

Colorado Income Tax News Media Guide

Tax Year 2014

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.

Colorado Department of Revenue, January 6, 2015

Tax Year 2014: Colorado Income Tax News Media Guide

2014 Tax Year

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 is from January 1, 2015 until April 15, 2015. Naturally, different topics are of higher interest to taxpayers during different times in the season.

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*Includes Corporation, Individual Income Tax, Trusts and Partnerships

More than 2.5 million Colorado tax returns were filed last year. Taxpayers want to know...

What’s new for the 2014 filing season?

How to get faster refunds?

Which electronic filing option is best to use?

Where to get help with filing questions?

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

dor_coloradotaxnews@state.co.us

What's New for the 2014 Income Tax Year

Two new checkoffs appear on the 2014 Colorado Income Tax Form

- ❖ **Roundup River Ranch Fund**
Part of Paul Newman's Serious Fun Children's Network, Roundup River Ranch enriches the lives of children with serious illnesses and their families by offering free medically-supported camp programs.
- ❖ **9Health Fair Fund**
This fund provides free blood screenings and exams to thousands of underserved Coloradans each year. Donations to this fund help offset lab and supply costs at 140 locations across the state.

Organizations removed from checkoff program

- ❖ Goodwill Industries Fund
- ❖ Families in Action for Mental Health Fund

Legislative changes to 2014 income tax filing

❖ **Filing Status**

Lawmakers enacted changes to Colorado income tax filing status statutes. The changes now specifically direct taxpayers to file their Colorado income tax returns with the same filing status that they indicated on the federal return.

❖ **Colorado marijuana business deduction on 104 form**

To claim this deduction, Colorado-licensed marijuana businesses must list any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law.

❖ **Child care expenses credit on 104CR schedule**

In the past, anyone who did not have a federal tax liability did not get this Colorado income tax credit. For the 2014 tax year, even when the federal tax is zero, Colorado will give taxpayers – with an Adjusted Gross Income of \$25,000 or less – a Colorado income tax credit of 25 percent of their child care expenses up to \$500 for one child, or up to \$1,000 for two or more children. Colorado will have a separate form that will be filed with the individual income tax return for this credit.

❖ **Child care contribution credit**

On the 104CR schedule taxpayers will be able to utilize 75 percent of what the taxpayer has accrued up to this year and is still in statute (five-year-carryforward from return due date.)

Income Tax Statistics

For Colorado Fiscal Year (FY) 2014 (July 1, 2013 – June 30, 2014)

- ✓ The department processed more than 2.5 million individual income tax returns.
- ✓ The department issued nearly 1.6 million income tax refunds (individuals).
- ✓ Average individual income tax refund during FY 2014: \$401, of which:
 - 90% processed within 21 days.*
 - 96% processed within 45 days.*

*These are refunds where the return did not have errors.

- ✓ Total refunds to corporations: \$131 million.
- ✓ Average corporate income tax refund: \$26,845.
- ✓ Total income tax refunds to individuals and fiduciaries (estates and trusts): \$832 million.
- ✓ Gross tax collected in FY 2014 (withholding, estimated tax payments, and cash with returns) - From individuals: \$4.85 billion. From corporations: \$492 million.
- ✓ Net income tax collections after refunds. From individuals: \$4.88 billion. From corporations: \$492 million.

✎ 2014 Electronic Filing Statistics ✎

<i>Electronic Filing Method</i>	Number of returns filed Fiscal Year 2014
Federal/State Electronic Filing**	1,924,791
DOR's Revenue Online service	160,038
Total Electronic Returns	2,084,829

** 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

The Colorado Department of Revenue strongly 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 a wide array of choices. Whether you prepare forms yourself or use a professional, there is an electronic filing option for you. During 2014, more than 80 percent of Colorado taxpayers submitted their taxes electronically and received their refund faster.

CDOR provides a free service called Revenue Online. You can file a return without a login.

First, complete the federal income tax return you will file with the IRS because you will use figures from that return on your Colorado income tax return. Go to www.Colorado.gov/RevenueOnline

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.

Tips on Filing in Revenue Online

At the end of each step, click the OK button. The Cancel button will remove any entries from the step you are in and return you to the main screen. For example, if you are in Step 3 and click Cancel, anything you entered in Step 3 will be removed, but entries from Steps 1 and 2 will still be available.

Some lines will have an EDIT button along the right side of your screen. Click EDIT to complete these lines.

Some lines will automatically calculate for you.

If a special schedule or additional information is required, an ERROR button will appear along the right side of your screen. Click ERROR to complete the required information.

