

Colorado Income Tax News Media Guide Tax Year 2015

As news reporters and editors, you want to give Coloradans the most accurate and up-to-date information about what matters to them.

The most pertinent and updated income tax information is available in this publication.

The Colorado Department of Revenue (CDOR) is committed to providing information and services that help taxpayers file their returns conveniently, accurately, and securely.

The “official” tax season this year is from January 1 until April 18, 2016.* Naturally, different topics are of higher interest to taxpayers during different times in the season.

More than 2.8 million Colorado tax returns were filed last year. Taxpayers want to know...

- What’s new for the filing season?
- How to make the filing process go smoothly?
- Which electronic filing option is best to use?
- Where to get help with filing questions?

**Due to District of Columbia holiday*

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To request an interview about Colorado income tax, send email request to

dor_coloradotaxnews@state.co.us

Any Colorado tax legislation should not be interpreted. Contact us for verification.

🔊 What's New for the 2015 Income Tax Year 🔊

Five new checkoffs appear on the 2015 Colorado Income Tax Form

- ❖ American Red Cross Colorado Disaster Response, Readiness, and Preparedness Fund
- ❖ Colorado for Healthy Landscapes Fund
- ❖ Colorado Youth Corps Association Fund
- ❖ Habitat for Humanity of Colorado Fund
- ❖ Special Olympics of Colorado Fund

Organizations Removed from Checkoff Program

- ❖ Alzheimer's Association Fund
- ❖ Colorado Cancer Fund
- ❖ Colorado Healthy Rivers Fund
- ❖ Colorado Multiple Sclerosis Fund
- ❖ Make-A-Wish Foundation of Colorado Fund
- ❖ Unwanted Horse Fund

Taxpayer Security Awareness, Refund Fraud Prevention and Refund Processing Expectations

This income tax season, the Taxation Division will provide information to taxpayers to assist them in determining whether they are a victim of identity theft *before* they file their income tax return; in taking steps to prevent identity theft and in learning what the Department does to protect state tax dollars from refund fraud criminals and how the Department communicates with taxpayers to verify their identities.

A new Web page on the Taxation Web site entitled [Taxpayer Security Awareness and Reporting Identity Theft](#) will launch the week of January 11.

The Department will put out messaging throughout the income tax filing season to inform taxpayers about what they can do before they file and what to expect during the filing season regarding refund fraud detection and prevention.

Additionally, the following key issues for the 2016 income tax filing season will be featured on the Taxation Web site: www.TaxColorado.com:

- TABOR Refund Eligibility
- Consumer Use Filing on the Individual Income Tax Return
- Colorado Earned Income Tax Credit
- Refund Status – Identity Verification Correspondence from the Department
- Refund Status – Where's My Refund?

Changes to 2015 income tax filing

Achieving a Better Life Experience (ABLE) 529 Account

Distributions for disability expenses that qualify as exempt from federal income tax are also exempt from state income tax. The expenses are already taken out of the federal taxable income, which is the amount taxpayers enter when they start completing the Colorado return.

Amended Returns

Send only the **NEW** supporting documents with the amended return and **ALL** the schedules. In the past, we asked for all supporting documents even if they were already submitted.

Business Personal Property Credit for Individual Business Owners

This credit is only available if business personal property tax was paid to a Colorado county in 2015 and the business had business personal property of \$15,000 or less.

A copy of the assessor's statement must accompany the return.

Colorado Earned Income Tax Credit (COEITC)

Persons with low to moderate income may be able to claim a federal earned income tax credit when they file their federal income tax return.

Full-year and part-year Colorado residents who claimed the EITC on their federal return are allowed the Colorado EITC. The Colorado EITC is 10 percent of the federal tax credit. Nonresidents do not qualify for the Colorado EITC.

Consumer Use Tax

Every state that has a sales tax has a "companion" tax for purchases made **outside the state** through online, telephone or catalog ordering services. In Colorado, this tax is called "use tax." To be compliant with tax laws, the purchaser of goods from outside Colorado must report and pay use tax when sales tax is not collected by the seller on a taxable item, such as clothing, electronics, appliances or other tangible property.

Beginning with the 2015 individual income tax return (104), use tax may be reported and paid when filing an individual income tax return, either electronically or on paper.

The state consumer use tax rate is the same as the state sales tax rate, both are 2.9 percent. Use tax is also collected by some special districts such as the metropolitan Denver Regional Transportation District (RTD) and the metropolitan Scientific and Cultural Facilities District (SCFD).

Driver License or ID Information

The Colorado Department of Revenue's request for driver license or ID number information on the Colorado individual income tax return came out of the national electronic filing standards established by the Tax Implementation for Group E-Commerce Requirements Standardization (TIGERS). Additionally, the Department may use the information in its security measures to detect and prevent refund fraud. Omitting any of this information may delay return and refund processing. However, if the information is not provided on the return, that will not stop Colorado income tax return and refund processing because providing the information is optional.

Emancipation Day

The federal individual income tax filing deadline for 2016 will be April 18.

In most years, the filing deadline is April 15. In some years, the District of Columbia's observance of Emancipation Day can affect the nation's filing deadline (District of Columbia holidays impact tax deadlines in the same way that federal holidays do). Because Emancipation Day falls on Saturday, April 16, in 2016 it will be observed on Friday, April 15, which pushes the tax filing deadline to the next business day for federal and Colorado income tax – Monday, April 18, 2016.

Enterprise Zone Credits

The 2015 Enterprise Zone Credit and Carryforward Schedule (DR 1366) requires more information than in previous tax years about credits to be carried forward. Taxpayers and tax professionals will now be required to specifically report the amount the plan to carry forward (apply) to future tax years, not just the amounts carried back or claimed for the current tax year. When reviewing the form, note that new fields and lines have been added to the Enterprise Zone Schedule DR 1366 to report the carryforward amounts. Reporting the future amounts will assist taxpayers with future tax year filings.

