

Regulation 39-22-305. Consolidated Returns

(1) Election to file a consolidated return.

(a) The election to file a consolidated C corporation return afforded under §39-22-305, C.R.S. may not be changed after the due date for filing the return including extensions of time for filing the return.

(b) When an affiliated group of "C" corporations elects to file a consolidated return, such election year is included in the four-year period required by the statute. Therefore, the election to file a consolidated return is binding for the election year and the next three tax years unless permission is granted in writing from the executive director for an earlier change.

(c) From the fifth year forward, there is an annual election to continue or discontinue the consolidated filing. When an eligible taxpayer elects and files a separate return in any year, a subsequent election to file a consolidated return will restore the taxpayer to filing on the consolidated basis for the following three years, unless permission is granted in writing from the executive director for an earlier change.

(d) For any year a consolidated return is filed, Schedule C-Colorado Affiliation Schedule shall be included with the return when filed.

(2) Members of the Consolidated Return.

(a) The Colorado income tax liability for an affiliated group of corporations making a consolidated return shall be based only on the net income of those members of the affiliated group having nexus in Colorado and for which a tax is imposed under §39-22-301, C.R.S. for that tax year. The consolidated net income of such corporations shall be apportioned in accordance with §39-22-303, C.R.S., or §24-60-1301, C.R.S. The apportionment factors of such consolidated group shall be based solely on the consolidated property, payroll and revenue, as applicable, of the consolidated group.

(b) If all or any part of the affiliated group is required to file a combined return (pursuant to §39-22-303(11)(a), C.R.S. and the regulations thereunder), then a combined report shall be filed that includes all the corporations required to file a combined return with such affiliated group. The affiliated group electing to file a consolidated return shall be treated as one taxpayer for purposes of filing the combined report.