

STATE OF COLORADO



DEPARTMENT OF REVENUE
-State Capitol Annex
1375 Sherman Street, Room 409
Denver, Colorado 80261
Phone (303) 866-3091
FAX (303) 866-2400

John W. Hickenlooper
Governor

Barbara J. Brohl
Executive Director

GIL-13-026

November 13, 2013

XXXXXXXXXXXXXXXXXX
ATTN: XXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX

Re: Innovative Motor Vehicle Credit

Dear XXXXXXXXXXXX,

You submitted a request for guidance to determine whether the innovative motor vehicle credit limits the credit on both a per taxpayer and a per vehicle basis.

The Colorado Department of Revenue ("Department") issues general information letters and private letter rulings. A general information letter provides a general overview of the relevant tax issues and is not binding on the Department. A private letter ruling provides a specific determination for a specific set of facts, is binding on the Department but not on the taxpayer, and requires payment of a fee. For more information about general information letters and private letter rulings, please see Department regulation 24-35-103.5 at www.colorado.gov/revenue/tax > Tax Library > Rulings.

The Department initially treats your request as one of a general information letter. If you would like the Department to issue a private letter ruling on the issues you raise, you can resubmit a request and fee in compliance with regulation 24-35-103.5. It is important to remember that general information letters, such as this one, are general discussions of tax law and are not a determination of the tax consequence of any particular action or inaction.

Issue

Does the innovative motor vehicle credit limit the credit on both a per taxpayer and a per vehicle basis?

Discussion

For tax years 2012 and 2013, taxpayers may claim an income tax credit for each motor vehicle purchased or leased that 1) uses or is converted to use an alternative fuel, 2) is a hybrid vehicle 3) is a plug-in hybrid electric vehicle, 4) has its power source replaced with a power source that uses an alternative fuel, or 5) is modified to include idling reduction technology.

Taxpayers claiming a credit in 2013 have the option to claim the credit as described above or may claim a credit as described below.

For tax years 2013 through 2021, taxpayers may claim an income tax credit, not to exceed six thousand dollars, for the installation of any idling reduction technologies on or in a motor vehicle defined in Category 5 in §39-22-516.7(1)(a)(II)(j), C.R.S., and for the purchase, lease, or conversion of a motor vehicle defined in §39-22-516.7(1)(a)(II)(d-i), C.R.S. as a Category 1, Category 2, Category 3, Category 4, Category 4A.

Taxpayers may also claim an income tax credit for tax years 2013 through 2021 for the conversion of a motor vehicle to an electric motor vehicle or plug-in hybrid electric motor vehicle as defined in Category 1A in §39-22-516.7(1)(a)(II)(e), C.R.S. The maximum allowable credit in 2013 is \$7,500 and declines to six thousand dollars for tax years 2014 through 2021.

The statute does not preclude a taxpayer from purchasing, leasing, or converting more than one motor vehicle eligible for the innovative motor vehicle credit and claiming the applicable credit(s) for each motor vehicle the taxpayer purchases so long as the vehicle is registered and titled and used in Colorado.

Miscellaneous

This letter represents the good faith opinion of Department personnel who are knowledgeable on state tax issues. However, the Department does not make a specific determination here on any of the issues raised and the Department is not bound by this general information letter.

Enclosed is a redacted version of this letter. Pursuant to statute and regulation, this redacted letter will be made public within 60 days of the date of this letter. Please let me know in writing within that 60 day period whether you have any suggestions or concerns about this redacted letter.

Sincerely,

Neil L. Tillquist
Colorado Department of Revenue
Tele: (303)866-5627
Email: neil.tillquist@state.co.us