Internal Revenue Code to be allocated to the interest income.

Include on line 9 the resident partner's distributive share of following additions:

- Business expenses deducted in the calculation of federal taxable income for wages or remuneration paid to an unauthorized alien for the physical performance of services in Colorado; and
- Expenses deducted in the calculation of federal taxable income that were incurred with respect to expenditures made at, or payments made to, any club that is licensed pursuant to section 44-3-418, C.R.S., that has a policy to restrict membership on the basis of sex, sexual orientation, gender identity, gender expression, marital status, race, creed, religion, color, ancestry, or national origin.

See sections 39-22-104, 39-22-202, and 39-22-203, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado additions.

Line 10. Federal deductions. Enter the resident partner's distributive share of federal deductions from Boxes 12 and 13 of the partner's Schedule K-1 (IRS Form 1065).

Line 11. Colorado subtractions. Enter the resident partner's distributive share of any allowable Colorado subtractions. The partner's distributive share of any subtraction is determined with the same ratio used to determine the partner's distributive share of partnership taxable income or loss generally for federal income tax purposes. Enter subtractions on line 11 as a negative amount.

Include on line 11 the resident partner's distributive share of any interest income on obligations of the United States and its possessions.

Include on line 11 the resident partner's distributive share of following subtractions:

- If the partnership is licensed under the "Colorado Marijuana Code," any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law;
- If the partnership is an "export taxpayer" as defined in section 39-22-206, C.R.S., any partnership income or gain that constitutes foreign source income for federal income tax purposes;
- For all partners that are not C corporations, the amount of any refund or credit for overpayment of income taxes imposed by Colorado or any other taxing jurisdiction to the extent included in the partnership's gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes; and
- For all partners that are C corporations, the amount of any refund or credit for overpayment of income taxes imposed by Colorado to the extent included in the partnership's gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes.

See sections 39-22-104, 39-22-202, and 39-22-203, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado subtractions.

Line 12. Partner's or shareholder's share of tax paid with SALT Parity. Enter the resident partner's distributive share of the tax paid by the partnership making the SALT Parity Act election. Multiply the sum of lines 1 through 11 by the Colorado income tax rate applicable to the tax year. If the sum of the amounts on lines 1 through 11 is a negative amount, enter 0 (zero) on line 12.

Line 13. Qualified business income addback. Enter the qualified business income addback required for the resident partner as the result of the partnership's SALT Parity Act election. The required addback is equal to the full amount of the qualified business income deduction claimed on the partner's federal income tax return. If the full amount of the partner's qualified business income deduction was already added back for Colorado income tax purposes, either on a Colorado income tax return filed by the partner or on a composite amended return filed by another pass-through entity that made a SALT Parity Act election for the same tax year, enter \$0 (zero) on line 13. Partners may complete a Partner or Shareholder Declaration for Qualified Business Income Deduction Addback Required for a Retroactive SALT Parity Act Election to provide information about the required addback to the electing partnership.

Nonresident Partner's Share of Income and Other Items

Enter on the applicable lines the portion that is attributable to Colorado of each nonresident partner's distributive share of partnership income and other items. The Colorado-source portion of each item of partnership income is determined pursuant to section 39-22-203(1)(a), C.R.S. Amounts derived from sources within Colorado are either determined in accordance with the provisions of section 39-22-109, C.R.S., and Rule 39-22-109 or, at the partnership's election, apportioned or allocated to Colorado pursuant to section 39-22-303.6, C.R.S., and the related rules. See also General Information Letter 22-003. Enter income and gains as positive numbers; enter losses and deductions as negative numbers.

Line 1. Ordinary business income (loss). Enter the Colorado-source portion of the nonresident partner's distributive share of ordinary business income or loss from Box 1 of the partner's Schedule K-1 (IRS Form 1065).

Line 2. Net rental real estate income (loss). Enter the Colorado-source portion of the nonresident partner's distributive share of net rental real estate income or loss from Box 2 of the partner's Schedule K-1 (IRS Form 1065).

Line 3. Other net rental income (loss). Enter the Colorado-source portion of the nonresident partner's distributive share of other net rental income or loss from Box 3 of the partner's Schedule K-1 (IRS Form 1065).

Line 4. Interest and dividends. Enter the Colorado-source portion of the nonresident partner's distributive share of interest and dividends from Boxes 5 and 6a of the partner's Schedule K-1 (IRS Form 1065).

Line 5. Royalties. Enter the Colorado-source portion of the nonresident partner's distributive share of royalties from Box 7 of the partner's Schedule K-1 (IRS Form 1065).

Line 6. Net capital gain. Enter the Colorado-source portion of the nonresident partner's distributive share of net capital gain from Boxes 8, 9a, and 10 of the partner's Schedule K-1 (IRS Form 1065).

