



FYI Income 66

Colorado Job Growth Incentive Credit

GENERAL INFORMATION

For tax years beginning on or after January 1, 2009 but prior to January 1, 2015, an income tax credit is available to any taxpayer doing business in Colorado who receives certification from the Colorado Economic Development Commission (EDC) for a project that creates qualified job growth over a credit period not to exceed 60 months. The job growth must occur as a result of this credit and meet certain requirements established by the EDC. [§39-22-531, C.R.S.]

CREDIT COMPUTATION

The maximum tax credit the EDC can authorize is 50% of the FICA tax paid by the business on the net job growth for each year in the credit period. The maximum tax credit authorized for a business may be less if deemed appropriate by the EDC. Although the maximum tax credit authorized by the EDC is calculated by projected information submitted by the business, the actual tax credits issued will be based on actual performance.

Any tax credit computed on the FICA tax paid on any employee who does not remain employed for the required 12-month period will be disallowed. The EDC will notify the Department of Revenue of any disallowed credit. The taxpayer will be required to amend any tax return that included such a disallowed credit.

DOCUMENTATION

To claim this tax credit on the Colorado income tax form, a taxpayer must submit a certification from the EDC with their tax return. If the return is electronically filed, the certification should be submitted with the E-Filer Attachment Form (DR 1778).

In the case of a pass-through entity, the credit may be passed to the members in any manner desired by the entity. The breakdown of this pass through must be provided to the EDC so separate certifications can be issued to each taxpayer for inclusion with their return.

REQUIREMENTS

To qualify for the credit, a business must create at least 20 new jobs during the credit period with wages at least 110% of the county average wage rate. Businesses located in an enhanced rural enterprise zone must create at least five new jobs during the credit period with wages at least 110% of the county average wage rate. The jobs must be maintained for one full year. For additional requirements, reference the Web site at www.colorado.gov and search for "Job Growth Incentive".

LIMITATIONS

To the extent the allowable credit exceeds the net tax liability, the excess may be carried forward for up to ten years.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.