



Supplemental Instructions for Partnerships and S Corporations Making an Election Under the SALT Parity Act

For tax years commencing on or after January 1, 2022, partnerships and S corporations may, on an annual basis, elect to be subject to tax at the entity level under section 39-22-343, C.R.S. An entity that has made the election is subject to the same requirement to remit quarterly estimated payments as C corporations. In general, a partnership or S corporation that will make the election must remit quarterly estimated tax payments during the year if its net Colorado tax liability for the year will exceed \$5,000. An electing partnership or S corporation may use form DR 0106EP to remit quarterly estimated payments. Electing partnerships and S corporations may also register to make estimated payments via electronic funds transfer, as described online at tax.colorado.gov/electronic-funds-transfer.

Due Dates

For electing partnerships and S corporations that file on a calendar year basis, the four quarterly estimated payments are due April 15th, June 15th, September 15th, and December 15th. For fiscal year filers, the four quarterly estimated payments are due on the 15th day of the fourth, sixth, ninth, and twelfth months of the fiscal year. If the due date falls on a Saturday, Sunday, or legal holiday, the payment is due on the next business day.

Required Payments

Each quarterly estimated payment must be 25% of the required annual amount. Because the election was not available for tax years beginning prior to January 1, 2022, the required annual amount is 70% of the actual net Colorado tax liability for the current tax year. In general, the net Colorado tax liability is calculated by multiplying by 4.55% the sum of:

- each electing pass-through entity owner's pro rata or distributive share of the electing pass-through entity's income attributable to the state; and
- each resident electing pass-through entity owner's pro rata or distributive share of the electing pass-through entity's income not attributable to the state.

Please see House Bill 21-1327 and section 39-22-606, C.R.S., for additional information regarding the election to pay tax at the entity level and the calculation of that tax.