

FYI – For Your Information

Charitable Contributions Subtraction

For tax years beginning on or after January 1, 2001 any individual that claims the federal standard deduction instead of itemizing their deductions on their federal return may be able to subtract a portion of their charitable contributions from their Colorado taxable income. This subtraction will only be available in tax years during which the state's fiscal year ends with a qualified surplus. [§39-22-104(4)(m), C.R.S.]

NOTE: The charitable contributions subtraction is not available for tax years 2002 through 2005. The State of Colorado did not have a sufficient budget surplus for the years ending June 30, 2002 through June 30, 2005. The charitable contributions subtraction will be available for tax years 2006 through 2010 because an exemption from the qualified surplus was activated when Referendum C passed at the November 2005 statewide election authorizing the state to retain and spend the budget surplus for those five years. [§39-22-104(4)(m)(IV), C.R.S.].

Computing the Subtraction

The amount that can be subtracted from income will be equal to the amount in excess of \$500 that could have been deducted on the Federal Schedule A under the Gifts to Charity section had the taxpayer itemized their federal deductions.

Example: Stephanie gave \$700 to charity A and \$200 to charity B during 2006. She did not have enough deductions to itemize her 2006 deductions, so

she claimed the federal standard deduction. She can subtract \$400 (\$900 - \$500) on the Qualifying Charitable Contribution subtraction line of Form 104.

Qualified Surplus

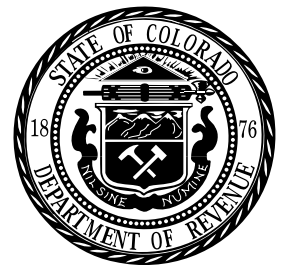
The qualified surplus that is needed for the charitable contribution subtraction to be available in any given tax year is a \$100 million surplus that must be refunded under the Taxpayer's Bill of Rights (TABOR), section 20 of Article X of the state constitution. The \$100 million amount will be adjusted for the rate of growth of Colorado personal income.

FURTHER INFORMATION:

FYIs, commonly used forms and additional tax information are available on the Web at www.taxcolorado.com

For additional Colorado tax information visit the "Tax Information Index" which covers a variety of topics including links to forms, publications, regulations, statutes and general questions and answers. The "Tax Information Index" is located at www.taxcolorado.com

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 authority to bind the Department, has not formally reviewed and/or approved these FYIs.



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

Forms and other services:
(303) 238-FAST (3278)
Assistance:
(303) 238-SERV (7378)

www.taxcolorado.com