

COLORADO DEPARTMENT  
OF REVENUE  
DENVER CO 80261-0006

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COLORADO DEPT  
OF REVENUE

# COLORADO

## **C CORPORATION 2005 INCOME TAX FORMS AND INSTRUCTIONS**

1. First fill out your federal income tax return — U.S. Form 1120, or 1120A. You will need information from your federal return to complete your Colorado return.
2. If you owe the state, make your check or money order payable to the Colorado Department of Revenue. Please print the corporation's Colorado account number and "Form 112" on the check or money order.
3. Mail the return to the Colorado Department of Revenue, Denver, Colorado 80261-0006. Returns are due to be filed three and one-half months after the close of the taxable year.

**CONTENTS:** Colorado C corporation income tax return, Form 112 • Corporation credit schedule, Form 112-CR • Payment voucher for extension of time for filing, Form DR 158-C

**TaxColorado.Com**

*Colorado Department of Revenue  
Tax Forms, Information and E-Services*

# EXTENSION OF TIME FOR FILING A COLORADO C CORPORATION INCOME TAX RETURN

Colorado income tax returns are due to be filed three and one-half months after the close of the tax year.

An automatic six-month extension of time for filing the Colorado corporation income tax return is allowed for all taxpayers. However, an extension of time to file is not an extension of time to pay the tax. If at least 90% of the net tax liability is not paid by the original due date of the return, penalty and interest will be assessed. If 90% or more of the net tax liability is paid by the original due date of the return and the balance is paid when the return is filed by the last day of the extension period, only interest will be assessed.

Form DR 158-C is to be used to make whatever payment must be made by the original due date of the return to meet the 90% requirement.

If after the original due date of the return it is found that the amount paid is insufficient to meet the 90% requirement, additional payment should be made as soon as possible to reduce further accumulation of penalty and interest. Make such payment on form 158-C.

A federal extension of time for filing will not be accepted for Colorado purposes.

Submit Form DR 158-C with payment to: Colorado Department of Revenue,  
Denver, Colorado 80261-0008.

**DO NOT SUBMIT FORM DR 158-C WITHOUT A PAYMENT.**



▼ RETURN ONLY THE LOWER PORTION OF THIS FORM WITH YOUR PAYMENT ▼

**(29) DR 158-C**

COLORADO DEPARTMENT  
OF REVENUE  
Denver, CO 80261-0008  
[www.taxcolorado.com](http://www.taxcolorado.com)

**PAYMENT VOUCHER FOR EXTENSION OF TIME  
FOR FILING A COLORADO C CORPORATION  
INCOME TAX RETURN**

**70**

For tax period beginning \_\_\_\_\_, ending \_\_\_\_\_.

Corporation Name	Colorado Account Number
Address	Federal Employer Identification Number
City, State, ZIP Code	

**IF NO PAYMENT IS DUE, DO NOT FILE THIS FORM.**

If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your banking account electronically.

**AMOUNT OF PAYMENT**

**DO NOT WRITE IN SPACE BELOW**

(08) \$ 00

# INSTRUCTIONS FOR 2005 COLORADO C CORPORATION INCOME TAX RETURN, FORM 112 (S CORPORATIONS FILE FORM 106)

## **FILING REQUIREMENTS**

Every corporation doing business in Colorado or deriving income from Colorado sources must file a corporation income tax return with Colorado. Any corporation that is exempt from federal income tax is exempt from Colorado income tax and from filing a Colorado income tax return except that it shall not be so exempt if it must file a federal return of unrelated business income. Any insurance company subject to the tax imposed on gross premiums by section 10-3-209, C.R.S. is exempt from the Colorado income tax and from filing Colorado income tax returns.

## **TIME AND PLACE FOR FILING**

Returns are due on the 15th day of the fourth month following the close of the taxable year. A corporation is granted an automatic six month extension of time for filing. See Form DR 158-C for more information on an extension.

Mail your return to: Colorado Department of Revenue, Denver, Colorado 80261-0006.

## **DECLARATION OF ESTIMATED TAX**

Every C corporation subject to the Colorado income tax must file a declaration of estimated income tax, Form 112 EP, if its tax liability is expected to exceed \$5,000 plus estimated credits.

## **ADDITIONAL INFORMATION AVAILABLE**

The Colorado Tax Information Index, which provides easy access to forms, FYIs, statutes, regulations and other information organized by subject, is available at [www.taxcolorado.com](http://www.taxcolorado.com) or you can call for information at (303) 238-SERV (7378).

## **ACCOUNTING PERIOD AND METHOD**

The corporation's accounting period and method for Colorado income tax purposes must be the same as for federal income tax purposes.

## **COLORADO ACCOUNT NUMBER**

The Colorado account number is a 7-digit number that must be included in addition to the federal employer identification number. The Colorado income tax account number is the same as the corporation's sales tax or wage withholding account number.

## **SECTION A: APPORTIONMENT OF INCOME**

A corporation doing business in more than one state must apportion its taxable income to any states in which the corporation is doing business. This ensures tax is paid to the state in which the income is earned and taxable. **FYI**<sup>Income</sup> 59.

Income is generally apportioned in one of two ways:

- Colorado Income Tax Act - Two factor method
- Multistate Tax Compact - Three factor method

**Not Apportioning Income** – A C corporation doing business only in Colorado will compute its tax on 100% of the Colorado taxable income.

**Colorado Income Tax Act** - Apportioned income under the Colorado Income Tax Act is computed using two factors; the revenue factor and the property factor. All income is apportioned using these two factors and no income is directly allocated to its source state. Complete and attach Schedule A to your return if you use this two factor apportionment method.

**Multistate Tax Compact** - Apportioned income under the Multistate Tax Compact is computed using three factors; the property factor, the payroll factor and the sales factor. Every corporation, other than public utilities, can elect to apportion income using this method. Business income is apportioned using the three factors. Nonbusiness income is directly allocated to the appropriate state. Complete and attach Schedule B to your return if you use this three factor apportionment method.