Estimated Tax Payments and Prepayments

Taxpayers who have made estimated tax payments should carefully review their payment records before completing this line on their return. We suggest that you review [Revenue Online](#) account information. Revenue Online will allow you to verify the payment(s) received by CDOR. Additionally, the 104 form requires a separate designation of each payment type. Please take care to properly enter amounts on the correct lines of the individual income tax return as follows:

- Prior-year Estimated Tax Carryforward; line 39
- Estimated Tax Payments; line 40
- Extension Payment; line 41
- Other Prepayments (104BEP, DR 0108 and DR 1079); line 42

If you choose not to verify your estimated payments via Revenue Online, then we suggest you carefully review all of your financial records for payments made to the Colorado Department of Revenue. Taxpayers may generally make estimated payments from a checking account, but once a year may make a payment from a savings or other account. Errors in properly accounting for estimated payments made to the Colorado Department of Revenue will delay processing your return and issuing a potential refund. Estimated tax credit lines of other income tax type returns (corporation, partnership) will vary. See the corresponding tax booklets for details.

Food Contributed to Hunger-Relief Charitable Organizations

Contributions made on or after January 1, 2015 may be claimed as a credit on the Colorado income tax return. The maximum credit is 25% or \$5,000, whichever is less. A copy of the form DR 0346 (Hunger-relief food contribution certification) must be submitted with any Colorado income tax return claiming this credit. If multiple donations are made within a taxable year, the credit shall be the sum of all amounts contained in Box A of the certification forms (DR 0346), subject to the limitation described above.

Taxpayers **cannot** claim this credit if they claim a Colorado Corporation income tax credit for crop or livestock contributions or if they claim the Individual income tax deduction for qualifying charitable contributions.

Gross Conservation Easement Income Tax Credit

Income Tax credits that may be claimed by taxpayers against their income tax liability for donated conservation easements donated to only approved charitable or governmental organizations. An income tax credit may be claimed by a taxpayer who donates to a government entity or eligible charitable organization all or part of the value of a perpetual conservation easement in gross real property. This credit is refundable up to a maximum of \$50,000 during a TABOR year and can be carried forward for up to 20 years.

Refundable Renewable Energy Credit for Enterprise Zones

A renewable energy company with Enterprise Zone Investment Tax Credits (ITC) may elect to receive a refund of the credit for projects completed on or after January 1, 2015.

The amount of the refund is equal to 80 cents for every one dollar of ITC credit, and the refund is capped at \$750,000 per tax year. The taxpayer may elect to receive a refund beginning with their 2015 income tax filing.

Rural Jump-Start

A tax benefit for approved new businesses that locate inside a distressed county and establish a relationship with a state institution of higher education located in the distressed county. The business must be new to the state, hire at least eight new employees, and not directly compete with the core function of a business that is already operating in the state.

A qualified business within a rural Jump-Start zone and their employees will receive the following state tax benefits in addition in addition to county and municipality incentives:

- a refundable income tax credit equal to 100 percent of the income taxes imposed on the income derived from the new business activities in the tax-friendly zone; and
- a sales and use tax refund on the purchase of all tangible personal property acquired by the new business and used exclusively within the tax-friendly zone.

In addition, new employees of the new business are entitled to receive a 100 percent refundable income tax credit on their wages.

TABOR Sales Tax Refund

Due to Colorado's current revenue surplus, under the Taxpayer's Bill of Rights (TABOR) any excess funds must be distributed back to Colorado's residents.

Eligibility

Anyone applying for this refund must be domiciled (made their home) in Colorado from January 1 through December 31, 2015 and must be age 18 or older as of January 1, 2015.

Full-year residents under the age of 18 qualify for the refund only if they are required to file a Colorado return because of a federal income tax filing requirement.

The amount of the refund depends of the taxpayer's modified (for Colorado income tax purposes) federal adjusted gross income (AGI) and whether the taxpayer files single or married

Modified AGI Tiers for State Sales Tax Refund						
If Line 25 of the 2015 104 Form is:	\$36,000 or less	\$36,001 to \$77,000	\$77,001 to \$120,000	\$120,001 to \$163,000	\$163,001 to \$204,000	\$204,001 or more
Single Filers	\$13	\$18	\$21	\$23	\$24	\$41
Joint Filers	\$26	\$36	\$42	\$46	\$48	\$82

Tax Fraud Detection and Prevention

As part of our security measures to protect taxpayers against refund fraud, tax returns now require the last four digits of the taxpayer's driver license or ID number, as well as the state of issuance.

Additionally, the Colorado Department of Revenue has joined in an historic, nationwide partnership with the federal Internal Revenue Service (IRS), state revenue departments and the entire tax industry to redouble efforts to safeguard personally identifying information contained in tax records and battle tax return and refund fraud caused by identity theft.

Refund fraud detection tools are in place. The Department will contact taxpayers by U.S. Postal mail to get their assistance in confirming their identity and intent to file a return. Taxpayers are urged to respond timely to this correspondence speed the process of getting the Colorado income tax refund to which they are entitled.

See the Colorado Taxation Web page [Taxpayer Security Awareness and Reporting Identity Theft](#) for tips before and during the income tax filing process.

For income tax years starting on or after January 1, 2016 (not this filing season)

Active Duty Military Income Tax Exemption

This is a state income tax exemption for active duty military income earned by an individual in the United States armed forces who reacquired residency in Colorado.

Income Tax Statistics

For Colorado Fiscal Year (FY) 2015 (July 1, 2014 – June 30, 2015)

- ✓ The department processed more than 2.8 million individual income tax returns.
- ✓ The department issued nearly 1.6 million individual/personal income tax refunds.
- ✓ Average individual income tax refund during FY 2015: \$467, of which:
 - 90% processed within 21 days.*
 - 96% processed within 45 days.*

*These are refunds where the return did not have errors and no potential refund fraud risk.

