

Income Tax - Native American Tax Subtraction

Is a Native American Indian subject to Colorado income tax on their income?

Income earned by a Native American Indian is *usually* subject to Colorado taxes just as it would be for any other taxpayer. However, there is an exception for income if it is earned:

- on the Indian Reservation, **and**
- by a reservation tribal member (enrolled member) while domiciled on the reservation. This income can be subtracted from taxable income on the “Other Subtractions” line of Form 104 as qualified reservation income. This would include casino winnings if won in a casino located on the reservation on which the tribal member resides when the income is received. Other income earned off the reservation by the taxpayer will still be subject to Colorado tax.

Income earned by a Native American Indian or on a Native American Reservation that is subject to Colorado tax includes:

- income earned on a reservation by anyone not living on that reservation,
- income earned by a reservation member while working off the reservation,
- income earned by a tribal member on a reservation other than the reservation to which they belong and reside,
- income earned by a taxpayer who is not a Native American Indian even if they live and/or work on a reservation.

When claiming the qualified reservation income you must submit the following supporting documentation to the department:

- a copy of the tribal card
- proof of residency on the reservation
- proof of employment on the reservation.