

Regulation 39-22-515. Postconsumer Waste Equipment Credit.

(1) Credit allowed. Section 39-22-515(1) allows C corporations to claim a Colorado income tax credit for the purchase on or after January 1, 1991, but prior to January 1, 1996, of qualified equipment which is used by the corporation to manufacture for sale products from postconsumer waste. The credit will not be allowed unless the total capacity of all qualified equipment owned by the taxpayer on the last day of the income tax year in which the credit may be claimed (See paragraph (2) following) exceeds the total capacity of all qualified equipment owned by the taxpayer on the last day of the base year.

(2) The Postconsumer Waste Equipment Credit is 20% of the cost of qualified equipment and is allowed in the income tax year in which at least ninety percent of the total production capacity of the qualified equipment is used to manufacture products. In determining whether the 90% capacity is reached, each piece of equipment is measured separately.

(3) Excess credit may be carried forward for up to seven years.

(6) (b) The volume of waste the equipment is capable of handling is the design capacity of the equipment for the time the taxpayer is using the equipment but not less than 40 hours per week.

(c) A separate geographic location is one where one must cross over or pass along public property or a public right-of-way to reach.

(d) Purchase price includes freight and labor needed to construct the equipment if such costs are capitalized on the books of the taxpayer.

(i) Qualified equipment includes conveyer belts used to transport partially processed products from one piece of equipment to another. Cleaning, densification and baling equipment is qualified equipment if used on the same site as the manufacturing process. Equipment that produces an intermediate product that is not offered for sale but which is used in a functionally integrated process of the taxpayer or a related taxpayer that does produce products for sale is qualified equipment.