- ✓ Total refunds to corporations: \$117 million.
- ✓ Average corporation income tax refund: \$28,189.
- ✓ Total income tax refunds to individuals and fiduciaries (estates and trusts): \$782 million.
- ✓ Gross tax collected in FY 2015 (withholding, estimated tax payments, and cash with returns) -- From individuals: \$7.14 billion. From corporations: \$786 million.
- ✓ Net income tax collections after refunds. From individuals: \$6.35 billion. From corporations: \$668 million.

2015 Electronic Filing Statistics

<i>Electronic Filing Method</i>	Number of returns filed Fiscal Year 2015
Federal/State Electronic Filing**	2,068,421
DOR's Revenue Online service	122,479
Total Electronic Returns	2,190,900

** Federal/State Electronic Filing refers to those returns filed using IRS e-file via tax preparer (submitted by electronic transmission) or tax preparation software (submitted online).

Colorado e-file

It's Fast, Easy, and Accurate!

The Colorado Department of Revenue encourages taxpayers to file their taxes electronically. Electronic filing, or “e-filing,” has revolutionized filing state and federal income tax returns. Preparing and submitting returns can be easier and less time-consuming than ever. Various Internet and tax preparation services provide individuals with choices to fit their lifestyles. Whether you prepare forms yourself or use a professional, there is an electronic filing option for you. During 2015, nearly 85 percent of Colorado taxpayers submitted their taxes electronically and received their refund faster.

Revenue Online

With Revenue Online you can sign up for account access, much the same way you sign up for online banking. Once you have access to Revenue Online, you can send us a Secure Message and correspond online with us about your tax issues.

It takes just a few minutes to sign up for Revenue online but, once you sign up through Revenue Online www.Colorado.gov/RevenueOnline you can:

- File current and previous returns (2009 and forward)
- Amend current and previous returns (2009 and forward)
- Use **Direct Deposit** to receive refunds quicker
- Get refund status
- Pay tax
- Access your income tax account
- Get your refund status
- Upload documents related to your tax return
- Add power of attorney
- Balance Inquiry
- Copy of a Return (2009 and forward)
- File a protest
- Request a payment plan
- View 1099-Gs issued by the department
- View letters from the department
- Send questions to department staff about your account
- Add third party access to the account

📖 General Filing Information 📖

What is a W-2 Form?

A W-2 is a “Wage and Tax Statement” given to employees by their employers indicating total earnings and taxes withheld during a calendar year. Employers are required by federal law to provide the form to employees every year by January 31. Be sure your social security number on your W-2 is correct. If it is incorrect take the W-2 to your employer. The employer needs to make the necessary changes to the W-2 statement before you file your income tax return so you get proper credit for taxes paid.

If you did not receive a W-2 from an employer, you should:

- Contact your employer to obtain a copy.
- Contact the Colorado Department of Revenue Tax Information Call Center at (303) 238-7378. W-2 information submitted by employers to the Department of Revenue may not be available before April.
- If the first three options fail, contact the IRS. The IRS may have both federal and state W-2 information.

Attach all W-2s with Colorado Withholding to the 104 Return at the Appropriate Place on the Return

When filing a **paper** return, all W-2s must be attached (stapled) to the form. When the W-2s don't add up to the withholding claimed on the Individual return (Line 38 of Form 104), return processing will stop. We will ask the taxpayer to send us the W-2s. While there is no requirement to electronically attach scanned W-2s to an e-filed return, we recommend submitting these electronically should any questions arise during return review and we discover an entity has submitted a W-2 with Colorado withholding for a taxpayer. Documents may be submitted in [Revenue Online](#). Click on Submit an e-Filer Attachment.

Pay stubs are not W-2s

Pay stubs do not usually have the employer's FEIN on them. The FEIN is required when taxpayers file their income tax – whether electronically or on paper. The Colorado Department of Revenue verifies the FEINs to ensure the employer has paid the taxpayer's withholding tax. **When there is no FEIN with the income tax filing or the FEIN is incorrect, the taxpayer will be required to communicate with CDOR to verify withholding, which will delay refund processing.**

What is a 1099-G Statement?

Year-end 1099 statements are mailed by February 1 to inform recipients about income they received during the previous year. The 1099-G is a document issued by government agencies such as the Department of Revenue for use in filing out the federal and State of Colorado income tax returns. Only taxpayers who itemized their deductions using Schedule A on the prior year's federal return should receive a Colorado Department of Revenue 1099-G in the mail.

The amount shown on the Colorado 1099-G includes:

- Any Colorado income tax refund received the prior year
- Any overpayment credited to the following year's estimated tax
- Any overpayment applied to a prior year's balance due
- Any overpayment intercepted by a state agency
- Any contributions to the voluntary checkoff funds.

Taxpayers can see 1099-G amounts for refunds received from the Department of Revenue by signing up for tax account access in **Revenue Online**.

FEINs on W-2s/1099s

Review, compare and verify Federal Employer Identification Numbers (FEINs) when entering them into e-file software. Make sure the numbers entered in the software match what is on the paper W-2 or 1099. If the FEIN entered into the tax software doesn't match the FEIN on the W-2 or 1099 submitted by the employer, the taxpayer will be asked later to submit paper copies of the W-2s/1099s.

Confirm Social Security Numbers

SSN(s) on your W-2 form must be correct. If the SSN is incorrect contact your employer so a correct W-2 can be issued prior to filing your Colorado income tax return. Avoid transposing numbers within the nine-digit number. If social security numbers (SSN) are not correct on returns, the new system will flag the account as listing an invalid SSN and not allow refunds to be issued until the SSN is corrected. If a joint return is filed, use the same SSN as the primary/first number on each year's Colorado filing.

