

Income Tax - IRC 1341 (Repayment Subtraction)

I repaid income that was claimed as taxable on my Colorado return in a previous year. However, instead of deducting the income on my federal return I claimed the I.R.C. 1341 federal income tax credit. Can I claim a comparable state credit or can I deduct the income on my Colorado return?

If you claim the federal I.R.C. 1341 credit for a repayment of prior year income you can deduct the amount of the income on the “Other Subtractions” line of the Colorado return if the income was taxed in Colorado in the prior year. Write “I.R.C.1341 credit” as the explanation for this subtraction.

There is no state credit comparable to the federal credit for this circumstance.

If you deducted the income on your federal return rather than claiming the credit, no Colorado subtraction is allowed since the income is not included in your federal taxable income (line 1 of [Form 104](#)).