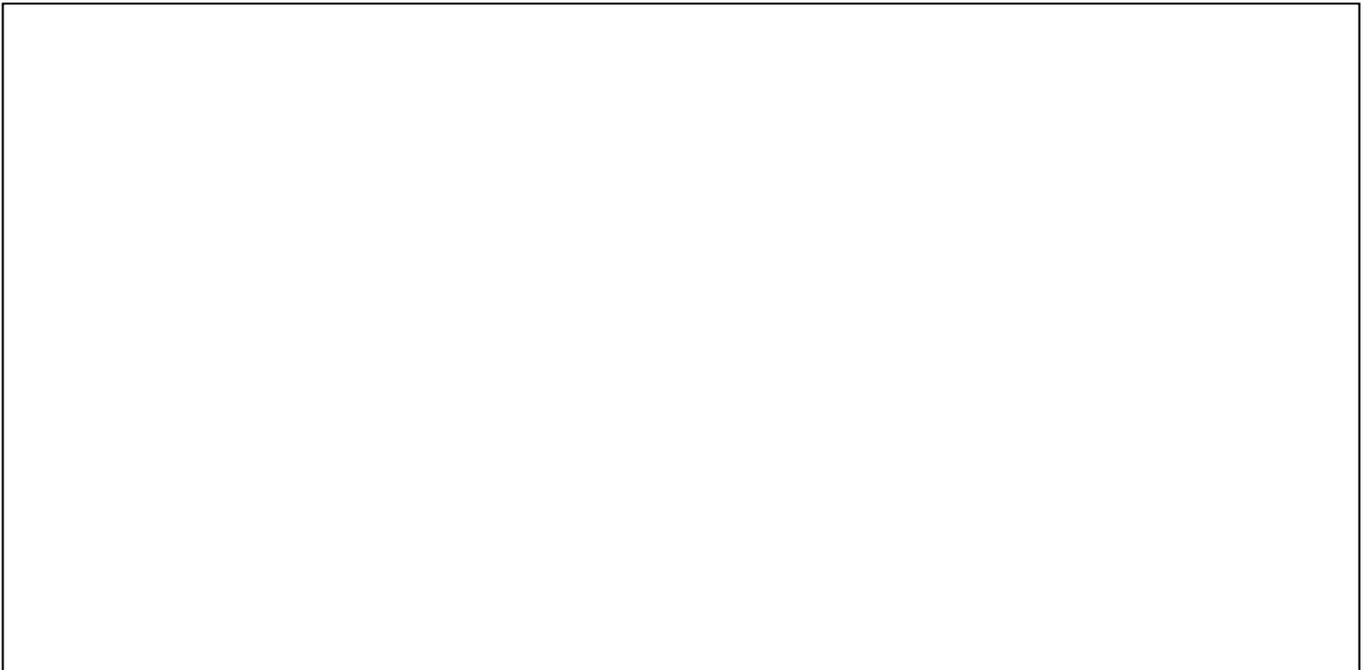


**Taxpayer Service Division
Colorado Department of Revenue**

August 25, 2015 (Draft)

**Software Developers Handbook
Business Income Tax**

(Calendar Year 2016)



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**COLORADO DEPARTMENT OF REVENUE
ELECTRONIC FILING
SOFTWARE DEVELOPER'S HANDBOOK FOR CALENDAR YEAR 2016**

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OTHER SOURCES:

Latest revisions of the Software Developers Handbook and letter of intent will be at the web address below.

<https://www.colorado.gov/pacific/tax/software-developers-income-tax>

The draft forms, schemas, and schema maps will be at the web address below. MeF developers must submit their letter of intent in order to be approved for access after registering.

<https://www.authpro.com/auth/Graphics/>

SECTION 1: GENERAL INFORMATION

PURPOSE

This publication provides software developers with the technical information and/or references necessary for creating and formatting Colorado state electronic business income tax returns. Updates to this document will be posted to our website at the address listed on the previous page. Tax year 2013 draft forms, and schemas will be also be posted on the internet at that web address.