Filing on Behalf of a Deceased Taxpayer

If you are a surviving spouse or legal representative of someone who died during 2015, you may file a return on the deceased's behalf. Write "deceased" in large letters across the top of the return, check the box after the deceased person's name. Additionally, you must sign the return and write "filing as surviving spouse" or "filing as legal representative" by your signature. Any person other than the surviving spouse who files a return and requests a refund on behalf of a deceased person must file form DR 0102, "Claim for Refund on Behalf of Deceased Taxpayer," and a copy of the death certificate with the return.

How is Colorado Residency Determined?

A Colorado resident is a person who has made a home in Colorado, or a person whose intention is to be a Colorado resident.

As evidence of a person's intentions, the Department of Revenue will consider, among other factors, Colorado voter registration, Colorado vehicle registration, Colorado driver's license, school registration, property ownership, and residence of spouse and children.

Filing Requirements for Full-Year Residents who Work in a Non-Taxing State

A Colorado resident must continue to file Colorado returns as a full-year resident no matter how long he or she worked outside of Colorado. Most such individuals are working on temporary assignments and are still residents of Colorado. If the Colorado resident is working in a non-taxing state, all income will be taxed by Colorado.

Filing Requirements for Part-Year Residents

A part-year resident is an individual who was a resident of Colorado for only part of the tax year. This includes anyone who moved into Colorado with the intention of making his/her home here or a Colorado resident who moved out of Colorado with the intention of making his/her home elsewhere any time during the tax year.

A part-year resident is required to file a Colorado income tax return if he/she:

- is required to file a federal income tax return, and
- has taxable income during that part of the year he/she was a Colorado resident, or had Colorado-source taxable income any time during the year.

A part-year resident of Colorado will complete the Colorado individual income tax return, Form 104, and the 104PN part-year resident/nonresident tax calculation schedule.

Filing Requirements for Nonresidents

A nonresident is an individual who did not consider his/her home to be in Colorado at any time during the tax year even though the person may have temporarily resided and/or worked in Colorado. A nonresident is required to file a Colorado income tax return if he/she:

- is required to file a federal income tax return, and
- has Colorado-source taxable income.

A nonresident of Colorado will complete the Colorado individual income tax return, Form 104, and the 104PN part-year resident/nonresident tax calculation schedule.

○ Special Types of Tax Claims ○

Capital Gain Subtraction

The department will make every effort to verify required documentation was included in the filing of the return before contacting the taxpayer for more information. That is why it is important the following supporting documents be submitted with the return.

- A DR 1316 form, “Colorado Source Capital Gain Affidavit” must be completed and included with the return (electronic or paper). With e-filed returns, attaching the form to the electronic return or submitting it as an E-Filer Attachment in Revenue Online is not sufficient. For electronic returns, the information must be data entered on the DR 1316 portion of the return.
- A copy of the closing statements for both the purchase and sale of the property, or official documentation from the county detailing purchase date and price and sale date and price
- Copies of the first two pages of the corresponding federal return, Schedule D and any Schedule D attachments
- If the capital gain was received via a pass-through entity, documentation that the interest in the underlying business satisfies the required five-year holding period

Child Care Contribution Credit

When a taxpayer claims the Child Care Contribution Tax Credit, the DR 1317, “Child Care Contribution Tax Credit Certification” must be completed by the organization/entity that receives the donation from the taxpayer. Then the organization gives the completed form to the taxpayer. A copy of this form **MUST** be submitted with the return that claims this tax credit. The taxpayer may complete the Social Security/Colorado Account Number portion of the certification form after the organization completes the form.

Enterprise Zone Credits

IMPORTANT: There is an electronic return filing requirement for all taxpayers who claim these credits.

Paper returns may be filed ONLY if an electronic return would create a hardship **for the taxpayer**. If your software product does not support the DR 1366, “2015 Enterprise Zone Credit and Carryforward Schedule,” we suggest you file using [Revenue Online](#), which has a document attachment feature. The total credit amount is calculated using the DR 1366 schedule. Enter on line 36 of the 104 income tax return the sum of all enterprise zone credits used (see the corresponding tax booklets for further instructions regarding other types of returns). **Both the DR 1366 and the applicable certification form** (or email printout from the Office of Economic Development and International Trade) **for each EZ credit claimed** must accompany the income tax return, whether the return is e-filed or submitted on paper.

Innovative Motor Vehicle Tax Credit

Legislation requires a new methodology for calculating the credit. The department has developed form [DR 0617](#), “Innovative Motor Vehicle Credit” schedule. Complete this form and attach it to any income tax return claiming this credit. The department checks a county motor vehicle database to verify ownership of these vehicles. If the registration is not in the taxpayer’s name in this database, we will ask for copy of the purchase invoice and proof of Colorado registration.

When in doubt, include attachments

Provide as much supporting documentation as you can. Follow the instructions for supporting documentation. If your e-filer software does not support PDF submissions, we strongly recommend using the E-Filer Attachment service in [Revenue Online](#). When a return is filed in Revenue Online, you may now submit the attachments during the return completion process; there is no need to wait until after the return is filed to submit the attachments. We recommend ***against*** using Form DR 1778 to submit documentation. Using Form 1778 to submit supporting documentation can now delay processing a minimum of six weeks. We created the DR 1778 in the early days of e-file software availability when most software did not provide the file attachment option. We are transitioning away from the DR 1778. Most MeF filing will allow for file attachments. Alternatively, the “Submit an E-Filer Attachment” option in [Revenue Online](#) will automatically direct the documents to your client’s account. The department can review those documents concurrently with the return. For paper return submission, simply attach the required documentation to the return before mailing.

