



FYI Income 14

Alternative Minimum Tax

Individuals, estates and trusts may be subject to the Colorado Alternative Minimum Tax (AMT). There is no Colorado AMT for corporations. The Colorado AMT is the amount by which 3.47% of the Colorado alternative minimum taxable income exceeds the normal tax. It is due in addition to your regular Colorado income tax. [§39-22-105, C.R.S.] Taxpayers owing Colorado Alternative Minimum Tax must complete and submit the Alternative Minimum Tax Computation Schedule (104 AMT) with their Colorado Individual Income Tax Return, Form 104.

DETERMINING COLORADO ALTERNATIVE MINIMUM TAX

If a taxpayer owes federal alternative minimum tax, they may owe Colorado alternative minimum tax. Only rarely will a taxpayer owe Colorado AMT without owing a federal AMT. If the tentative Colorado alternative minimum tax exceeds the normal Colorado income tax, the excess is the Colorado AMT. Use the following computation to determine if Colorado alternative minimum tax is owed:

Federal alternative minimum taxable income
PLUS (+) Any additions to income required to be made for regular income tax purposes such as non-Colorado state and local bond interest not already included in federal alternative minimum taxable income
MINUS (-) Federal alternative minimum tax exemption
MINUS (-) Any subtractions from income allowed for normal income tax purposes such as federal bond interest or pension subtractions but not including any amount subtracted in arriving at federal alternative minimum taxable income
MINUS (-) Any Colorado or local bond interest included in federal alternative minimum taxable income
EQUALS (=) Colorado alternative minimum taxable income

The Colorado alternative minimum taxable income multiplied by 3.47% equals the tentative Colorado AMT. If the final figure in this computation is less than the normal Colorado income tax, Colorado AMT is not owed. If the final figure is more than the normal Colorado income tax, the difference is the Colorado Alternative Minimum Tax owed.

COLORADO AMT FOR PART-YEAR AND NONRESIDENTS

Part-year residents and nonresidents must compute a tentative Colorado AMT as though they were full-year residents. The full-year tax amount is then apportioned in the ratio of the Modified Federal Alternative Minimum Taxable Income (MFAMTI) reportable to Colorado over the total MFAMTI. [§39-22-105 (4), C.R.S.]. For part-year residents, the MFAMTI reportable to Colorado is the MFAMTI earned during the part of the year the taxpayer was a resident of Colorado plus the Colorado-source MFAMTI, if any, earned while the taxpayer was a nonresident. For nonresidents, the Colorado AMT is the ratio of MFAMTI earned in Colorado to total MFAMTI. Please consult the AMT instructions for part-year residents and nonresidents on the back of the 104 AMT.

CREDIT FOR PRIOR YEAR AMT

Taxpayers may claim a credit of 12% of the federal prior year minimum tax credit actually claimed on the current year federal income tax return (total of lines 25 and 27, 2012 federal Form 8801). The credit is limited to the net tax liability due (Colorado normal tax plus AMT). Any excess credit cannot be carried forward to another tax year [§39-22-105(3), C.R.S.]

Part-year residents and nonresidents must apportion the credit in the ratio of the prior-year Colorado-source MFAMTI to the prior year's total MFAMTI. For example, if a nonresident's 2007 MFAMTI was 30% Colorado source, the 2008 credit would be 30% of 12% of the 2008 federal minimum tax credit.

COLORADO ESTIMATED TAX PAYMENTS

Any estimated tax computation must take into account the AMT liabilities that will be incurred in the next year or have been incurred in the prior year.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.