**Gross Receipts Tax** – A C corporation that performs no Colorado activities other than making sales, does not own or rent real estate in Colorado, and generates annual gross sales in Colorado of \$100,000 or less may elect to pay a tax of one-half percent of the annual gross receipts derived from the sales in Colorado in lieu of paying an income tax. **FYI**<sup>Income</sup> 58.

**Other Apportionment Methods** – If the apportionment provisions do not fairly measure the Colorado source income, the corporation may request, or the Department may require, an alternative method to be used.

## **SECTION B: SEPARATE, CONSOLIDATED OR COMBINED FILING**

There are four possible filing alternatives for C corporations. The alternatives are separate, consolidated, combined, and combined/consolidated filing. **FY Income** 60.

**Separate Filing** – A single corporation, even if it is a member of an affiliated group, may elect to file a separate return. A single corporation may not file a separate return if it elects to be part of a consolidated return, or is required to be included in a combined filing.

**Consolidated Filing** – Members of an affiliated group of corporations, as defined in §1504 of the Internal Revenue Code, may elect to file a consolidated Colorado income tax return. However, only members of the consolidated group that are doing business in Colorado can be included in the Colorado consolidated filing.

An election to file a consolidated return is binding for four years and requires the consent of the members of the affiliated group that were doing business in Colorado. The making of a consolidated return shall be considered such consent.

Example: P Company, a parent corporation filing a federal consolidated return, has four subsidiaries, A, B, C, and D. The parent and the first three subsidiaries all do business in Colorado. D does business only in Nebraska. P Company and its subsidiaries, A, B and C, may elect to file a consolidated Colorado income tax return. D may not be part of the consolidated return.

**Combined Filing** — An affiliated group of corporations, as defined in §39-22-303 of the Colorado Revised Statutes that meets three or more parts of the six-part intercompany business relationship test for the current year and the preceding two years, must file a combined report.

**Combined/Consolidated Filing** – If an affiliated group filing a combined report has a member who files a federal consolidated return with another corporation, and that other corporation is doing business in Colorado but is not eligible to be included in the combined report, the affiliated members can elect to file a combined/consolidated filing.

Example: P Company, a parent corporation filing a federal consolidated return, has four subsidiaries, A, B, C, and D. P and the first three subsidiaries all do business in Colorado. A was acquired on January 1, 2005 and D does business only in Nebraska. P Company meets the six-part test for filing a combined report with B, C, and D. Thus, P, B, C, and D must file a combined report. A, however, does not qualify for the combined report because it has not been owned for the requisite two years. P Company may

elect to file a consolidated return with A. Thus, P will be filing a combined/consolidated return: combined with B, C, and D, and consolidated with A.

## **FEDERAL TAXABLE INCOME**

**LINE 1:** Enter the federal taxable income (or loss) from federal Form 1120 or 1120A.

**LINE 2:** Enter the federal taxable income, to the extent included in line 1, of corporations that are not included in this consolidated and/or combined return.

**LINE 3:** Reflects the federal taxable income of the federal pro-forma return for the companies included in the Colorado return.

## **ADDITIONS**

**LINE 4:** Enter any federal net operating loss deduction claimed in the computation of the federal taxable income. **FY Income** 19.

**LINE 5:** Enter any Colorado income tax claimed as a deduction in the computation of the federal taxable income.

**LINE 6:** Enter all other additions: **FY Income** 58.

- All interest income (less bond premium amortization) of the corporation from state or municipal obligations that is not included in federal taxable income. Do not include interest income from any bond or other obligation of the State of Colorado or a political subdivision thereof issued on or after May 1, 1980. The interest to be entered shall be net of any expense required to be allocated thereto by the Internal Revenue Code for federal income tax purposes. **FY Income** 52.
- Any income, war profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States that were claimed as a deduction on the federal return. **FY Income** 58.
- Any charitable contribution deduction claimed in 2005 for the donation of a conservation easement that qualified for the gross conservation easement credit. **FY Income** 39.

## **SUBTRACTIONS**

**LINE 8:** Enter, to the extent included in federal taxable income, any United States government bond interest and any interest or dividend income on obligations or securities of any authority, commission, or instrumentality of the United States to the extent such interest or dividend income is exempt from state taxation by federal law.  $\text{F}^{\text{Y}}\text{I}^{\text{Income}}$  20.

**LINE 9:** Enter, to the extent included in federal taxable income, that part of foreign income that qualifies as excludable foreign source income. Excludable foreign source income means taxable income from sources without the United States as used in section 862 of the Internal Revenue Code as determined below:

- If for federal income tax purposes the corporation has elected to claim foreign taxes paid or accrued as a deduction, excludable foreign source income shall be an amount equal to such deduction.
- If for federal income tax purposes the corporation has elected to claim foreign tax paid or accrued as a credit, excludable foreign source income shall be an amount equal to foreign source income (excluding section 78 dividend gross up) multiplied by a fraction, the numerator of which is the federal foreign tax credit, and the denominator of which is the foreign source income (including section 78 dividend gross up) times the effective federal corporation income tax rate (federal corporate income tax divided by federal corporate taxable income). Excludable foreign source income may not exceed total foreign source income excluding section 78 dividend gross up. Foreign source income from a foreign corporation within an affiliated group of corporations shall be determined without regard to section 882(a)(2) of the Internal Revenue Code.

Excludable foreign source income shall also be omitted in determining the Colorado revenue factor (Schedule A) or the Colorado sales factor (Schedule B).  $\text{F}^{\text{Y}}\text{I}^{\text{Income}}$  58.

**LINE 10:** Enter, to the extent included in federal taxable income, the amount of capital gain income earned from:

- The sale of real or tangible personal prop-

erty located in Colorado, or

- The sale of stock or an ownership interest in a Colorado company that has 50% or more of its property and payroll within Colorado,

that was acquired on or after May 9, 1994 and held continuously for at least five years prior to the date of the transaction from which the capital gains arise. You must attach Form DR1316 to the return to explain how these assets qualify for the subtraction.  $\text{F}^{\text{Y}}\text{I}^{\text{Income}}$  15.