◊ Filing Tips for Everyone ◊

Certified Mail

Although certified mail gives you a return receipt and you may choose that option, sending your tax return as certified mail may delay processing because the mail cannot be run through any automated process. You may actually get your refund faster or get the payment recorded in our system quicker with just a postmark on your envelope.

Check the Math

Simple calculation errors may result in the return being adjusted or the department manually correcting the returns. Simply double checking the math may save time in receiving a refund.

To avoid errors you can now file your return through our **Revenue Online** service, www.Colorado.gov/RevenueOnline. Revenue Online filing and other types of electronic filing check for omissions and math errors.

Estimated Tax Payments and Prepayments

Taxpayers who have made estimated tax payments should carefully review their payment records before completing this line on their return. We suggest that you review [Revenue Online](#) account information. Revenue Online will allow you to verify the payment(s) received by CDOR. Additionally, the 104 form requires a separate designation of each payment type. Please take care to properly enter amounts on the correct lines of the individual income tax return as follows:

- Prior-year Estimated Tax Carryforward; line 39
- Estimated Tax Payments; line 40
- Extension Payment; line 41
- Other Prepayments (104BEP, DR 0108 and DR 1079); line 42

If you choose not to verify your estimated payments via Revenue Online, then we suggest you carefully review all of your financial records for payments made to the Colorado Department of Revenue. Taxpayers may generally make estimated payments from a checking account, but once a year may make a payment from a savings or other account. Errors in properly accounting for estimated payments made to the Colorado Department of Revenue will delay processing your return and issuing a potential refund. Estimated tax credit lines of other income tax type returns (corporation, partnership) will vary. See the corresponding tax booklets for details.

Filing Requirements for Colorado Amended Returns

Amended returns **replace** the original tax return. Send only the **NEW** supporting documents with the amended return and **ALL** the schedules. In the past, we asked for all supporting documents even if they were already submitted. See the [Amended Return Quick Answer](#).

The 104X and schedules must be completed and submitted together, whether this is done in [Revenue Online](#) or on paper. If a paper 104X is filed, do not re-submit the original 104 form. This will only complicate and delay return processing.

Make sure you use the appropriate 104X version for the year you are amending because the 104X is year-specific (for example, use a 2015 Form 104X for an amended 2015 return).

Individual income tax returns from 2009 and forward may be amended electronically through [Revenue Online](#). Filing and amending returns in Revenue Online is a free service. You may amend online even if the original return was filed on paper. Revenue Online has all the information from the original return

there is no need to re-enter everything. If you do not have access to the Internet and cannot amend online, you may file a paper Form 104X.

When changing the Colorado return because the IRS made changes to the federal return, you must file Form 104X within 30 days of being notified by the IRS. When the IRS makes changes to federal taxable income, the Colorado return **MUST** be amended, even if there is no net change to the Colorado tax liability.

Fill out Forms Completely

Incomplete paper forms will result in a written request for documentation from the department to the taxpayer. Be sure to sign the paper return. If filing a joint return, both parties must sign the return. Filing electronically ensures all required information is complete.

How Long do I keep my Income Tax Return?

Keep all papers you used in preparing your return until the statute of limitations runs out for that return. This is usually four years from the date the return is due or filed. If your return is audited, you must be able to provide back-up documents for all claims and items listed on your return. Also, the Department of Revenue may request a copy of your federal income tax return or other documentation in connection with your Colorado return.

Minor Child – Signing a Return

Minor children should sign their own tax return. If a child cannot sign his or her return, a parent or guardian can sign the child's name in the space provided at the bottom of the tax return followed by "By (signature), parent (or guardian) for minor child."

Payment Voucher – Use Correct Tax Year

To avoid errors you can make your payments through our Revenue Online service, www.Colorado.gov/RevenueOnline. Revenue Online allows convenient and secure access to file your income tax return and make payments with the Department of Revenue.

When mailing a payment separate from a form, be sure to mail the payment in with the correct voucher for the correct tax year. Make sure the social security number and the tax year of the payment are clearly written or typed on the check to ensure credit for the payment. Sending a payment without the proper voucher form will create a processing delay.

Proper postage on the envelope

The U.S. Postal Service will not deliver mail without the proper postage. If a filer mails in a return without proper postage, it will be returned to sender. This is especially important for those filing on or very near the filing deadlines of April 18 or October 15.

When you file your income tax return through our **Revenue Online** service, www.Colorado.gov/RevenueOnline you can save the postage and envelope and be assured your return was received on time.

Read Instructions Carefully

Errors can be avoided if taxpayers understand the form and understand which lines may or may not apply to them. When taxpayers are eligible for a credit they should read the booklet instructions to assure they qualify for a specific credit and how to properly file for that credit.

Third Party Designee

When a taxpayer chooses to designate a Third Party to discuss a Colorado individual income tax return with department staff, the designation has been expanded. The form now states, “Do you want to allow another person to discuss this return **and any other information related to this return** with the Colorado Department of Revenue?” The added language accommodates situations where other tax years have an impact on the return and allows the department to discuss the information with the designee.

We encourage e-filed returns because the Third Party designation is included in the electronic return and our staff can see the name and phone number of the Third Party Designee on the e-filed returns. On paper returns, we do not data enter any of the Third Party Designee information as we do the return lines. Designee information from a paper return is not available to us until the paper return is imaged and attached to the taxpayer account, which could take a minimum of two weeks, depending on the time of the year. During that time, it is possible the taxpayer may receive correspondence from the department. If the Third Party Designee contacts the department about the letter, we may not have access yet to the paper return image. In the case of a paper return, customer service representatives may ask for a fax copy of the return with the designee information before providing information to the tax professional.

