

FYI – For Your Information

Colorado Estate Tax

WHICH ESTATES MUST FILE

The Colorado estate tax replaced the Colorado inheritance tax for decedents with a date of death on or after Jan. 1, 1980. The Colorado gift tax does not apply to transfers made on or after Jan. 1, 1980.

A “Colorado Estate Tax Return” (DR 1210) must be filed if a United States Estate (and Generation-Skipping Transfer) Tax Return (Form 706, or 706NA for a non-resident alien decedent) is required to be filed. If you do not know whether you need to file the federal return, call the Internal Revenue Service at (303) 825-7041 in Denver or (800) 829-1040 toll-free elsewhere.

Although Colorado has a generation-skipping transfer tax that is reportable on the DR 1210, only a few estates are required to pay this tax. This FYI is not intended to provide information on the generation-skipping transfer tax; for an explanation of this tax and the credit allowable to be paid to Colorado, please refer to the Internal Revenue Code, the Regulations, and Internal Revenue Service publications.

COLORADO TAX

The Colorado estate tax is based on the state death tax credit allowable on the federal return. The table for determining

the amount of the credit is found in the “Instructions for Form 706” booklet.

The Colorado Revised Statutes (Title 39, Article 23.5) define the property of a domiciliary and the property of a non-domiciliary, and they describe the calculation of the tax.

For example, if the decedent was a Colorado domiciliary at the time of death and the decedent did not own any real property in another state or any tangible personal property in another state, the Colorado estate tax would be the maximum amount of the state death tax credit allowable on the federal return.

WHEN TO FILE/PAY

The “Colorado Estate Tax Return” (DR 1210) is due on the same date the federal Form 706 or Form 706NA is due. Colorado has no separate extension provisions for filing or for payment of estate tax but does honor extensions approved by the IRS.

Submit a copy of the federal application for extension of time to file and/or pay (Form 4768) to the Colorado Department of Revenue at the time the federal extension is requested. **If an estimated payment of the federal estate tax is submitted with the federal extension application, a corresponding estimated payment of the Colorado estate tax is submitted with the copy**



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

of the federal extension application sent to the Department of Revenue.

Within 30 days after the estate receives notification from the Internal Revenue Service of the action taken on the application for extension of time to file and/or pay, send a copy of the approval/denial to the Department of Revenue.

Any tax not paid within nine months after the date of the decedent's death shall bear interest at the applicable rate from nine months after such death until the tax is paid. The interest shall apply regardless of any extension of time to pay the tax or of any election to use an installment method for payment of the tax.

Interest will accrue from the due date of the federal additional estate tax return (regardless of any federal extension of time for payment) when the following provisions are applicable:

- if a special use valuation election was made in a federal return and thereafter additional estate tax is due Colorado as a result of a premature cessation of the qualified use.
- if a qualified family-owned business deduction election was made in a federal return and thereafter additional Colorado estate tax is due as a result of failure to materially participate in the business, disposition of interests, or other noncompliance with the requirements of Section 2057 of the Internal Revenue Code.
- if a qualified conservation easement election was made in a federal return and thereafter additional Colorado estate tax is due as a result of any failure to implement the agreement described in Section 2031 of the Internal Revenue Code.

NOTICE

This FYI is intended to provide general information about the Colorado Estate Tax Law. References should be made to the official versions of the Colorado Revised Statutes and the Code of Colorado Regulations for detailed information.

This publication is not intended to be used to determine whether a United States Estate (and Generation-Skipping Transfer) Tax Return is required to be filed. Please direct all inquiries regarding your federal return to the Internal Revenue Service.

FURTHER INFORMATION

For more information on related topics, consult the following DOR publications:

- FYI General 1 "Department of Revenue Publications";
- FYI General 8 "The FYI Program - Index and General Information";
- FYI General 5 "General Information About Colorado State Taxes."

Single FYIs are free from the Taxpayer Service Division. They may be obtained at any statewide taxpayer service center; or by writing to the Colorado Department of Revenue, 1375 Sherman St., Denver, CO 80261; or by calling the DOR Forms Hotline at (303) 232-2414. Please use the FYI number (General 1, Sales 9, etc.) when ordering FYI publications. FYIs and commonly used forms are available on the Web at www.revenue.state.co.us

For a complete set of FYIs (approximately 140, on sales, income, excise and withholding taxes), you may purchase **The Complete Book of FYIs** at low cost from the State Forms Center, Division of Correctional Industries, 4200 Garfield St., Denver, CO 80216. An order form is contained in FYI General 1, or call the State Forms Center, (303) 321-4164, for ordering information.