**LINE 11:** Enter all other subtractions.  $\text{F}^{\text{Y}}\text{I}^{\text{Income}}$  58.

- To the extent included in federal taxable income, any refund of Colorado income tax.
- Any amount included in federal taxable income by reason of the gross-up provisions of section 78 of the Internal Revenue Code.
- The amount of any salary or wage expense not allowed as a deduction on the federal income tax return due to the provisions of the Indian employment credit, work opportunity credit, empowerment zone employment credit, orphan drug credit, or credit for increasing research activities.

## **TAXABLE INCOME**

**LINE 13:** Enter the net amount of line 7 minus line 12. This is the modified federal taxable income that will be the Colorado taxable income to be entered on line 14 for those corporations not permitted to apportion income away from Colorado. For those corporations that do apportion income, enter the amount from line 13 on line 1 of Schedule A or on line 6 of Schedule B.

**LINE 15:** Enter the Colorado net operating loss deduction. The Colorado net operating loss deduction is computed in the same manner as is the federal net operating loss deduction except that in the case of a corporation apportioning income, it is that part of the federal net operating loss, as modified, that is from Colorado sources. Colorado operating losses may be carried forward 20 years for tax years beginning on or after August 6, 1997. They may not be carried back. Federal limitations on carryover losses between predecessor and successor corporations apply for Colorado income tax purposes.  $\text{F}^{\text{Y}}\text{I}^{\text{Income}}$  19.



## **TAX**

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**LINE 17:** The Colorado tax rate is currently 4.63%. This represents a reduction in the rate from the 1999 rate of 4.75% and the 1998 rate of 5%.

## **CREDITS**


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**LINES 18 – 25:** Enter the credits from Form 112CR.

**LINE 28:** If the corporation is required to recapture federal investment credit with respect to Colorado assets, a recapture of the “old” Colorado investment credit may be required. Include any investment credit recapture, historic property preservation credit recapture, low income housing credit recapture or any other credit recapture on this line. Attach a schedule to the return detailing the computation of the recapture amount.

**LINE 30:** Enter all prepayment credits.

- Any estimated tax payments made for 2005,
- That part of the 2004 overpayment, if any, that was applied to 2005,
- Any amount paid with a 2005 extension of time for filing voucher,
- Any Colorado tax withheld on the sale of Colorado real estate during the tax year on Form 1079.

**LINE 31:** Enter the gross conservation easement credit from line 61 of Form 112CR. This credit is refundable (can exceed the net tax from line 27) if it is claimed by the donor of the easement. Credits generated in 2003 through 2005 are refundable up to a maximum of \$50,000. Credits generated in 2000 through 2002 are refundable up to a maximum of \$20,000. Generally the credit is not refundable if part of the credit is sold to another taxpayer or if the credit is split between members of a pass through entity, a joint tenancy or tenants in common. Review the regulations and FYI carefully to determine the amount of credit that can be claimed. Attach Form 1305 to your return.  39.

## **PENALTIES AND INTEREST**

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**LINE 33:** The delinquent filing or payment penalty is 5% of the balance of tax due for the first month or fraction thereof plus an additional 1/2% for each additional month or fraction thereof, not exceeding 12% in the aggregate. The minimum penalty is \$5.00.

**LINE 34:** Interest accrues on any balance of tax due during 2006 at a rate of 6% per annum except that with respect to any assessment not paid within 30 days of date of billing, interest will be due at a 9% annual rate.

**LINE 35:** If the corporation is assessing itself an estimated tax penalty attach a copy of Form 205 to the return.

Include penalty and interest amounts from lines 33-35 in the amount owed on line 36.

## **REFUND**

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**LINE 38:** Enter the amount of any overpayment you wish to have refunded.

**LINE 39:** Enter the amount of any overpayment you wish to have credited to the corporation’s 2006 estimated taxes.

## **SIGNATURES**

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The law requires the return to be signed under the penalties of perjury by the president, vice-president, treasurer, assistant treasurer, chief accounting officer, or other officer duly authorized to act. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns.

## **CHANGES IN FEDERAL INCOME**

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Any adjustment made by federal amended returns must be reported and the Colorado income tax adjusted accordingly on Form 112X, the amended corporation income tax return. Likewise, any adjustments made by the Internal Revenue Service must be reported to Colorado on Form 112X. If the corporation operates in two or more states, to simplify the amended return filing requirement, the corporation can mail the revenue agent’s report separately (must not be attached to the return) to the Colorado Department of Revenue, Denver, Colorado 80261-0005. Include the Colorado account number on the report.

The statute of limitations will not apply if the taxpayer fails to disclose any adjustments made on federal returns and fails to submit copies of the federal agent’s reports.

**DO NOT SEND FEDERAL RETURN,  
FORMS OR SCHEDULES WITH THIS RETURN.**

**(23)**

**2005 Form 112 Colorado State  
C Corporation Income Tax Return**

For the tax year beginning \_\_\_\_\_, 2005, ending \_\_\_\_\_, 200\_\_\_\_\_.

