



Income 27 Earned Income Credit

The Colorado earned income tax credit is available to Colorado residents for any tax year when the state's fiscal year ends with a "qualified surplus" as defined below.

NOTE: The earned income credit is not available for tax years 2002 through 2014 because the State of Colorado did not have a sufficient budget surplus for the fiscal years ending June 30, 2002 through June 30, 2014. For an income tax YEARS COMMENCING ON OR AFTER JANUARY 1, 2015, a resident individual who claims an earned income tax credit on the individual's federal tax return is allowed an earned income tax credit against the tax due that is equal to ten percent of the federal credit that the resident individual claimed on his or her federal tax return for the same tax year. .]. If the earned income credit is larger than the tax liability calculated on the tax return, the difference will be refunded to the taxpayer. [§39-22-123(2), C.R.S.]

PART-YEAR AND NONRESIDENTS

Part-year residents must multiply the Colorado credit by the percentage (not to exceed 100%) on line 34 of the Colorado 104PN schedule to determine the amount of credit they can claim based on their Colorado income. Nonresidents of Colorado are not eligible to claim the earned income credit.

Example: Dan and Sylvia Daveys were part-year residents of Colorado in 2001. Their federal earned income credit was \$1,644. The percentage from the 104PN schedule is 60.25%. The 2001 Colorado earned income credit is \$99 ($\$1,644 \times .1 = \$164 \times .6025 = \99).

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.