

Income Tax - Developmental Disabilities Employee Income Tax Credit

What is the developmental disabilities employee income tax credit?

For tax years beginning on or after January 1, 2009 but prior to January 2, 2011, employers in Adams, Arapahoe, El Paso, Jefferson, Logan, Montrose and Morgan counties who hire a qualified person with a developmental disability will qualify for a tax credit. The credit is equal to 50% of the qualified employee's gross wages paid during the employee's first three months of continuous employment plus 30% of the employee's gross wages paid during the subsequent nine months of continuous employment. [§39-22-530, C.R.S]

The availability of the credit is contingent upon sufficient revenue growth for the tax year. This is determined by the December legislative council revenue forecast issued prior to the tax year and that the general fund appropriation must grow 6% over the previous year. If a credit cannot be claimed for the tax year in which it accrued because sufficient growth is not expected, it may be claimed for the next tax year for which a sufficient growth is anticipated. For this reason the tax credit is not available for tax years 2009, 2010 and 2011.

Credits earned in tax years beginning on or after January 1, 2009 but prior to January 2, 2011 may be claimed in the next tax year when sufficient revenue growth is forecast. The availability of this nonrefundable credit will be posted in this Q&A once it has been determined. The credit used in such future year can not exceed the net tax liability for that year and unused credit will not be available for carryforward to future years.