Verify Where the Refund is to be Sent

When Direct Deposit is requested, accurate financial information should be submitted with special attention to the account and routing numbers. **The Colorado Department of Revenue is not responsible for a lost refund if the account information entered is incorrect.**

If a taxpayer wishes to receive a refund by mail, addresses should be complete and current, including city, state, zip code and other specific information such as apartment numbers.

Changes can be made to a mailing address through our **Revenue Online** service. Go to www.Colorado.gov/RevenueOnline. Sign Up or Log In to manage your account.

❖ Filing Information for Military Servicepersons ❖

Tax Deduction Available Beginning in Tax Year 2016

House Bill 15-1181 allows a person on active duty in the military who reacquires Colorado residency to receive a tax deduction from his or her state taxable income. The person's military home of record must be Colorado and he or she must have changed his or her state of legal residence to Colorado after January 1, 2016, in order to be eligible for the deduction.

Individuals who qualify for the tax deduction under the bill may claim an exemption from Colorado withholding taxes. If his or her only source of income is military income, the serviceperson is not required to file a Colorado income tax return.

Income Tax Modification for Military Family Relief Fund Grants

This establishes a deduction from taxable income for military families receiving a grant from the Military Family Relief Fund. The total amount of the grant received by a family is deductible from the taxable income reported on and transferred from the taxpayer's federal form, assuming the grant was reported as income.

The deduction takes effect for tax year 2014 and subsequent tax years.

GENERAL INFORMATION

A person in the military service remains a resident of the state in which he/she resided at the time he/she entered the service unless he/she declares residency in another state. The serviceperson would declare residency in another state by changing his/her residency with the "Consolidated Base Personnel Office" or "Military Pay Office."

Only the serviceperson's home state may tax his/her **military** income. Every serviceperson must have a home state.

Resident Serviceperson

A serviceperson who is a Colorado full-year resident is taxed in the same manner as any other Colorado resident. Colorado resident servicepersons are those who are Colorado residents when they enter the service or those who are from another state and who choose to become Colorado residents.

Nonresident Serviceperson

A nonresident serviceperson is not required to report his/her **military** income to Colorado. However, if the serviceperson earned **nonmilitary** Colorado income, this income must be reported to Colorado for income tax purposes. The serviceperson must pay Colorado tax on:

- nonmilitary Colorado salaries,
- nonmilitary Colorado wages,
- nonmilitary Colorado tips,
- nonmilitary Colorado commissions,
- income from a Colorado business,
- income from rents, royalties and/or gains from the sale of tangible personal property or real property located in Colorado.

Resident/Nonresident Spouses

The Colorado income tax filing status (joint or separate) must conform to the status used for federal income tax filing purposes. For example, if a taxpayer and spouse filed a joint federal return, they must file a joint Colorado return. If a taxpayer and spouse filed separate federal returns, they must file separate Colorado returns.

Serviceperson Stationed Outside of the United States

A serviceperson who is a full-year Colorado resident who spends at least 305 days of the tax year outside of the 50-state boundary of the United States of America while stationed outside of the United States of America for active military duty may file as a nonresident on their Colorado income tax return. The serviceperson's spouse may also file as a nonresident if he or she accompanies the serviceperson outside of the country for at least 305 days of the tax year while they are stationed there on active military duty. A serviceperson or their spouse who meets the above criteria to file as a nonresident is not required to do so and may continue to file as a Colorado resident if they wish. This election must be indicated on form 104PN when the return is filed.

Serviceperson Serving in a Combat Zone

Active duty pay earned in a combat zone that qualifies for the federal tax exemption is not subject to Colorado income tax. However, to the extent income is included in federal taxable income, Colorado tax will also be due on the income. Colorado law allows military and support personnel stationed in a combat zone, as declared by the president, to postpone filing and paying state income taxes until 180 days after their assignment in the combat zone ends. Interest and penalty are deferred during this period. Because most Colorado taxpayers receive a refund, affected taxpayers may want to plan ahead to authorize someone else to file their income tax return for them using a Power of Attorney Form (DR 0145). If the return is filed under this 180 day extension, write the name of the applicable combat zone across the top of the Colorado Form 104.

Taxation of Military Retirement Benefits

Persons who were 55-64 years of age as of December 31 may exclude up to \$20,000 of their military retirement benefits received during the calendar year. Persons who were 65 years of age or older as of December 31, may exclude up to \$24,000 of their military retirement benefits received during the calendar year.

Tax year 2016 – Active Duty Military Tax Exemption

Active duty military income earned during 2016 will be exempt from Colorado income tax when the individual reacquires Colorado residency. The exemption applies to 2016 returns filed beginning January 2017.

Direct Deposit of Refunds

No matter what filing method you choose, you can take advantage of **Direct Deposit**. During 2015, nearly two-thirds of the refunds issued were delivered via Direct Deposit.

Direct Deposit is a fast and secure alternative to receiving a refund check. Since the money is transmitted electronically directly into the taxpayer's bank account – no worries about a check getting lost in the mail or having to make a special trip to the bank. Taxpayers may elect to use the Direct Deposit method for their income tax refunds whether they file through the department's NetFile system, or after they use Federal/State electronic filing, or a paper return.

Taxpayers provide their financial institution routing number, type of account and account number through any one of the filing methods they may use. Taxpayers should make certain to provide the correct U.S. financial institution routing and account numbers. If for some reason the refund claim cannot be deposited directly into the account specified and is rejected by the financial institution, the department will issue a paper check through the mail. The Colorado Department of Revenue is not responsible for a lost refund if you enter the wrong account information. **To ensure you receive your refund, always check and verify the bank routing and account numbers you enter for accuracy.** The Department of Revenue also advises that you use caution when designating your Direct Deposit into an account other than your own.

You can monitor your refund status, through our **Revenue Online** service www.Colorado.gov/RevenueOnline. Revenue Online is the convenient and secure way to interact with the Department of Revenue. Through Revenue Online you will be able to file a return, view your account status and history, and send questions to department staff about your account. The messages you send to and from the Department of Revenue are secure you must set up and access your Revenue Online account to send messages and view responses from the department.