Electronic filing requirements

When taxpayers file electronically several subtractions and tax credits require you to provide supporting documentation. If the additional documentation is not provided, it will cause processing delays or denial of the credit/subtractions. If you file your return using our free **Revenue Online** system, the system will prompt you to attach the required documents. If you file your return electronically by using a different electronic option or by paper, you can scan and attach the required documentation to our Revenue Online (www.Colorado.gov/RevenueOnline) service. Required documentation can also be attached to the DR 1778 and mailed in or attached to your paper return.

Examples of required documentation

- Enterprise Zone Credit certifications
- Gross Conservation Easement credit and supplemental documentation
- Innovative Motor Vehicle Credit: Vehicle purchase invoice, Colorado vehicle registration
- Child Care Contribution Credit (certification form)
- Colorado Source Capital Gain Subtraction

If Revenue Online has calculated a refund, you have the option of receiving your refund faster by completing the Direct Deposit information. Otherwise, a refund check will be mailed to you.

If Revenue Online has determined that a tax payment is required, you have the option of paying online or printing a payment voucher to mail with a check.

We suggest you print a copy of your Revenue Online return to keep for your records. Do not mail a copy of your Revenue Online return.

Federal and State Electronic Filing

The Federal/State Electronic Filing (FSEF) program is an Internal Revenue Service that enables taxpayers and tax professionals to file both federal and state returns together in one computer transmission.

When filing a return through FSEF, you can now pay the balance due through Direct Debit. When using Direct Debit you can set up the payment in advance and choose the date the payment will be deducted from your bank account. Direct Debit payments cannot be set up after the April 15 filing deadline. Direct Debit is allowed for any income tax software, whether used by a tax professional or personal use, that is accepted by Colorado e-File through FSEF.

Additional Links and Information for All Filers

- www.TaxColorado.com – Department of Revenue Colorado taxation general information main page
- www.irs.gov – Internal Revenue Service e-file information
- www.Colorado.gov/RevenueOnline - Sign up and access your Colorado income tax account and find the status of an income tax refund
- www.Colorado.gov/RevenueOnline - Pay current tax due

General Filing Information

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 state income tax refund 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.

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.

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.

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, 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.

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 2014, 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 102, "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 submitted it as an E-Filed 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. If the taxpayers are uncomfortable providing the organization with their Social Security Number(s), taxpayers may obtain their Colorado Account Number (CAN) by accessing their tax account in [Revenue Online](#). 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: All taxpayers who claim these credits are required to file electronically. Paper returns may be filed **ONLY** if an electronic return would create a hardship **for the taxpayer**. All enterprise zone (EZ) credits must now be claimed using form DR 1366, “2014 Enterprise Zone Credit and Carry forward Schedule.” If the tax software used by the taxpayer does not include this form, taxpayers should use the department’s free Revenue Online service, which includes a document attachment feature. The total credit amount is calculated using this schedule. Enter the total amount on the 104 income tax return. Both the DR 1366 and the applicable certification form for each EZ credit claimed must accompany the income tax return.

Innovative motor vehicle tax credit: Use the Form DR 0617, “Innovative Motor Vehicle Credit and Innovative Truck Credits” schedule. Complete this form and attach it to any income tax return claiming this credit. CDOR 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, the department will request a copy of the purchase invoice and proof of Colorado registration from the taxpayer.

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 6 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

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 and associated FYI publications at www.TaxColorado.com to assure they qualify for a specific credit and how to properly file for that credit.

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.

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.

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 taxpayers account, which could take a minimum of two weeks, depending on the time of year. During that time, it is possible the taxpayer may receive correspondence 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.

Signing income tax return on behalf of minor child

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."

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.

Put 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 15 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.

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.

Use the correct payment voucher

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.

Making estimated tax payments

You can make estimated tax payments for the next tax year through our **Revenue Online** service. Go to www.Colorado.gov/RevenueOnline Sign Up or Log In to manage your account.

When mailing in estimated income tax payments make sure that you use the same SSN number used on the 104 form. If the payments are for a joint account, list the SSNs in the same order as listed on the 104 income tax form. This will ensure the payments will be credited to the proper account.

Filing requirements for Colorado amended returns

Make sure you use the appropriate form version for the year you are amending -- do not use a 2014 104X to amend a 2013 return. For smoother review/processing, it is very important that all schedules and supporting documentation be submitted with the amended return even when you are not changing the values in the schedules. **The 104X amended return and all supporting documentation REPLACE the original return.** That is why all supporting documentation must be resubmitted even when it did not change.

The 104X AND schedules MUST be completed and submitted together, whether this is done in Revenue Online or on paper. If a paper Form104X is filed, do not re-submit the original 104 form.

Individual income tax returns from 2009 and forward may be amended electronically through (www.Colorado.gov/RevenueOnline). 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 the 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 the federal return, the Colorado return MUST be amended, even if there is no net change to the tax liability.