Name	Colorado Account Number ●
Address	
City, State, ZIP Code	Federal Employer Identification Number ●

**IF YOU DO NOT NEED A CORPORATE TAX BOOKLET MAILED TO YOU NEXT YEAR, CHECK THIS BOX** .....

- **A. Apportionment of Income.** This return is being filed for:
- (42) A corporation not apportioning income;
  - (43) A corporation doing an interstate business apportioning income under the Colorado Income Tax Act (Attach Schedule A);
  - (44) A corporation doing an interstate business apportioning income under the Multistate Tax Compact (Attach Schedule B);
  - (45) A corporation electing to pay a tax on its gross Colorado sales;
  - (47) Other, federal form filed \_\_\_\_\_

- B. Separate/Consolidated/Combined Filing.** This return is being filed by:
- A single corporation filing a separate return;
  - An affiliated group of corporations electing to file a consolidated return. (Warning: such election is binding for four years.) If your election was made in a prior year - enter the year of election here: \_\_\_\_\_(Attach Schedule C);
  - An affiliated group of corporations required to file a combined return. (Attach Schedule C);
  - An affiliated group of corporations required to file a combined return that includes another affiliated, consolidated group. (Attach Schedule C)

**ROUND ALL AMOUNTS TO THE NEAREST DOLLAR**

1	Federal taxable income from Form 1120 or 1120A. ....	● 1		.00
2	Federal taxable income of companies not included in this return .....	● 2		.00
3	Net federal taxable income, line 1 minus line 2 .....	3		.00
<b>Additions to federal taxable income</b>				
4	Federal net operating loss deduction .....	● 4		.00
5	Colorado income tax deduction .....	● 5		.00
6	Other additions, attach explanation .....	● 6		.00
7	Total of lines 3 through 6 .....	7		.00
<b>Subtractions from federal taxable income</b>				
8	Exempt federal interest .....	● 8		.00
9	Excludable foreign source income .....	● 9		.00
10	Colorado source capital gain (asset acquired on or after 5/9/94, held five years) .....	● 10		.00
11	Other subtractions, attach explanation .....	● 11		.00
12	Total of lines 8 through 11 .....	12		.00
13	Modified federal taxable income, line 7 minus line 12 .....	13		.00
14	Colorado taxable income before net operating loss deduction .....	● 14		.00
15	Colorado net operating loss deduction .....	● 15		.00
16	Colorado taxable income, line 14 minus line 15 .....	16		.00

17 Tax, 4.63% of the amount on line 16 .....	■ 17		.00
18 New investment tax credit from Form 112CR .....	● 18		.00
19 Enterprise zone investment tax credit from Form 112CR .....	● 19		.00
20 Enterprise zone employee credits from Form 112CR .....	● 20		.00
21 Enterprise zone contribution credit from Form 112CR .....	● 21		.00
22 Other enterprise zone credits from Form 112CR .....	● 22		.00
23 Alternative fuel vehicle credit from Form 112CR .....	● 23		.00
24 Alternative fuel refueling facility credit from Form 112CR .....	● 24		.00
25 Other credits from Form 112CR .....	● 25		.00
26 Total credits, total of lines 18 through 25 .....	26		.00
27 Net tax, line 17 minus line 26 .....	27		.00
28 Recapture of prior year credits .....	● 28		.00
29 Total of lines 27 and 28 .....	29		.00
30 Estimated tax and extension payments and credits .....	● 30		.00
31 Gross conservation easement credit from Form 112CR .....	● 31		.00
32 Total of lines 30 and 31 .....	32		.00
33 Penalty, also include on line 36 if applicable .....	● 33		.00
34 Interest, also include on line 36 if applicable .....	● 34		.00
35 Estimated tax penalty, also include on line 36 if applicable .....	● 35		.00
36 If amount on line 29 exceeds amount on line 32, enter amount owed .....	● 36		.00
37 Overpayment, line 32 minus line 29 .....	37		.00
38 Overpayment to be credited to estimated tax .....	● 38		.00
39 Overpayment to be refunded .....	● 39		.00

Make checks payable to and mail return to the **COLORADO DEPARTMENT OF REVENUE, DENVER COLORADO 80261-0006**. If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your banking account electronically.

**C. The corporation's books are in care of:**

Name		Telephone Number	
Address	City	State	ZIP

**D. Business code number per federal return ●**

**E. Year corporation began doing business in Colorado ●**

**F. Kind of business in detail:**

.....

**G. Has the Internal Revenue Service made any adjustments in the corporation's income or tax or have you filed amended federal income tax returns at any time during the last four years?**     Yes     No    If Yes, for which year(s)? \_\_\_\_\_

Did you file amended Colorado returns to reflect such changes or submit copies of the Federal Agent's reports?     Yes     No

**Under penalties of perjury in the second degree, I declare that I have examined this return and to the best of my knowledge it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.**

Signature	Date	Name and telephone number of person or firm preparing return
Title		



**SCHEDULE A-COLORADO INCOME TAX ACT (2 FACTOR) APPORTIONMENT SCHEDULE**

1 Total modified federal taxable income from line 13, page 1, Form 112..... 1

**INCOME APPORTIONED TO COLORADO BY USE OF THE REVENUE FACTOR:**

DO NOT INCLUDE FOREIGN SOURCE REVENUES  
MODIFIED OUT ON LINE 9, PAGE 1, FORM 112.

	Colorado	Total
2 Gross sales of goods, merchandise and property ..... 2		
3 Gross revenue from services ..... 3		
4 Gross rents and royalties from real and tangible personal property ..... 4		
5 Gross sales of real and tangible personal property ..... 5		
6 Gain from the sale of intangible personal property ..... 6		
7 Taxable interest and dividend income ..... 7		
8 Patent and copyright royalties ..... 8		
9 Total revenue ..... 9	●	●

10 Percentage line 9

(Colorado) to line 9 (Total) ● \_\_\_\_\_ % times <sup>1</sup>/<sub>2</sub> line 1, \$ \_\_\_\_\_ equals. .... 10

**INCOME APPORTIONED TO COLORADO BY USE OF THE PROPERTY FACTOR:**

	Colorado		Total	
	Beginning	Ending	Beginning	Ending
11 Inventories ..... 11	●	●	●	●
12 Land ..... 12				
13 Buildings and Equipment ..... 13	●	●		
14 Other property, explain ..... 14	●	●		
15 Total, lines 11 through 14 ..... 15	●	●	●	●
16 Average beginning and ending... 16				
17 Leased real property ..... 17	●		●	
18 Leased tangible personal property ..... 18	●		●	
19 Total lines 16, 17 and 18 ... 19				

20 Percentage line 19

(Colorado) to line 19 (Total) ● \_\_\_\_\_ % times <sup>1</sup>/<sub>2</sub> line 1, \$ \_\_\_\_\_ equals. .... 20