Online Tax Payment

Colorado taxpayers have another option when it comes to paying their Colorado individual income tax. No matter how a Colorado income tax return is filed, taxpayers can pay tax owed through **Revenue Online**, which can be accessed 24 hours a day, 7 days a week at www.Colorado.gov/RevenueOnline.

Our online tax payment service is available for personal income tax, estimated tax payments, and past due amounts.

Taxpayers will be asked to provide their social security number to use the service, which is on a secure server.

✔ A Convenient Way to Make Donations to Worthy Causes ✔

Colorado's individual income tax return provides a way for taxpayers to donate money to non-profit programs designated by the Colorado Legislature.

Taxpayers may make contributions to these programs whether they are getting a refund or they owe tax. Donations to the checkoff agencies can also be made directly to the agency using information available at www.checkoffcolorado.com.

This year, there are 14 charitable causes listed on the Colorado 104 Individual Form. This year's voluntary "checkoff" Colorado programs are:

- ☒ **Nongame and Endangered Wildlife Cash Fund**
- ☒ **Colorado Domestic Abuse Program Fund**
- ☒ **Homeless Prevention Activities Program Fund**
- ☒ **Western Slope Military Veterans Cemetery Fund**
- ☒ **Pet Overpopulation Fund**
- ☒ **Military Family Relief Fund**
- ☒ **Public Education Fund**
- ☒ **Roundup River Ranch Fund**
- ☒ **9Health Fair Fund**
- ☒ **American Red Cross Colorado Disaster Response, Readiness, and Preparedness Fund *NEW***
- ☒ **Colorado for Healthy Landscapes Fund *NEW***
- ☒ **Habitat for Humanity of Colorado Fund *NEW***
- ☒ **Special Olympics of Colorado Fund *NEW***
- ☒ **Colorado Youth Corps Association Fund *NEW***

Facts about the Colorado Checkoffs

Colorado became the first state in the country to allow a taxpayer to "checkoff" a voluntary contribution to a non-profit program. In 1977, the Colorado Nongame and Endangered Wildlife Fund became the first state income tax checkoff fund in the United States. Today there are hundreds of checkoff programs in nearly every state in the country.

Every year, U.S. taxpayers contribute tens of millions of dollars to a diverse range of programs. Checkoff contributions are typically voluntary donations from a taxpayer's refund. Nationwide, the most common funds support wildlife preservation, political campaigns, child abuse and neglect prevention, and U.S. Olympic committees.

To be listed as a Colorado Income Tax Checkoff, each organization has to go through a rigorous legislative process and has to be approved by the Colorado State Legislature. The organizations must receive donations of \$75,000 per year to remain on the form.

New checkoffs have a two-year exemption from this rule to get established. Participation in the Tax Checkoff Program is generally limited to three years before an organization comes before the legislature for review.

Checkoff Contribution Statistics for Tax Year 2014 (in highest dollar collected order)

FUND	Contributions *	Total Collected
Nongame and Endangered Wildlife Cash Fund	8247	\$130,544.33
Colorado Domestic Abuse Program Fund	7182	\$103,050.84
Military Family Relief Fund	5962	\$101,040.60
Pet Overpopulation Fund	7416	\$100,341.97
Homeless Prevention Activities Program Fund	6339	\$87,178.23
Alzheimer's Association Fund	5495	\$73,959.52
Make-A-Wish Foundation® of Colorado Fund	5464	\$67,869.08
The Unwanted Horse Fund	5331	\$64,287.71
Colorado Healthy Rivers Fund	6062	\$61,348.19
Public Education Fund	4107	\$48,332.00
Colorado Multiple Sclerosis Fund	3463	\$48,245.17
Colorado Cancer Fund	4458	\$45,818.18
Roundup River Ranch Fund	6062	\$33,478.00
9Health Fair Fund	2977	\$31,762.00
Western Slope Military Veterans Cemetery Fund	2862	\$24,619.75
Totals	81,427	\$1,021,875.57

* One return could have multiple donations.

1 When to Expect Refunds **1**

You can monitor refund status through the **Revenue Online** service www.colorado.gov/RevenueOnline. Once you sign up for account access through Revenue Online you can, view your refund status, filing history and conduct other common transactions with the department.

Filing state tax returns electronically or earlier in the year can result in quicker refunds!

Electronic filers: If a refund is “correct and complete,” taxpayers can expect their refunds in about seven to 14 business days since the data is transmitted directly to the DOR computer system.

Paper filers have a longer wait depending on when they file. Last year, the state issued more than 1.5 million refunds from the more than 2.8 million individual income tax returns filed. Each year almost half of state taxpayers wait until April to file. As the volume of mail coming into the Department of Revenue increases toward the end of the income tax filing season, processing time of income tax returns becomes longer. In fact, in February the department receives more than 38,289 pieces of mail each business day. In April, the daily average of received mail increases to more than 261,619 pieces of mail each business day. The highest volume day is April 16th, the day after the filing deadline, with more than 74,934 pieces of mail received.

Refund Fraud Detection and Prevention

The Colorado Department of Revenue continues to take measures to ensure taxpayers’ personal information and Colorado tax refunds are secure. Colorado is partnering with the IRS, other state revenue departments, private sector industry and tax professionals to create new safeguards that detect circumstances where taxpayers’ personally identifiable information is used to file fraudulent returns. The Department is preventing issuance of these fraudulent refunds. Taxpayers should be aware that if a tax return with their information fits the risk profile for a potentially fraudulent return, the Department will communicate with them by U.S. Postal mail and will work with them to verify whether they did indeed file the return. Some refunds that request Direct Deposit may be converted to paper check as a measure to ensure the refund is delivered to the taxpayer rather than another party who may have requested Direct Deposit into their account, not the taxpayer’s account. If the taxpayer is not expecting that refund, information on how to report the problem to the Department of Revenue is provided along with the paper check.