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.

Filing Information for Military Servicepersons

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. To be eligible for this Colorado income tax modification, the grant must be reported as income on the federal return.

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 couple will determine their Colorado tax by computing what the tax would have been if they were both full-year residents. They will then apportion this tentative tax in the ratio of the income taxable in Colorado to their total income (as modified by their Colorado additions and subtractions). The income taxable in Colorado will generally include all of the income of a full-year resident spouse plus any nonmilitary income earned in Colorado by a nonresident spouse. This tax calculation is performed on the 104PN schedule that is attached to the Colorado Individual Income Tax Return (104).

For tax years beginning on or after January 1, 2009, wages and tips of a qualifying nonresident spouse are not taxable in Colorado and should not be included on Form 104PN. A qualifying spouse must:

- Have moved to Colorado from another state,
- File an income tax return and report the Colorado wages in the state of residency, if applicable,
- Be in Colorado solely to accompany their active duty service member spouse who is stationed in Colorado in accordance with military orders, and
- Have the same state of residency as the home of record of the service member.

A qualifying spouse who claims exempt wages and tips must submit form DR 1059 to their employer and submit a copy of the DR 1059 along with their military ID card when filing the Colorado income tax return. A qualifying spouse may also be required to provide proof of qualification including, but not limited to, permanent change of station documentation, prior state filing history and tax returns, voter registration, and driver's license of the other state

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 to 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.

Direct Deposit of Refunds

No matter what filing method you choose, you can take advantage of **Direct Deposit**. During 2014, 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 Revenue Online service, 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 options 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

The Colorado Department of Revenue offers an Electronic Funds Transfer (EFT) tax payment service. Colorado's EFT program offers two choices:

- ACH Debit
- ACH Credit

You may choose either or both. **Both options are free, but first, you must be registered with the department to use either service.** For more information see www.Colorado.gov/revenue/efit

If you wish to make a payment with a credit card or electronic check, visit [Revenue Online](#). There is a fee for paying by credit card or electronic check.

Check or Money Order

If you owe, you filed online or with tax software, and want to pay by check or money order, use the Individual Income Tax Payment Voucher (DR 0900) and follow these tips.

- Make the check or money order payable to the Colorado Department of Revenue.
- A check should never be sent to the Department of Revenue without a voucher form.
- Do not send a copy of the return.
- Write your Social Security number, the tax year and the words 'Form 104' on the check.

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
















Colorado Checkoff Program

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.

Contributions to these programs may be subtracted from the taxpayer's refund amount. Taxpayers may donate a portion of their refund or the entire refund using the Form 104 Colorado income tax return. If you owe tax and are making a payment, you will not be able to make a voluntary contribution on Form 104 Colorado individual income tax return. Donations to the checkoff agencies can also be made directly to the agency using information available at www.checkoffcolorado.org

This year, there are 15 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**
-  **Colorado Healthy Rivers Fund**
-  **Alzheimer's Association Fund**
-  **Military Family Relief Fund**
-  **Colorado Cancer Fund**
-  **Make-A-Wish Foundation® of Colorado Fund**
-  **Unwanted Horse Fund**
-  **Colorado Multiple Sclerosis Fund**
-  **Public Education Fund**
-  **Roundup River Ranch Fund -- New**
-  **9 Health Fair 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 2013 (in highest dollar contribution order)

FUND	Contributions *	Total Collected
Military Family Relief Fund	10,089	\$153,835.55
Nongame and Endangered Wildlife Cash Fund	13,126	\$137,121.28
Pet Overpopulation Fund	11,870	\$136,838.03
Domestic Abuse Program Fund	11,821	\$122,592.40
Make-A-Wish Foundation® of Colorado Fund	8,142	\$116,420.93
Homeless Prevention Activities Program Fund	10,168	\$105,522.80
Alzheimer's Association Fund	8,132	\$102,565.68
Colorado Healthy Rivers Fund	9,232	\$ 90,055.80
The Unwanted Horse Fund	11,870	\$ 85,561.90
Colorado Cancer Fund	11,821	\$ 78,098.78
Public Education Fund	6,334	\$ 75,230.26
Goodwill Industries Fund	4,445	\$ 65,287.66
Families in Action for Mental Health Fund	7,603	\$ 59,848.35
Colorado Multiple Sclerosis Fund	5,326	\$ 50,261.80
Western Slope Military Veterans Cemetery Fund	4,359	\$ 32,935.80
Totals	134,338	1,412,177.02

* One tax return could have multiple donations.

When to Expect Refunds

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!

How soon can taxpayers receive their refund? It depends on how and when they file their return.