21 Total of lines 10 and 20. Enter on line 14, page 1, Form 112. .... 21

**SCHEDULE B-MULTISTATE TAX COMPACT (3 FACTOR) APPORTIONMENT SCHEDULE**

**1 Computation of the property factor:**

	(1) Colorado		(2) Total		
	(Beginning)	(Ending)	(Beginning)	(Ending)	
(a) Inventories .....	●	●	●	●	
(b) Land .....					
(c) Buildings and Equipment	●	●			
(d) Other property (explain)	●	●			
(e) Total (a) through (d) .....	●	●	●	●	
(f) Average .....					
(g) Leased property (Attach schedule)	●		●		
(h) Total (f) and (g) .....					
(i) Percentage 1(1)(h) to 1(2)(h) .....					● 1 %

**2 Computation of the payroll factor:**

(a) Colorado compensation paid during the taxable year .....		
(b) Total compensation paid during the taxable year .....		
(c) Percentage 2(a) to 2(b) .....	● 2	%

**3 Computation of the sales factor:**

	DO NOT INCLUDE FOREIGN SOURCE REVENUES MODIFIED OUT ON LINE 9, FORM 112		
	(1) Colorado	(2) Total	
INCLUDE ONLY INCOME NOT DIRECTLY ALLOCATED			
(a) Gross sales of property .....			
(b) Gross sales of services .....			
(c) Rents and royalties .....			
(d) Other revenue (explain) .....			
(e) Total revenue .....	●	●	
(f) Percentage 3(1)(e) to 3(2)(e) .....			● 3 %

4 Total of lines 1, 2 and 3 .....	4	%
5 Average factor, line 4 divided by the number of factors computed above .....	5	%
6 Total modified federal taxable income from line 13, page 1, Form 112. ....	6	

**7 Less income directly allocable:**

NON-BUSINESS INCOME ONLY	(a) Net rents and royalties from real or tangible personal property	
	(b) Capital gains and losses .....	
	(c) Interest and dividends .....	
	(d) Patents and copyright royalties .....	
	(e) Total income directly allocable .....	● 7

8 Modified federal taxable income subject to apportionment by formula, line 6 less line 7 .....	8
9 Income apportioned to Colorado by formula, line 5 times line 8 .....	9

**10 Add income directly allocable to Colorado:**

(a) Net rents and royalties from real or tangible personal property	
(b) Capital gains and losses .....	
(c) Interest and dividends .....	
(d) Patents and copyright royalties .....	
(e) Total income directly allocated to Colorado .....	● 10

11 Total income apportioned to Colorado, line 9 plus line 10. Enter on line 14, page 1, Form 112. ....	11
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## SCHEDULE C-COLORADO AFFILIATIONS SCHEDULE

NO.	A. NAME AND ADDRESS OF CORPORATION				B. COLORADO IDENTIFICATION NUMBER	C. FEDERAL EMPLOYER IDENTIFICATION NUMBER	
	D. INTERCOMPANY BUSINESS RELATIONSHIPS (SEE INSTRUCTIONS)	E. CHECK (✓) IF CORP. IS INCLUDED IN COMBINED RETURN	F. OWNED BY CORP. NUMBER	G. CHANGE IN OWNERSHIP % DURING TAXABLE PERIOD (YES/NO)	H. % OF OWNERSHIP CLOSE OF TAXABLE PERIOD	I. PRINCIPAL BUSINESS ACTIVITY	
1	A (Parent)				B	C	
	D 1. <input type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/>	E <input type="checkbox"/>	<del>_____</del>	<del>_____</del>	<del>_____</del>	I	
2	A				B	C	
	D 1. <input type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/>	E <input type="checkbox"/>	F _____	G _____	H _____ %	I	
3	A				B	C	
	D 1. <input type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/>	E <input type="checkbox"/>	F _____	G _____	H _____ %	I	
4	A				B	C	
	D 1. <input type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/>	E <input type="checkbox"/>	F _____	G _____	H _____ %	I	
5	A				B	C	
	D 1. <input type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/>	E <input type="checkbox"/>	F _____	G _____	H _____ %	I	
6	A				B	C	
	D 1. <input type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/>	E <input type="checkbox"/>	F _____	G _____	H _____ %	I	
7	A				B	C	
	D 1. <input type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/>	E <input type="checkbox"/>	F _____	G _____	H _____ %	I	

# INSTRUCTIONS FOR SCHEDULE C

Schedule C must be completed if the corporation for which the return is filed owned a) more than 50 percent of the stock of another corporation or, b) more than 50 percent of the stock of the corporation for which the return is filed was owned by another corporation.

Enter information for the common parent on line 1. Lines 2 through 7 are for subsidiary corporations. Photocopy and attach additional sheets if necessary.

## **COLUMNS A THROUGH C:**

Enter the corporation's name, address, Colorado ID number and federal employer ID number.

## **COLUMN D:**

Taxpayers who are affiliated corporations, as described above, and who have more than 20 percent of their property and payroll located within the United States must complete Column D.

The blocks in Column D are numbered from one (1) to six (6) and correspond to the six numbered intercompany business relationships described below. For each affiliate listed on Schedule C, mark yes (Y) or no (N) in the blocks of Column D, to indicate whether the below described intercompany business relationships did or did not exist during the tax year and the two preceding tax years.

## **INTERCOMPANY BUSINESS RELATIONSHIPS:**

1. Is 50 percent or more of the corporation's gross receipts from sales or leases to other affiliates or is 50 percent or more of the corporation's cost of goods sold or leased from other affiliates?
2. Does the corporation receive 50% or more of the total annual value of each of five or more of the following services from other affiliates: advertising and public rela-

tions; accounting and bookkeeping; legal; personnel; sales; purchasing; research and development; insurance; employee benefit programs? Do not count services which are provided at an "arm's length charge." (See U.S. Treasury Regulation 1.482(b)(3).)