Line 7. Other income (loss). Enter the Colorado-source portion of the nonresident partner's distributive share of other income or loss from Box 11 of the partner's Schedule K-1 (IRS Form 1065).

Line 8. State income tax addback. Enter the nonresident partner's distributive share of any Colorado income tax deducted by the partnership on line 14 of IRS Form 1065 for the tax year. The partner's distributive share of the deduction claimed by the partnership must be determined in accordance with the partner's distributive share, for federal income tax purposes, of partnership taxable income or loss generally.

Line 9. Other Colorado additions. Enter the portion attributable to Colorado of the nonresident partner's distributive share of any required Colorado additions. The partner's distributive share of any addition is determined with the same ratio used to determine the partner's distributive share of partnership taxable income or loss generally for federal income tax purposes.

Include on line 9 the nonresident partner's distributive share of following additions:

- Business expenses deducted in the calculation of federal taxable income for wages or remuneration paid to an unauthorized alien for the physical performance of services in Colorado; and
- Expenses deducted in the calculation of federal taxable income that were incurred with respect to expenditures made at, or payments made to, any club that is licensed pursuant to section 44-3-418, C.R.S., that has a policy to restrict membership on the basis of sex, sexual orientation, gender identity, gender expression, marital status, race, creed, religion, color, ancestry, or national origin.

See sections 39-22-104, 39-22-202, and 39-22-203, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado additions.

Line 10. Federal deductions. Enter the portion attributable to Colorado of the nonresident partner's distributive share of federal deductions from Boxes 12 and 13 of the partner's Schedule K-1 (IRS Form 1065).

Line 11. Colorado subtractions. Enter the portion attributable to Colorado of the nonresident partner's distributive share of any allowable Colorado subtractions. The partner's distributive share of any subtraction is determined with the same ratio used to determine the partner's distributive share of partnership taxable income or loss generally for federal income tax purposes. Enter subtractions on line 11 as a negative amount.

If the partnership is licensed under the “Colorado Marijuana Code,” include on line 11 the partner’s distributive share of any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law.

Include on line 11 the partner’s distributive share of the amount of any refund or credit for overpayment of income taxes imposed by Colorado to the extent included in the partnership’s gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes.

See sections 39-22-104, 39-22-202, and 39-22-203, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado subtractions.

Line 12. Partner’s or shareholder’s share of tax paid with SALT Parity. Enter the nonresident partner’s distributive share of the tax paid by the partnership making the SALT Parity Act election. Multiply the sum of lines 1 through 11 by the Colorado income tax rate applicable to the tax year. If the sum of the amounts on lines 1 through 11 is a negative amount, enter 0 (zero) on line 12.

Line 13. Qualified business income addback. Enter the qualified business income addback required for the nonresident partner as the result of the partnership’s SALT Parity Act election. To determine the required addback amount, multiply the full amount of the qualified business income deduction claimed on the partner’s federal income tax return by the apportionment percentage on line 34 of the partner’s Part-Year Resident/Nonresident Tax Calculation Schedule (DR 0104PN) for the tax year. If the full amount of the partner’s qualified business income deduction was already added back for on a Colorado income tax return filed by the partner or the apportioned addback amount was already reported in a composite amended return filed by another pass-through entity that made a SALT Parity Act election for the same tax year, enter \$0 (zero) on line 13. Partners may complete a Partner or Shareholder Declaration for Qualified Business Income Deduction Addback Required for a Retroactive SALT Parity Act Election to provide information about the required addback to the electing partnership.

Resident Shareholder’s Share of Income and Other Items

Enter on the applicable lines the full amount of each resident shareholder’s pro rata share of the S corporation’s income and other items, not just the Colorado amount of each item. Enter income and gains as positive numbers; enter losses and deductions as negative numbers.

Line 1. Ordinary business income (loss). Enter the resident shareholder’s pro rata share of ordinary business income or loss from Box 1 of the shareholder’s Schedule K-1 (IRS Form 1120-S).

Line 2. Net rental real estate income (loss). Enter the resident shareholder’s pro rata share of net rental real estate income or loss from Box 2 of the shareholder’s Schedule K-1 (IRS Form 1120-S).

Line 3. Other net rental income (loss). Enter the resident shareholder’s pro rata share of other net rental income or loss from Box 3 of the shareholder’s Schedule K-1 (IRS Form 1120-S).

Line 4. Interest and dividends. Enter the resident shareholder's pro rata share of interest and dividends from Boxes 4 and 5a of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 5. Royalties. Enter the resident shareholder's pro rata share of royalties from Box 6 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 6. Net capital gain. Enter the resident shareholder's pro rata share of net capital gain from Boxes 7, 8a, and 9 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 7. Other income (loss). Enter the resident shareholder's pro rata share of other income or loss from Box 10 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 8. State income tax addback. Enter the resident shareholder's pro rata share of any state income tax deducted by the S corporation on line 12 of IRS Form 1120-S for the tax year, regardless of the state to which the income tax was paid or accrued. The shareholder's pro rata share of the deduction claimed by the S corporation is determined in the manner provided in, and subject to any election made under, section 1377 (a) or 1362 (e), as the case may be, of the Internal Revenue Code.