How Long Could it Take to Receive a Refund

Department of Revenue requirements for refund processing are contained in §39-22-622 C.R.S. When an income tax return filing is “correct and complete,” by statute [§39-22-622 (4) C.R.S.] the Department of Revenue must process and issue refunds within the below time frames:

However, “correct and complete” means the return/refund does not fall into the risk profile for a fraudulent filing and fraudulent refund. If the return falls into that profile, that return filing may have been submitted by someone else, it may take up to two months to review and verify information and then communicate and exchange information with taxpayers who are expecting a refund.

How soon can taxpayers receive their refund? It depends on how and when they file their return and if the return is correct and complete.

Correct and Complete Income Tax Filing Received in	Refund Made/Issued Within
January	14 days
February	21 days
March	28 days
April and later	45 days

Intercepted Refunds

The Department of Revenue will intercept a refund if back taxes are owed or a balance is owed to another Colorado government agency or the IRS.

During 2015, 182,728 Colorado income tax refunds were intercepted for a total of \$25,869,799.97 to satisfy unpaid debts to Colorado agencies. Normally, the agency initiating the intercept will have made several other attempts to collect the debt.

When a taxpayer's refund is intercepted, the Department of Revenue sends a letter explaining which agency initiated the intercept, the amount of the refund intercepted, and who to contact for further information about the debt. When you check refund status in **Revenue Online** www.Colorado.gov/RevenueOnline contact information for the agency will also be provided. If the debt is smaller than the refund, the taxpayer will receive the difference.

Examples of intercept programs:

- Debts for child or spousal support;
- Aid to Families with Disabled Children (AFDC);
- Food stamps or other public assistance programs;
- Debts due to overpayment of unemployment benefits;
- Past debts to Colorado higher education, such as unpaid student loans or other higher education financial obligations;
- Judicial fines, fees, cost or surcharges or judicial restitution including unpaid parking tickets
- Any other unpaid debt to the state;
- Property Tax/Rent/Heat (PTC) rebates for low-income seniors

If a taxpayer believes the refund has been intercepted in error, the taxpayer must contact the agency initiating the interception in order to clear up the problem. However, if a joint return is filed and only one party is responsible for the unpaid debt, the injured spouse (the one not in debt) may file an injured spouse form to claim his/her portion of the refund.

Injured spouse claims should be mailed to the department separate from the Colorado income tax return. Claims must include a copy of the federal income tax return or federal form 8379 and copies of all W-2, W-2G, or any 1099 statements received by both parties.

Send all injured spouse claims to:

Colorado Department of Revenue
Injured Spouse Desk, Room 240
PO Box 17087
Denver, CO 80217-0087

\$ Failure to Pay is Costly \$

If you owe taxes, you must pay them on or before April 18, 2016. When you don't pay what you owe by April 18, interest will be assessed. Interest rate for 2015 is 6 percent on tax owed. A discounted rate of 3 percent is available if payment of tax is made, or an agreement to pay is setup, within 30 days of the April 18 deadline. Penalty is 5 percent of the balance due for the first month past the April 18 deadline plus 0.5 percent for each additional month up to a maximum of 12 percent.

Taxpayers who file their 2015 income tax returns, and have a balance due on their returns and do not submit payments will receive balance due notice in the mail. In all cases where there is a delay in payment, penalty and interest will be charged on the amount due.

Taxpayers have the option of paying the full balance due or setting up an installment plan. If the taxpayer wishes to pay the full balance due, payment must be made by the due date printed on the balance due notice in order to avoid further late fees.

Pay Electronically

Taxpayers can now pay online at www.Colorado.gov/RevenueOnline. Online payments reduce errors and provide instant payment confirmation. Revenue Online also allows users to submit various forms and to monitor their tax account. A nominal fee for echeck and credit card transactions will apply.

EFT Debit and EFT Credit options are free services offered by the department. EFT services require pre-registration before payments can be made. Visit www.Colorado.gov/revenue/eft for more information.

Form 158-I (Extension payment Voucher) is not required if an online payment is made. Please be advised that a nominal processing fee may apply to electronic payments.

Pay by Paper

Payment can be made by attaching a check or money order to the payment voucher that comes with the balance due notice and mailing it to:

Colorado Department of Revenue
Denver, CO 80261-0008

If the taxpayer is unable to pay the balance due in full, the taxpayer can request an Agreement to Pay (ATP). Additional penalty will be assessed after the installment plan is set up; interest will be added for the term of the plan. There is an automated method to request an Agreement to pay plan. To apply for an ATP using our automated system, the address we have on record must match your mailing address. Once the request is received through our automated services, monthly payment coupons will be mailed every 30 days.

- Colorado Revenue Online www.Colorado.gov/RevenueOnline
- If you do not have a login ID and Password under “Sign Up” click on “Create a Login ID” and follow the prompts
- If you already have a login ID and Password type in your Login ID and Password to access your account.

🖨️ Taxpayer Service Center Offices Locations 🖨️

Services include assistance with tax questions, registration of a new business, tax publications and monthly sales tax classes and/or outreach to communities where no service center is available.

Applying for a sales tax or wage withholding tax account? Apply online through Colorado Business Express, www.colorado.gov/coloradobusinessexpress and get your account set up immediately.

Note: Cash is not accepted at our service centers. All fees or tax payments must be paid by check or money order. If you wish to pay by cash, you may do so at 1881 Pierce St., Lakewood. However, taxpayer assistance is not available at the Pierce location.

Visit the list of [Taxation Service Centers](#) for updates on dates of operation before you plan your visit.