MODERN EFILE

Colorado will accept tax year 2015 business income tax returns through the IRS Modern eFile program. The start date for such filings is January 8, 2016, for partnership returns and corporation returns. Colorado follows the TIGERS and IRS guidelines for Modern eFile returns.

TYPES OF RETURNS/FORMS

Colorado will accept refund, balance due, or zero balance returns for tax year 2015. Forms 112, 112CR, Schedule SF, Form 106 Parts I-IV, 106CR, 0617, 1305, 1316, and 1366 can be transmitted electronically to Colorado.

DIRECT DEBIT DATE

If direct debit is used as a payment method, the direct debit requested payment date is the date of withdrawal from the taxpayer's bank account. The debit date for returns filed by the due date cannot go past the due date. The debit date for returns filed after the due date should be two business days after the filing date. The following elements must be included: checking or savings, routing number, bank account number, account holder type (business or individual), and requested payment date. Paper return filers will not have direct debit. Please alert clients with a balance due that if they do not submit direct debit information with their return, they can go to our website for the online e-pay application to pay by echeck or credit card. If they do not do direct debit or online payment, they must send any Colorado balance due payment by check along with Form DR 0900.

SECTION 2: CONTACT INFORMATION

COLORADO DEPARTMENT OF REVENUE INTERNET SITE

The Colorado Department of Revenue offers a variety of information and forms at our website on the Internet, including Revenue Online, the Handbook for Software Developers, and the Handbook for Electronic Filers. All income tax forms at the website are in PDF format, which can be viewed/printed with the ADOBE ACROBAT READER. The ADOBE ACROBAT READER is free and can also be downloaded from the Internet. The Colorado Department of Revenue Internet taxation web site address is www.taxcolorado.com.

Information for software developers can be found on this web page by choosing Tax Professionals, then selecting Software Developers on the sidebar of the Tax Professionals page.

CONTACT PERSONNEL

The contact information below is for technical information or to inquire when a submitted return has not been acknowledged by the Colorado Department of Revenue. Refund inquiries or questions regarding accepted returns should be directed to 303-238-7378. Taxpayers can also obtain the status of their accepted return by establishing a login and accessing our Revenue Online system at taxcolorado.com.

Electronic Filing
State Coordinator
Steve Asbell
Taxpayer Service Division
Stephen.Asbell@state.co.us
Phone: (303) 866-3889
FAX: (303) 866-3211

Electronic Filing
Help Desk
Steve Asbell
Taxpayer Service Division
Stephen.Asbell@state.co.us
Phone: (303) 866-3889
FAX: (303) 866-3211

State Acceptance
Testing Coordinator
Steve Asbell
Taxpayer Service Division
Phone: (303) 866-3889
FAX: (303) 866-3211

Mailing Address for
Federal/State Electronic
Filing Program:
Colorado Department of Revenue
Room 206
1375 Sherman St.
Denver Colorado 80261

State Acceptance
Testing Associate
Andrew McVay
Taxation Division
Email: andrew.mcvay@state.co.us
Phone: 303-866-5256

SECTION 3: SPECIAL INSTRUCTIONS

RETURN DATA REQUIREMENTS

Business rules apply if certain lines are greater than zero. For example, the Enterprise Zone credit claimed and used on Form 112 or Form 106 must be supported by the total enterprise credit claimed for use on Form DR 1366. Other non-refundable credits claimed must be supported by Form 112CR or Form 106CR.

ACKNOWLEDGEMENTS/ERROR CODES

For tax year 2015 Colorado will be using the Internal Revenue Service for acknowledgement service. A document with error codes and alerts is available on our web page.

E-FILE PROBLEMS DURING TAX SEASON

Errors or processing problems discovered after testing (during the production income tax season) must be resolved immediately after their discovery and disclosure. To help Colorado maintain the integrity and reputation of the Fed/State e-file program, a short questionnaire for all software developers is provided in the appendix of this document to facilitate the cooperative resolution of problems.

COLORADO TAX CALCULATION

Multiply Colorado taxable income by 4.63 percent and round the product to the nearest dollar amount.

DIRECT DEBIT DATE

If direct debit is used as a payment method, the direct debit date is the date of withdrawal from the taxpayer's bank account. The debit date for returns filed by the due date cannot go past the due date. The debit date for returns filed after the due date should be two business days after the filing date. The account holder type, business or individual, is required.