3. Is 20 percent or more of the corporation's long-term debt owed to or guaranteed by other affiliates? Is 20 percent or more of any other affiliates long-term debt owed to or guaranteed by the corporation?
4. Does the corporation use patents, trademarks, service marks, logos, trade secrets, copyrights or other proprietary materials owned by other affiliates? Does the corporation own patents, trademarks, service marks, logos, trade secrets, copyrights, or other proprietary materials that are used by other affiliates?
5. Are 50 percent or more of the members of the corporation's board of directors also members of the board of directors or corporate officers of other affiliates?
6. Are 25 percent or more of the corporation's twenty highest ranking officers also members of the board of directors or corporate officers of other affiliates?

## **COLUMN E:**

Check the block in Column E if the corporation is included in a combined report. Corporations included in a combined report must have answered yes (Y) to three or more of the intercompany business relationships referred to in Column D.

## **COLUMNS F THROUGH I:**


Enter corporation's owner number, whether or not there was a change in ownership, ownership percentage and principal business activity.

# INSTRUCTIONS FOR FORM 112 CR

## **PRIORITY OF CREDITS**

The law provides that the new Investment Tax Credit (ITC) is limited to the tax liability remaining after the old ITC. Otherwise, the taxpayer may choose the sequence in which the credits are claimed. Particular attention should be paid to the carryback and carryover features of the various credits.

## **THE NEW INVESTMENT TAX CREDIT**

A new Colorado ITC is allowed in an amount equal to 1% of the total qualified investment as determined under section 46(c) of the internal revenue code in qualified property as defined in section 48 of the internal revenue code as such sections existed prior to the Revenue Reconciliation Act of 1990.  11.

The new ITC is basically 10% of what the federal regular percentage ITC would be if it were still in effect.

The new ITC is limited to \$1,000 reduced by the amount of the old ITC claimed for the same tax year.

Any excess new ITC remaining may be carried forward for a period of three years. It may not be carried back to an earlier year.

The new Colorado ITC is allowed only with respect to assets located within Colorado. If qualifying property is located both within and without Colorado during the tax year, the credit shall be apportioned based on the time of usage of such property in Colorado during the tax year as compared with the total time of usage of such property everywhere during the tax year unless the taxpayer can justify a more equitable apportionment method.

All Internal Revenue Code section 46 (as such section existed prior to 1990) restrictions on qualified investment apply for purposes of the new ITC. For example, only a fraction of the basis or cost of assets that have a useful life of less than seven years qualifies for the credit, only \$150,000 of used property may qualify for the credit, and any amounts expensed under section 179 of the Internal Revenue Code do not qualify.

**FORM 112 CR COLORADO CORPORATION CREDIT SCHEDULE**

**2005**

Attach this form to your completed income tax return Form 112

Taxpayer's name	Colorado account number
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If the total of the credits claimed on this form exceeds the tax amount on line 1, see the limitation at the bottom of the form.

	1 Tax liability from line 17, Form 112.....	1	
<b>A THE NEW INVESTMENT TAX CREDIT</b>			
2	\$1,000 minus amount on line 62 .....	2	
3	Current year qualified investment .....	3	
4	One percent of the amount on line 3 .....	4	
5	New investment tax credit carryover .....	5	
6	Total of lines 4 and 5 .....	6	
7	Allowable credit. Smaller of lines 2 or 6. Enter here and on line 18, Form 112 .....	7	
<b>B ENTERPRISE ZONE INVESTMENT TAX CREDIT</b>			
8	Smaller of amount on line 1 above, or \$5,000 .....	8	
9	50% of the amount on line 1 above in excess of \$500 .....	9	
10	Total of lines 8 and 9 .....	10	
11	Old investment tax credit, if any, from line 62 .....	11	
12	Line 10 minus line 11 .....	12	
13	Qualifying current year investment .....	13	
14	3% of amount on line 13 .....	14	
15	Enterprise zone investment tax credit carryover .....	15	
16	Total of lines 14 and 15 .....	16	
17	Allowable credit. Smaller of lines 12 or 16. Enter here and on line 19, Form 112 .....	17	
<b>C ENTERPRISE ZONE NEW BUSINESS FACILITY EMPLOYEE CREDITS</b>			
18	Monthly average of qualified new business facility employees .....	18	
19	Number of employees for which credit has previously been claimed .....	19	
20	Increase in qualified employees, line 18 minus line 19 .....	20	
21	Number of employees on line 20 multiplied by \$500 .....	21	
22	Number of employees on line 20 in an enhanced rural enterprise zone multiplied by \$2,000 .....	22	
23	Number of agricultural processing employees on line 20 multiplied by \$500 .....	23	
24	Number of agricultural processing employees on line 20 in an enhanced rural enterprise zone multiplied by \$500 .....	24	
25	New business facility employee credit carryover .....	25	
26	Number of health insurance qualified employees _____ multiplied by \$200 .....	26	
27	Allowable credit. Total of lines 21 through 26. Enter here and on line 20, Form 112. ....	27	
<b>D CONTRIBUTION TO ENTERPRISE ZONE ADMINISTRATOR CREDIT</b>			
28	Current year cash contributions .....	28	
29	Value of current year in-kind contributions .....	29	
30	Total of lines 28 and 29 .....	30	
31	The smaller of \$100,000 or 25% of line 30 .....	31	
32	Limitation on in-kind credit, 50% of line 31 .....	32	
33	Allowable in-kind credit, the smaller of lines 29 or 32 .....	33	
34	Limitation on cash credit, line 31 minus line 33 .....	34	
35	Allowable cash credit, the smaller of lines 28 or 34 .....	35	
36	Contribution credit carryover .....	36	
37	Allowable credit. Smaller of the total of lines 33, 35, and 36, or \$100,000. Enter here and on line 21, Form 112 .....	37	



