

FYI – For Your Information

Colorado Tax Credit for Income Tax Paid to Another State

GENERAL INFORMATION

Colorado allows you to claim a credit for tax paid to another state on income from sources in the other state earned **while you are a Colorado resident**. [§39-22-108 C.R.S.] In order to claim the credit, you must file the Colorado Form 104 and 104CR. If you paid taxes to two or more other states, a separate 104CR form must be completed for each state. You must attach a copy of each tax return filed with another state to your Colorado 104 return. The credit is limited to the smaller of the Colorado tax paid on the income from sources in the other state or the tax paid to the other state on such income.

The easiest way to complete your 104CR is to follow these steps:

- Step 1:** Complete your federal income tax return.
- Step 2:** Complete your income tax return for the other state.
- Step 3:** Complete lines 1 through 17 of your Colorado Form 104.
- Step 4:** Use the following instructions and worksheet to determine the amounts you should enter on line 3 (b) and line 3 (c) of your 104CR.

COLORADO ADJUSTED GROSS INCOME (CAGI) FROM SOURCES IN THE OTHER STATE

CAGI from sources in the other state is that portion of your federal adjusted gross income, as modified for Colorado income tax purposes, that came from sources in the other state. Enter CAGI from sources in the other state on line 3 (b) of the Colorado Form 104CR. Under no circumstances can you claim a credit that is larger than the actual amount of income tax you paid to the other state.

TOTAL COLORADO ADJUSTED GROSS INCOME (TCAGI)

TCAGI is your federal adjusted gross income plus and/or minus the Colorado modifications (additions and subtractions) other than the state income tax deduction addback.

PART-YEAR RESIDENTS

A part-year resident may claim credit for tax paid to another state only on that part of his/her Colorado adjusted gross income from sources in the other state (income earned and taxed in another state while you were a resident of Colorado.) A part-year resident's Colorado Adjusted Gross Income is the amount from line N, Colorado column, Form 104PN. The 104PN "Part-Year Resident/Nonresident Tax Apportionment Schedule" is included in the 104 Form booklet. For more information, request FYI Income 6 "Part-Year Residents and Nonresidents."



Colorado Department
of Revenue
Taxpayer Service Division
1375 Sherman St.
Denver, Colorado 80261

Sales Tax: (303) 232-2416
Withholding Tax: (303) 232-2416
Income Tax: (303) 232-2446
Severance Tax: (303) 232-2446
Fuel Tax: (303) 205-5967

TAX CREDIT EXAMPLE

Taxpayer Brown, who is single and claiming the standard deduction, earned \$3,000 in California but is a Colorado resident. Taxpayer Brown had a Colorado taxable income of \$25,200 and a federal adjusted gross income of \$32,150.

The tax computed under California rules is \$90.

FORM 104CR - INDIVIDUAL CREDIT SCHEDULE

1999

Taxpayer's Name	Social Security Number																												
<p>3 Credit for income tax paid to another state -compute a separate credit for each state: Attach a copy of the tax return filed with the other state.</p> <p style="text-align: center; font-size: 1.2em;">CALIFORNIA</p> <p>Name of state _____</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 5px;">(a) Amount from line 18, Form 104 3(a)</td> <td style="width: 15%; text-align: right; padding: 5px;">1,195</td> <td style="width: 10%; text-align: right; padding: 5px;">00</td> <td style="width: 15%;"></td> </tr> <tr> <td style="padding: 5px;">(b) Colorado adjusted gross income from sources in the other state 3(b)</td> <td style="text-align: right; padding: 5px;">3,000</td> <td style="text-align: right; padding: 5px;">00</td> <td></td> </tr> <tr> <td style="padding: 5px;">(c) Total Colorado adjusted gross income 3(c)</td> <td style="text-align: right; padding: 5px;">32,150</td> <td style="text-align: right; padding: 5px;">00</td> <td></td> </tr> <tr> <td style="padding: 5px;">(d) Amount on line 3(b) divided by amount on line 3(c) 3(d)</td> <td colspan="2" style="text-align: center; padding: 5px;">9.331 %</td> <td></td> </tr> <tr> <td style="padding: 5px;">(e) Amount on line 3(a) multiplied by percentage on line 3(d) 3(e)</td> <td style="text-align: right; padding: 5px;">112</td> <td style="text-align: right; padding: 5px;">00</td> <td></td> </tr> <tr> <td style="padding: 5px;">(f) Tax liability to the other state 3(f)</td> <td style="text-align: right; padding: 5px;">90</td> <td style="text-align: right; padding: 5px;">00</td> <td></td> </tr> <tr> <td style="padding: 5px;">(g) Allowable credit, the smaller of lines 3(e) or 3(f) 3(g)</td> <td></td> <td></td> <td style="text-align: right; padding: 5px;">90 00</td> </tr> </table>		(a) Amount from line 18, Form 104 3(a)	1,195	00		(b) Colorado adjusted gross income from sources in the other state 3(b)	3,000	00		(c) Total Colorado adjusted gross income 3(c)	32,150	00		(d) Amount on line 3(b) divided by amount on line 3(c) 3(d)	9.331 %			(e) Amount on line 3(a) multiplied by percentage on line 3(d) 3(e)	112	00		(f) Tax liability to the other state 3(f)	90	00		(g) Allowable credit, the smaller of lines 3(e) or 3(f) 3(g)			90 00
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On the above sample form, taxpayer Brown can take a Colorado tax credit for tax paid to another state of \$90, "the smaller of lines 3 (e) or 3 (f)." On the personal credits line of the Colorado Form 104 he would enter \$90. He must attach Form 104CR and a copy of the California return to his Colorado Form 104.

FURTHER INFORMATION

For related information, see:

- FYI General 1 "Department of Revenue Publications";
- FYI General 8 "The FYI Program - Index and General Information."

Please use the FYI number (General 1, Sales 9, etc.) when ordering FYI publications. FYIs and commonly used forms are available on the Web under www.revenue.state.co.us

Single FYIs may be obtained free from any Taxpayer Service Center statewide, or by calling the DOR Forms Hotline at (303) 232-2414. **The Complete Book of FYIs**, a set of approximately 130 FYIs, may be obtained at low cost from the State Forms Center. An order form is contained in FYI General 1, or call the State Forms Center at (303) 321-4164 for ordering information.