MODERN EFILE FORMATTING

1. All dollar amounts are in whole dollars.
2. Percentage fields are expressed as percentages using LargeRatioType and must be limited to four places of precision past the decimal point. Example: 12.34557% is expressed as 12.3456. Negative percentages are not allowed.
3. For S-Corp/Partnership composite returns only one form 106CR is needed if the taxpayer entity claims credit for tax paid to another state and has no income or losses in any additional state(s) outside Colorado. A taxpayer claiming credit for tax paid to another state who has income or loss in two or more states outside Colorado must complete a summary using parent element TaxPaidOtherStates with state name "CO" and up to forty-four iterations of parent element TaxPaidOtherStates to claim credit for tax paid to other states. On Form 106 Part III the sum of partner/shareholder percentage should not exceed 100 percent.
4. Taxpayer names should not exceed sixty(60) characters in length.

SOFTWARE DEVELOPER ID

The element SoftwareId should not be a numeric value. Use the software name to fit in the ten character text field allowed. Colorado may suggest an ID.

STATE SUBMISSION MANIFEST

The state submission manifest should have the following

Taxpayer Type	StateSubmissionType	SubmissionCategory
C-Corp	1120	CORP
S-Corp	1120S	CORP
Partnership	1065	PART

Do not include the Colorado schema version in the state submission manifest.

SUBMITTING ATTACHMENTS

Software that supports credits needing supporting documents must support pdf attachments. Colorado will not reject returns that are missing supporting document attachments, but processing of the return will be delayed. The ability to support pdf attachments will be part of the testing process. Software that does not support credits or adjustments needing documentation will not be required to submit pdf attachments as part of their acceptance testing. A new element, SupportingDocMethod, has been added to Forms 112 and 106 to indicate how attachments will be submitted.

If a taxpayer is claiming certain credits or adjustments, the documentation per the form instructions to support the claim should be sent as a pdf attachment with the electronic return. This is the most reliable way to submit documents and associate them with the current year tax return.

If the supporting documents are not attached in pdf format, they can be uploaded to the taxpayer's account in Revenue Online. If neither the efile attachment nor Revenue Online upload methods are used, the documents should be sent by mail using form DR 1778 as a cover sheet for the necessary attachments. Submission of supporting documents by mail will typically add 4-6 weeks to processing time.

To emphasize again, returns that claim certain credits subject to review may experience processing delays if the attachments are submitted separately from the electronic return. We suggest that your software should display a diagnostic box advising that supporting documentation is required and that pdf attachment with the return is the most efficient means of submission.

SIGNATURE ALTERNATIVES

For the Colorado DR 8453C and DR 8453P, Colorado will accept electronic signature methods that are accepted by the Internal Revenue Service.

FRAUD PREVENTION

Software developers should conform to the IRS standards for fraud detection and prevention as stipulated in IRS Publication 1345. Information on suspected fraud should be sent to:

Jennifer Tate	Jennifer.Tate@state.co.us
Cathy Gallen	Cathy.Gallen@state.co.us
Shirley Stevens	Shirley.Steven@state.co.us

SECTION 4: TESTING

COLORADO SOFTWARE DEVELOPER TEST PACKAGE

The Colorado Business Income Test Package contains a series of 8 tests with scenarios for C-Corp returns on Form 112, and S-Corp/Partnership returns on Form 106. The test package should be available by October 14, 2015. Testing will begin Nov. 12, 2015, unless the IRS has delayed the start of ATS testing.

ELECTRONIC DATA TESTING

When ready to test, please send notification by email and include the submission IDs of the tests.

SECTION 5: WHAT'S NEW FOR CALENDAR YEAR 2016

Forms 112 and 106 have new lines for refundable credits.

The new business personal property credit is refundable. The instructions will have a worksheet(see example below) to calculate the business personal property credit, which is for small businesses that have \$15,000 or less of business personal property which they paid tax on. The allowable credit is the personal property tax paid x 100 minus the combined federal and state marginal tax rate. Ex: when tax paid=200 w/federal marginal rate of 28%: $200 \times .6737 = 135$.