**E ENTERPRISE ZONE VACANT COMMERCIAL BUILDING REHABILITATION CREDIT**

38	\$50,000 minus credit previously claimed or carried over .....	38	
39	Qualified current year expenditures .....	39	
40	Smaller of \$50,000 or 25% of line 39 .....	40	
41	Smaller of line 38 or line 40 .....	41	
42	Rehabilitation credit carried over .....	42	
43	Allowable credit. Total of lines 41 and 42. Enter here and on line 22, Form 112 .....	43	

**F ENTERPRISE ZONE RESEARCH AND EXPERIMENTAL CREDIT**

44	Qualifying current year expenditures .....	44	
45	First preceding year expenditures .....	45	
46	Second preceding year expenditures .....	46	
47	Total lines 45 and 46 .....	47	
48	One-half of the amount on line 47 .....	48	
49	Line 44 minus line 48 .....	49	
50	3% of the amount on line 49 .....	50	
51	25% of the amount on line 50 .....	51	
52	25% of line 48 of 2002 Form 112CR .....	52	
53	25% of line 50 of 2003 Form 112CR .....	53	
54	25% of line 50 of 2004 Form 112CR .....	54	
55	Excess credit carried over .....	55	
56	Allowable credit, Total of lines 51, 52, 53, 54 and 55. Enter here and on line 22, Form 112 ....	56	

**G MISCELLANEOUS ENTERPRISE ZONE CREDITS**

57	Enterprise zone job training credit. Enter here and on line 22, Form 112 .....	57	
58	Rural technology enterprise zone credit carryforward. Enter here and on line 25, Form 112 .	58	

**H MISCELLANEOUS CREDITS**

59	Alternative fuel vehicle credit. Enter here and on line 23, Form 112 .....	59	
60	Alternative fuel refueling facility credit. Enter here and on line 24, Form 112 .....	60	
61	Gross conservation easement credit. Enter here and on line 31, Form 112 .....	61	
62	Old investment tax credit .....	62	
63	Crop and livestock contribution credit .....	63	
64	Historic property preservation credit .....	64	
65	Child care contribution credit .....	65	
66	Child care center-family care home investment credit .....	66	
67	Employer child care facility investment credit .....	67	
68	School-to-career investment credit .....	68	
69	Colorado works program credit .....	69	
70	Contaminated land redevelopment credit .....	70	
71	Low-income housing credit .....	71	
72	Weather related livestock sale credit carryforward .....	72	
73	Colorado coal credit carry forward .....	73	
74	Allowable credits. Total of lines 62 through 73. Enter here and on line 25, Form 112 .....	74	

LIMITATION: The total credits you claim on lines 7, 17, 27, 37, 43, 56, 57, 58, 59, 60, and 74 of this Form 112 CR may not exceed the tax on Line 1. If you have excess credits, you must choose which credits you are going to use against your 2005 tax and enter those amounts on the appropriate lines of Form 112. As a general rule, most unused 2005 credits may be carried forward and claimed on your 2006 Colorado Income Tax Return.

Credits to be carried forward to 2006:


## ENTERPRISE ZONES

An enterprise zone is an economically distressed area of Colorado in which special tax incentives are offered to businesses that expand or locate in the zone. The purpose of the tax incentives is to create new jobs and investments in the zone. See [FYI General 6](#) for information regarding the location of the enterprise zones.

### ENTERPRISE ZONE INVESTMENT TAX CREDIT

In lieu of the old Colorado investment tax credit (ITC) with respect to such property, there shall be allowed to any person a Colorado income tax credit in an amount equal to three percent of the qualified investment (as defined in section 46 of the internal revenue code) in section 38 property (defined in section 48 of the internal revenue code) as said sections 46 and 48 existed prior to the enactment of the federal Revenue Reconciliation Act of 1990 to the extent such property was used solely and exclusively in a Colorado enterprise zone during the first twelve months of ownership of such property by the taxpayer.

Section 38 property is basically tangible personal property which is either (federal) recovery property or other depreciable or amortizable property having a useful life of three years or more used in the taxpayer's trade or business. Only 60% of the investment in 3-year recovery property qualifies for the credit. The qualified investment in used property is limited to \$150,000 per year, and any amounts expensed under section 179 of the internal revenue code do not qualify for the credit. Under certain circumstances the taxpayer may claim the credit on leased property.

The enterprise zone ITC may be claimed in an amount equal to the first \$5,000 of tax liability plus 50% of the tax liability in excess of \$5,000. Enterprise zone ITC earned in tax years beginning on or after January 1, 1996 may be carried back 3 years and forward 12. Enterprise zone ITC earned in tax years prior to January 1, 1996 may be carried back 3 years and forward 7.

Any taxpayer claiming an enterprise zone ITC of \$450 or more must submit with its income tax return a certificate from the zone administrator (Form DR 0074) to the effect that the taxpayer's business is located in the enterprise zone. [FYI Income 11](#).

### ENTERPRISE ZONE NEW BUSINESS FACILITY EMPLOYEE CREDITS

Only taxpayers who establish a new business facility or expand an existing facility in an enterprise zone may claim the new business facility employee credits. These credits may not be claimed with respect to facilities that were in place prior to the establishment of the zone except for a qualified expansion.

- **Basic employee credit.** Taxpayers which establish a new business facility may claim a credit of \$500 for the first twelve month period they employ a qualified new business facility employee. For subsequent tax periods, they are allowed to claim this credit with respect to the increase in the average number of enterprise zone new business facility employees. An additional \$2,000 credit for each

new business facility employee is available to businesses located in an enhanced rural enterprise zone.

- **Agricultural processing employee credit.** Any taxpayer who operates a business within an enterprise zone which adds value through manufacturing or processing to agricultural commodities can claim an additional \$500 employee credit. An additional \$500 credit for each new business facility agricultural processing employee is available to businesses located in an enhanced rural enterprise zone. Only businesses directly engaged in manufacturing or processing agricultural commodities into some form other than that which enters normal agricultural commodity marketing channels qualify for this special incentive. Harvesting, cleaning, packaging, storing, transporting, wholesaling, retailing, or otherwise distributing products without changing their form do not qualify.
- **Health Insurance credit.** An enterprise zone taxpayer can qualify for a credit of \$200 for each new business facility employee who is insured under a health insurance plan or program provided through the employer. Any health insurance, health maintenance organization, or prepaid health plan which is approved by the State Insurance Commissioner for sale in Colorado qualifies. The employer must contribute 50% or more of the total cost of the plan. A qualifying taxpayer may claim this credit for the first two full income tax years after the facility is completed or acquired within an enterprise zone.

