

Income Tax - Interest, Dividend and Capital Gain Subtraction

What is the interest, dividend and capital gain subtraction?

For tax years 2000 and 2001 individuals, estates and trusts could subtract certain interest, dividend and capital gain income from federal taxable income. [§39-22-104(4)(1.5), C.R.S.] The maximum amount that could be subtracted was:

- Tax year 2000 - \$1,200; \$2,400 for two individuals filing jointly,
- Tax years 2001 and later - \$1,500; \$3,000 for two individuals filing jointly.

ALLOWABLE SUBTRACTIONS DEFINED

Individuals, trusts and estates could subtract interest income, dividend income and net capital gain income to the extent it was included in federal taxable income. The subtraction was the combined total of such interest, dividends and capital gains.

For the purposes of this subtraction, "net capital gains" meant net capital gain as defined in Section 1222 (11) of the Internal Revenue Code.