Table 1 – Form 112

Amount from Form 112 line 1	Credit rate
0-50,000	.8037
50,001-75,000	.7037
75,001-100,000	.6137
100,001-335,000	.5637
335,001-10,000,000	.6137
10,000,001-15,000,000	.6037
15,000,001-18,333,333	.5737
Over 18,333,333	.6037

Table 2 – Form 106

Amount from Form 106 line 9	Credit rate
0-9,225	.8537
9,226-37,450	.8037
37,451-90,750	.7037
90,751-189,300	.6737
189,301-411,500	.6237
411,501-413,200	.6037
413,201 and up	.5577

Business personal property tax paid in 2015 A _____

Credit rate from Table 1 B _____

Multiply line A times line B
 Credit allowed, enter on Form
 112 line 28 or 106 line 23 _____

COLORADO DEPARTMENT OF REVENUE SECTION 5
ELECTRONIC FILING
SOFTWARE DEVELOPER'S HANDBOOK FOR CALENDAR YEAR 2016

Form DR 0617 now uses VINType for the vehicle identification number.

Form DR 1305 has a new COefiletype for the certificate number that does not allow dashes or other special characters.

Form DR 1366 for enterprise zone credit has been updated to add rows to indicate the amount of carryforward being used in the current year and to add lines that identify credit earned in the current year that will be carried forward. There is also a new section for a refundable renewable energy credit.

APPENDIX

Error codes

Form DR 8453C – Under Development

Form DR 8453P – Under Development

Form DR 0900C – Under Development

Form DR 0900P

Form DR 1778 – e-filer Attachment Form – Under Development

Error Codes

Many of the error codes are Alerts rather than reject codes. For example, when a return claims an innovative motor vehicle credit, a supporting copy of the dealer invoice must be submitted. If Colorado does not see a pdf attachment with the name ALTFUELINV.pdf, we will accept the return but add an alert message to the acknowledgment regarding the need to submit that document.

Alert messages should be passed along in full by the transmitter to the preparer or taxpayer. Those messages are for the benefit of the preparer/taxpayer so that the return information requirements are fully communicated.



150900P 19999

DR 0900P (07/17/15)
COLORADO DEPARTMENT OF REVENUE
Denver CO 80261-0008
www.TaxColorado.com

(0041)

2015 Pass-Through Entity Income Tax Payment Form

Caution!

This form **MUST** accompany your payment if you filed electronically and wish to pay by check.

The Department strongly recommends that you file using Revenue Online (www.Colorado.gov/RevenueOnline) or another electronic method and remit your payment electronically or by EFT. Information on EFT can be found at www.Colorado.gov/revenue/eft

Complete the form below. The amount on the check and the amount entered on the form must be the same. This will help maintain accuracy in your tax account. Be sure to keep a copy of the money order or note the check number with your tax records.

If you cannot file and pay online, you may pay by mail. Make check or money order payable to the Colorado Department of Revenue. Be sure to round your payment to the nearest dollar. Clearly write your Colorado Account Number and "2015 Form 106" on the check memo line.

Do not submit a paper return if you have already filed electronically.

Manage your account. File and pay online. Get started with Revenue Online today! www.Colorado.gov/RevenueOnline

DR 0900P (07/17/15)
COLORADO DEPARTMENT OF REVENUE
Denver CO 80261-0008
www.TaxColorado.com

For the calendar year 2015 or the fiscal year		Beginning (MM/DD/2015)		Ending (MM/DD/YYYY)	
Return this form with check or money order payable to the Colorado Department of Revenue, Denver, Colorado 80261-0008. Write your Colorado Account Number or Federal Employer Identification Number and "2015 FORM 106" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this form.					
Last Name or Business Name		First		Middle Initial	
Colorado Account Number		FEIN			
Address		City		State	Zip
If No Payment Is Due, Do Not File This Form. The State may convert your check to a one time electronic banking transaction. Your bank account may be debited as early as the same day received by the State. If converted, your check will not be returned. If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your bank account electronically.					Amount of Payment
					\$.00