

DEPARTMENT OF REVENUE

Taxation Division

INCOME TAX

1 CCR 201-2

Rule 39-22-629. Advance Payments of Income Tax Credits.

Basis and Purpose. The statutory bases for this rule are sections 39-21-112, 39-22-516.7, 39-22-516.8, 39-22-555, 39-22-605, 39-22-606, and 39-22-629, C.R.S. The purpose of this rule is to establish procedures that allow a taxpayer to elect advance payments of one or more applicable income tax credits.

- (1) **General Rule.** For income tax years commencing on or after January 1, 2025, a taxpayer may elect to receive advance payments for all or part of the applicable credits listed in section 39-22-629(1)(a), C.R.S., as long as the taxpayer:
 - (a) registers with the Department for advance payments;
 - (b) is allowed one or more of the applicable credits; and
 - (c) electronically files quarterly reports by the prescribed due dates.
- (2) **Registration.** A taxpayer must register with the Department for advance payment of one or more applicable credits to be eligible to receive advance payments.
 - (a) A taxpayer that registers with the Department to submit the applicable credit quarterly reports required by section 39-22-629(2)(b), C.R.S., satisfies the requirement to register with the Department for advance payments pursuant to section 39-22-629(2)(a), C.R.S.
 - (b) The registration set forth in this paragraph (2) is deemed to satisfy the annual registration for advance payments for each subsequent tax year unless and until the taxpayer revokes or withdraws its registration or the Department revokes the registration because the taxpayer no longer meets the qualifications to receive the credit or advance payments.
 - (c) **Failure to Register for Advance Payments.** A taxpayer that fails to register with the Department pursuant to this paragraph (2) cannot request or receive an advance payment of applicable credits for quarterly reports that were due prior to the taxpayer's registration.
- (3) **Quarterly Reports.** A taxpayer must electronically file complete quarterly reports with the Department by the due dates set forth in section 39-22-629(2)(b)(I), C.R.S., and this paragraph (3), to be eligible to receive advance payments.
 - (a) **Reporting Periods.**
 - (i) **First Quarter.** The first quarter consists of the first, second, and third months of the taxpayer's tax year.

- (ii) Second Quarter. The second quarter consists of the fourth and fifth months of the taxpayer's tax year.
 - (iii) Third Quarter. The third quarter consists of the sixth, seventh, and eighth months of the taxpayer's tax year.
 - (iv) Fourth Quarter. The fourth quarter consists of the ninth, tenth, and eleventh months of the taxpayer's tax year.
 - (b) Due Dates for Filing Quarterly Reports. A taxpayer must file each quarterly report after the close of the quarter and no later than the fifteenth day following the close of the quarter.
 - (c) Due Dates for Filing Quarterly Reports for Short Tax Years. In the case of a short tax year (a tax year of less than 12 months), quarterly reports are due on the fifteenth day of the fourth, sixth, and ninth months of the year, if the year is of sufficient length to include such months, and the fifteenth day of the final month of the tax year. Consequently, a taxpayer with a short tax year may not be required to file four quarterly reports.
 - (d) Reporting Applicable Credits. Each applicable credit allowed must be included in the first quarterly report due after the month in which the applicable credit was allowed.
 - (i) If the taxpayer fails to include any applicable credit allowed in a timely filed quarterly report, the taxpayer may include that applicable credit in a quarterly report filed for a subsequent quarter within the same tax year. A taxpayer may claim an advance payment of the applicable credit allowed that was omitted in a previously filed quarterly report and is reported on a subsequent quarterly report in the same tax year.
 - (ii) Final Report. A taxpayer must file a separate final electronic report that includes any applicable credits allowed during the twelfth month of the taxpayer's tax year and any applicable credits allowed during any prior month in the taxpayer's tax year but not included in any quarterly reports filed for the tax year. A taxpayer cannot elect to receive advance payment of any applicable credits included in this final report and must claim the full amount of any applicable credits reported on this final report on the taxpayer's income tax return. The taxpayer must file the final report by the due date for the taxpayer's income tax return, determined without regard to any extensions. However, the final report must be filed before the taxpayer files their income tax return pursuant to section 39-22-601, C.R.S.
- (4) **Requesting Advance Payments.** A taxpayer may request to receive advance payments for applicable credits when filing a complete quarterly report by the due dates set forth section 39-22-629(2)(b)(I), C.R.S., and paragraph (3) of this rule. Although a taxpayer may request an advance payment of an applicable credit, the taxpayer must still file an income tax return pursuant to section 39-22-601, C.R.S., to claim the credit.
 - (a) Amount to Request. A taxpayer may request to receive advance payment of no more than the amount of applicable credit allowed and reported on a quarterly report.
 - (i) A taxpayer is not required to request the full amount of the applicable credit allowed in the quarter as an advance payment and may request to receive a portion or none of the applicable credit allowed and reported on the quarterly report.

- (ii) If a taxpayer requests less than the full amount of applicable credit allowed and reported on a quarterly report, the unrequested excess, together with the credit allowed in the twelfth month of the taxpayer's tax year, is a credit against tax for purposes of sections 39-22-605(2)(c) and 39-22-606(2)(b)(I)(B), C.R.S., and may be claimed as a credit on the return filed for the tax year. The taxpayer may not subsequently request the excess as an advance payment.
- (b) Time of Request. A taxpayer may request to receive advance payment of an applicable credit only once each quarter when the taxpayer files the quarterly report required by section 39-22-629(2)(b), C.R.S., and paragraph (3) of this rule. A taxpayer is unable to amend the advance payment election or amount after a quarterly report is filed.
- (c) Partners in a partnership and shareholders in an S corporation cannot request to receive advance payments of the applicable credits and cannot claim the applicable credits on their income tax return. Any applicable credit allowed to the partnership or S corporation that is not paid to the partnership or S corporation as an advance payment will be applied against the liability shown on the return of the partnership or S corporation, if any, and all excess will be refunded to the partnership or S corporation.
- (5) **Protest Rights.** A taxpayer cannot protest or request a hearing pursuant to section 39-21-104, C.R.S., with respect to any adjustments the Department makes to requests for advance payments of an applicable credit. A taxpayer does not have protest rights under section 39-21-104, C.R.S., until a taxpayer files its income tax return claiming an applicable credit. A taxpayer that has filed its income tax return may file a protest or request for hearing pursuant to section 39-21-104, C.R.S., if the claim for an applicable credit is rejected.