In order to claim the enterprise zone new business facility employee credits, the taxpayer must submit with its return a certification from the zone administrator (Form DR 0074). [FYI Income 10](#).

### CONTRIBUTIONS TO ENTERPRISE ZONE ADMINISTRATOR CREDIT

The credit for contributions to an enterprise zone administrator to further the economic development plan of the zone is allowed at 25% for cash contributions, 12 1/2% for in-kind contributions, and a blended percentage for combined cash/in-kind contributions. [FYI Income 23](#).

The certificate(s) of contribution (Form DR 0075) furnished to you by the zone administrator or the program, project or organization will show the amount of your contributions that qualify for the 25% cash-12 1/2% in-kind credit. Form DR 0075 must be attached to Form 112.

The contribution credit is subject to the following rules:

1. The amount of credit generated in any one tax year may not exceed \$100,000.
2. The amount of credit generated in excess of the credit claimed may be carried forward for up to 5 years.
3. The credit is limited to 25% of the total value of the contribution.
4. Credit for in-kind contributions are limited to one-half the credit allowed for cash contributions of the same value.

5. If a taxpayer has both cash and in-kind contributions during a tax year, credit for cash contributions may be allowed at up to 100% but only to the extent necessary to bring the total credit up to 25% of the value of the combined contributions.
6. Credit will not be allowed for contributions that directly benefit the contributor or that are not directly related to job creation, job preservation, child-care promotion or for temporary, emergency or transitional housing programs which promote employment for homeless persons.

**ENTERPRISE ZONE VACANT COMMERCIAL BUILDING REHABILITATION CREDIT**

A 25% credit is available for rehabilitating commercial buildings in an enterprise zone which are at least 20 years old and which have been vacant for at least two years. [FYIIncome 24.](#)

**ENTERPRISE ZONE RESEARCH AND EXPERIMENTAL ACTIVITIES CREDIT**

Taxpayers who make research and experimental expenditures in an enterprise zone are entitled to a credit in the amount of 3% of such current year expenditures in excess of the average of such expenditures for the two preceding tax years. [FYIIncome 22.](#)

**ENTERPRISE ZONE JOB TRAINING CREDIT**

A credit of 10% of the total current year investment in a qualified job training program for employees working predominantly within an enterprise zone is available. [FYIIncome 31.](#)

**RURAL TECHNOLOGY ENTERPRISE ZONE CREDIT CARRYFORWARD**

Credits from 1999 - 2004 in excess of the tax due can be carried forward for 10 years. [FYIIncome 36.](#)

**ALTERNATIVE FUEL REFUELING FACILITY CREDIT**

A 50% credit is available for the construction, reconstruction or acquisition of an alternative fuel refueling facility. [FYIIncome 9.](#)

**GROSS CONSERVATION EASEMENT CREDIT**

A credit based on the value of a donated conservation easement in Colorado is available. Attach a copy of Form DR1305 and the qualified appraisal summary to Form 112 when claiming this credit. [FYIIncome 39.](#)

**THE OLD INVESTMENT TAX CREDIT**

The old investment tax credit is the sum of the old investment tax credit carry over, the current year old investment tax credit and the old investment tax credit carry back. The current year credit is 10% of the federal current year rehabilitation, energy and reforestation investment credit on assets located in Colorado. The credit is limited to the first \$5,000 of tax liability plus 25% of the tax in excess of \$5,000. Excess credit may be carried back three years and forward seven. [FYIIncome 11.](#)

**CROP AND LIVESTOCK CONTRIBUTION CREDIT**

A 25% credit is available for the donation of crops or livestock to a charitable organization. [FYIIncome 57.](#)

**HISTORIC PROPERTY PRESERVATION CREDIT**

A credit of 20% of the cost of restoring certified historic property in Colorado is available. [FYIIncome 1.](#)

**CHILD CARE CONTRIBUTION CREDIT**

A 50% credit is available for qualifying contributions made to promote child care in Colorado. [FYIIncome 35.](#)

**CHILD CARE FACILITY INVESTMENT CREDIT**

A 20% investment credit is available for certain tangible personal property used in the operation of a child care center, a family child care home, or a foster care home. [FYIIncome 7.](#)

**EMPLOYER CHILD CARE FACILITY INVESTMENT CREDIT**

A 10% investment credit is available for employer sponsored child care facility investment. [FYIIncome 7.](#)

**SCHOOL-TO-CAREER INVESTMENT CREDIT**

A credit of 10% of the current year investment in a qualified school-to-career program is available. [FYIIncome 32.](#)

**COLORADO WORKS PROGRAM CREDIT**

A credit of 20% of an employer's expenditures to employ recipients of public assistance is available. [FYIIncome 34.](#)

**CONTAMINATED LAND REDEVELOPMENT CREDIT**

A 20% – 50% credit is available for expenditures made to redevelop contaminated land in Colorado. [FYIIncome 42.](#)

**LOW-INCOME HOUSING CREDIT**

A tax credit is available for owners of qualified low-income housing developments. You must attach a copy of your credit certification from the Colorado Housing and Finance Authority to claim this credit. [FYIIncome 46.](#)

**WEATHER RELATED LIVESTOCK SALE CREDIT CARRYFORWARD**

Credits from 2002 and 2003 in excess of the tax due can be carried forward for 5 years. [FYIIncome 55.](#)

**COLORADO COAL CREDIT CARRYFORWARD**

Credits from 2002 - 2004 in excess of the tax due can be carried forward for 3 years.