Line 9. Other Colorado additions. Enter the resident shareholder's pro rata share of any required Colorado additions. The shareholder's pro rata share of any addition is determined with the same ratio used to determine the shareholder's pro rata shares of items of income, loss, deduction, or credit for federal income tax purposes. See section 39-22-321(4), C.R.S., and sections 1377(a) and 1362(e) of the Internal Revenue Code.

Include on line 9 the resident shareholder's pro rata share of any addition required for non-Colorado state or local bond interest. The required addition does not include any amortization of the bond premium and is reduced by the amount of the deductions required by the Internal Revenue Code to be allocated to the interest income.

Include on line 9 the resident shareholder's pro rata share of the following additions:

- Any income, war profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States deducted by the S corporation on line 12 of IRS Form 1120-S for the tax year;
- Business expenses deducted in the calculation of federal taxable income for wages or remuneration paid to an unauthorized alien for the physical performance of services in Colorado; and
- Expenses deducted in the calculation of federal taxable income that were incurred with respect to expenditures made at, or payments made to, any club that is licensed pursuant to section 44-3-418, C.R.S., that has a policy to restrict membership on the basis of sex, sexual orientation, gender identity, gender expression, marital status, race, creed, religion, color, ancestry, or national origin.

See sections 39-22-104, 39-22-304, 39-22-322, and 39-22-323, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado additions.

Line 10. Federal deductions. Enter the resident shareholder's pro rata share of federal deductions from Boxes 11 and 12 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 11. Colorado subtractions. Enter the resident shareholder's pro rata share of any allowable Colorado subtractions. The shareholder's pro rata share of any subtraction is determined with the same ratio used to determine the shareholder's pro rata shares of items of income, loss, deduction, or credit for federal income tax purposes. See section 39-22-321(4), C.R.S., and sections 1377(a) and 1362(e) of the Internal Revenue Code. Enter subtractions on line 11 as a negative amount.

Include on line 11 the resident shareholder's pro rata share of any interest income on obligations of the United States and its possessions.

Include on line 11 the resident shareholder's pro rata share of following subtractions:

- If the S corporation is licensed under the "Colorado Marijuana Code," any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law;
- The amount of any refund or credit for overpayment of income taxes imposed by Colorado or any other taxing jurisdiction to the extent included in the S corporation's gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes; and
- Any portion of wages or salaries paid or incurred by the S corporation for the tax year, but which are not deductible for federal income tax purposes due to section 280C of the Internal Revenue Code.

See sections 39-22-104, 39-22-304, 39-22-322, and 39-22-323, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado subtractions.

Line 12. Partner's or shareholder's share of tax paid with SALT Parity. Enter the resident shareholder's pro rata share of the tax paid by the S corporation making the SALT Parity Act election. Multiply the sum of lines 1 through 11 by the Colorado income tax rate applicable to the tax year. If the sum of the amounts on lines 1 through 11 is a negative amount, enter 0 (zero) on line 12.

Line 13. Qualified business income addback. Enter the qualified business income addback required for the resident shareholder as the result of the S corporation's SALT Parity Act election. The required addback is equal to the full amount of the qualified business income deduction claimed on the shareholder's federal income tax return. If the full amount of the shareholder's qualified business income deduction was already added back for Colorado income tax purposes, either on a Colorado income tax return filed by the shareholder or on a composite amended return filed by another pass-through entity that made a SALT Parity Act election for the same tax year, enter \$0 (zero) on line 13. Shareholders may complete a Partner or Shareholder Declaration for Qualified Business Income

Deduction Addback Required for a Retroactive SALT Parity Act Election to provide information about the required addback to the electing S corporation.

Nonresident Shareholder's Share of Income and Other Items

Enter on the applicable lines the portion of each nonresident shareholder's pro rata share of the S corporation's income and other items that are attributable to Colorado. Items of S corporation income, loss, deductions, and modifications are apportioned or allocated to Colorado pursuant to section 39-22-303.6, C.R.S., and, if applicable section 39-22-303.7, C.R.S. Enter income and gains as positive numbers; enter losses and deductions as negative numbers.