Electronic filers 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 2.5 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 4,020 pieces of mail each business day. In April, the daily average of received mail increases to more than 11,593 pieces of mail each business day. The highest volume day is April 16th, the day after the filing deadline, with more than 60,286 pieces of mail received.

The table below shows the approximate time it takes to receive a refund based on the month an individual or joint paper filer filed their tax return.

Paper Returns Received in	Taxpayer Receives Refund Within
January	21 days
February	28 days
March	35 days
April	75 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 2014, 359,790 Colorado income tax refunds were intercepted for a total of \$48,363,976.54 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;
- Tax Levy Program (IRS)

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 15, 2015. When you don't pay what you owe by April 15, 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 15 deadline. Penalty is 5 percent of the balance due for the first month past the April 15 deadline plus 0.5 percent for each additional month up to a maximum of 12 percent.

Taxpayers who file their 2014 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 e-check 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.

Automated Services, Reference Information and Personal Assistance

Access automated income tax account information on the Web

The Colorado Department of Revenue's Taxpayer Service Division continues to offer improved access to information about income tax accounts on the Web, 24 hours a day, year-round.

Log on to www.Colorado.gov/RevenueOnline

Information available through Revenue Online

- Status of the current year income tax refund
- Prior year income tax refund amount (1099-G information)
- Tax delinquency information
- Agreement to Pay information, set-up a request and view records
- Make estimated tax payments and check payment history
- Get a copy of your previously filed return

To access account information, taxpayers must have their social security numbers along with one of the following:

- A current or prior year refund amount
- An estimated payment amount
- Federal adjusted gross income amount from line 1 of the Colorado 104 income tax return
- Personal identification number (PIN) or recent Letter ID number

Internet

Taxpayers with Internet access may obtain Colorado income tax instructions and forms quickly and conveniently on our Web site at www.TaxColorado.com by clicking "Instructions and Forms." Then click "Individual Income Tax."

Getting Colorado income tax forms

Printed income booklets and forms are provided to participating libraries throughout the state. Booklets are also available at all state tax district offices and driver's license offices.

Colorado Department of Revenue Plus-4 mailing address

The Department of Revenue encourages e-filing and use of Revenue Online to submit additional documentation whenever possible. If the tax type cannot be e-filed or you cannot file online, mail the form to the following address with the “Plus-4” zip code. These codes are printed on the paper form.

Colorado Department of Revenue
Denver, CO 80261-

Use the following “Plus-4” numbers to get returns and payments routed to the correct tax office within the department:

80261-0004	notice of deficiency, tax protests, delinquent tax payments
80261-0005	individual income tax, property tax/rent/heat rebate applications, amended income tax, real estate conveyance forms
80261-0006	corporation, fiduciary, partnership income tax, severance tax, e-filer documentation
80261-0008	Estimated, extension, e-file income tax and severance tax payment coupons/vouchers
80261-0009	withholding tax, annual withholding reconciliations and miscellaneous business and excise taxes (e.g., liquor, cigarette, tobacco, fuel, heavy truck sales, aviation, prepaid wireless E911 surcharge)
80261-0013	sales tax, use tax, county lodging, county short term rental, local marketing district tax, rural transportation authority

Helpful Web Sites

www.TaxColorado.com

www.Colorado.gov/RevenueOnline

www.irs.gov

www.colorado.gov/coloradobusinessexpress

Additional Colorado Taxation Information Services

[Weblog](#) – Sign up, follow our blog and see brief updates about “What’s New” as soon as it’s available.

[InfoEmail Subscription](#) – Another way to get Colorado Taxation news with more detail in each item.

[Tax Workshops and Education](#) – Take our live or online classes, get CPE credit if you need it. Registration is required for Live Workshops. As for our online courses, you can take them any time that is convenient for you.

[YouTube Videos](#) -- For answers to common Colorado tax questions, how to sign up and file a sales tax return through Revenue Online and more, view our informational videos.

Taxpayer service center office 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.

City	Location	Days and Hours of Operation
Denver Metro	1375 Sherman St.	Monday - Friday, 8 a.m. to 5 p.m.
Colorado Springs	2447 N. Union Blvd.	Monday - Friday, 8 a.m. to 5 p.m. Closed for lunch: noon to 1 p.m.
Fort Collins	3030 S. College Ave.	Monday - Friday, 8 a.m. to 5 p.m. Closed for lunch: noon to 1 p.m.
Grand Junction	222 S. 6 th St., Rm. 208	Monday - Friday, 8 a.m. to 5 p.m. Closed for lunch: noon to 1 p.m.
Pueblo	827 W. 4 th St., Suite A	Monday - Friday, 8 a.m. to 5 p.m. Closed for lunch: noon to 1 p.m.