Line 1. Ordinary business income (loss). Enter the Colorado-source portion of the nonresident shareholder's pro rata share of ordinary business income or loss from Box 1 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 2. Net rental real estate income (loss). Enter the Colorado-source portion of the nonresident shareholder's pro rata share of net rental real estate income or loss from Box 2 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 3. Other net rental income (loss). Enter the Colorado-source portion of the nonresident shareholder's pro rata share of other net rental income or loss from Box 3 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 4. Interest and dividends. Enter the Colorado-source portion of the nonresident shareholder's pro rata share of interest and dividends from Boxes 5 and 6a of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 5. Royalties. Enter the Colorado-source portion of the nonresident shareholder's pro rata share of royalties from Box 7 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 6. Net capital gain. Enter the Colorado-source portion of the nonresident shareholder's pro rata share of net capital gain from Boxes 8, 9a, and 10 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 7. Other income (loss). Enter the Colorado-source portion of the nonresident shareholder's pro rata share of other income or loss from Box 11 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 8. State income tax addback. Enter the nonresident shareholder's pro rata share of any Colorado income tax deducted by the S corporation on line 12 of IRS Form 1120-S for the tax year. The shareholder's pro rata share of the deduction claimed by the S corporation is determined in the manner provided in, and subject to any election made under, section 1377 (a) or 1362 (e), as the case may be, of the Internal Revenue Code.

Line 9. Other Colorado additions. Enter the portion attributable to Colorado of the nonresident shareholder's pro rata share of any required Colorado additions. The shareholder's pro rata share of any addition is determined with the same ratio used to determine the shareholder's pro rata shares of items

of income, loss, deduction, or credit for federal income tax purposes. See section 39-22-321(4), C.R.S., and sections 1377(a) and 1362(e) of the Internal Revenue Code.

Include on line 9 the nonresident shareholder's pro rata share of following additions.

- Business expenses deducted in the calculation of federal taxable income for wages or remuneration paid to an unauthorized alien for the physical performance of services in Colorado; and
- Expenses deducted in the calculation of federal taxable income that were incurred with respect to expenditures made at, or payments made to, any club that is licensed pursuant to section 44-3-418, C.R.S., that has a policy to restrict membership on the basis of sex, sexual orientation, gender identity, gender expression, marital status, race, creed, religion, color, ancestry, or national origin.

See sections 39-22-104, 39-22-304, 39-22-322, and 39-22-323, C.R.S., and 1 CCR 201-2, Rules 39-22-109 and 39-22-110 for additional information regarding Colorado additions.

Line 10. Federal deductions. Enter the portion attributable to Colorado of the nonresident shareholder's pro rata share of federal deductions from Boxes 12 and 13 of the shareholder's Schedule K-1 (IRS Form 1120-S).

Line 11. Colorado subtractions. Enter the portion attributable to Colorado of the nonresident shareholder's pro rata share of any allowable Colorado subtractions. The shareholder's pro rata share of any subtraction is determined with the same ratio used to determine the shareholder's pro rata shares of items of income, loss, deduction, or credit for federal income tax purposes. See section 39-22-321(4), C.R.S., and sections 1377(a) and 1362(e) of the Internal Revenue Code. Enter subtractions on line 11 as a negative amount.

If the S corporation is licensed under the "Colorado Marijuana Code," include on line 11 the nonresident shareholder's pro rata share of any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law.

Include on line 11 the nonresident shareholder's pro rata share of the amount of any refund or credit for overpayment of income taxes imposed by Colorado to the extent included in the S corporation's gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes.

Include on line 11 the nonresident shareholder's pro rata share of any portion of wages or salaries paid or incurred by the S corporation for the tax year, but which are not deductible for federal income tax purposes due to section 280C of the Internal Revenue Code, to the extent the wages or salaries are from business activity in Colorado.

Line 12. Partner's or shareholder's share of tax paid with SALT Parity. Enter the nonresident shareholder's pro rata share of the tax paid by the S corporation making the SALT Parity Act election. Multiply the sum of lines 1 through 11 by the Colorado income tax rate applicable to the tax year. If the sum of the amounts on lines 1 through 11 is a negative amount, enter 0 (zero) on line 12.

Line 13. Qualified business income addback. Enter the qualified business income addback required for the nonresident shareholder as the result of the S corporation's SALT Parity Act election. To determine the required addback amount, multiply the full amount of the qualified business income deduction claimed on the shareholder's federal income tax return by the apportionment percentage on line 34 of the partner's Part-Year Resident/Nonresident Tax Calculation Schedule (DR 0104PN) for the tax year. If the full amount of the shareholder's qualified business income deduction was already added back for on a Colorado income tax return filed by the shareholder or the apportioned addback amount was already reported in a composite amended return filed by another pass-through entity that made a SALT Parity Act election for the same tax year, enter \$0 (zero) on line 13. Shareholders may complete a Partner or Shareholder Declaration for Qualified Business Income Deduction Addback Required for a Retroactive SALT Parity Act Election to provide information about the required addback to the electing S corporation.