



TAXATION IN COLORADO

Corporate Income Tax

Tax Rate

Colorado imposes a flat corporate income tax rate of 4.4% on the Colorado taxable income. The said tax is applicable for C corporations, S corporations, and limited liability companies (LLCs) **treated as corporations** for federal tax purposes. The tax is computed on the federal taxable income derived from business activities in Colorado.

Extension to file

Form DR 0158-C is used by C corporations to request an automatic six-month extension for filing their Colorado corporate income tax return. The extension extends the filing deadline from the original due date (typically the 15th day of the fourth month following the close of the tax year) to six months later (i.e. 15th day of 10th month).

Form & Due date

C corporations file **Form DR 0112**, Colorado Corporation Income Tax Return, with the Colorado Department of Revenue. The due date for filing corporate income tax return is on or before the **15th day of the fourth month** following the end of the tax year.



Pass Through Entity Tax

About Pass-through entity

For pass-through entities such as partnerships, limited liability partnerships (LLPs), and LLCs treated as partnerships for federal tax purposes, Colorado imposes a state income tax rate of **4.5%** on their share of income. This tax is paid by the individual owners or partners based on their respective ownership percentages. Additionally, S corporations are also known as pass-through entities and are subject to pass-through entity tax.

Form & Due date

Partnerships, LLPs, and LLCs treated as partnerships and S corporation need to file **Form DR 0106**, Colorado Partnership / S Corporation Tax Return, with the Colorado Department of Revenue.

The due date for filing pass-through entity tax returns is on or before the **15th day of the fourth month** following the end of the tax year.

Extension

S corporations and Partnership LLC & LLP in Colorado can request an extension using **Form DR 0158-N**, "Application for Extension of Time to File a Colorado Individual Income Tax Return." This form allows the S corporations, partnership LLC & LLP to get an automatic **six-month extension**, moving the filing deadline from the original due date to October 15.



Estimated Tax Payment & Penalty and Interest

Estimated Tax Payment

C corporation is required to pay estimated tax if it expects the net tax liability **will exceed USD 5,000**. **Form DR 0112EP, Corporate Estimated Income Tax** is used to calculate estimated tax payments. Pass through entities are required to pay estimated tax if the net tax liability **exceed USD 1000**. **Form DR 1060EP is used to calculate estimated tax payment** for pass through entity.

The required annual amount to be paid is smaller of: (a) 70% of the actual net Colorado tax liability; or (b) 100% of the preceding year's net Colorado tax liability. This rule only applies if the preceding year was a 12-month tax year and the corporation filed a Colorado tax return.

Penalty and Interest

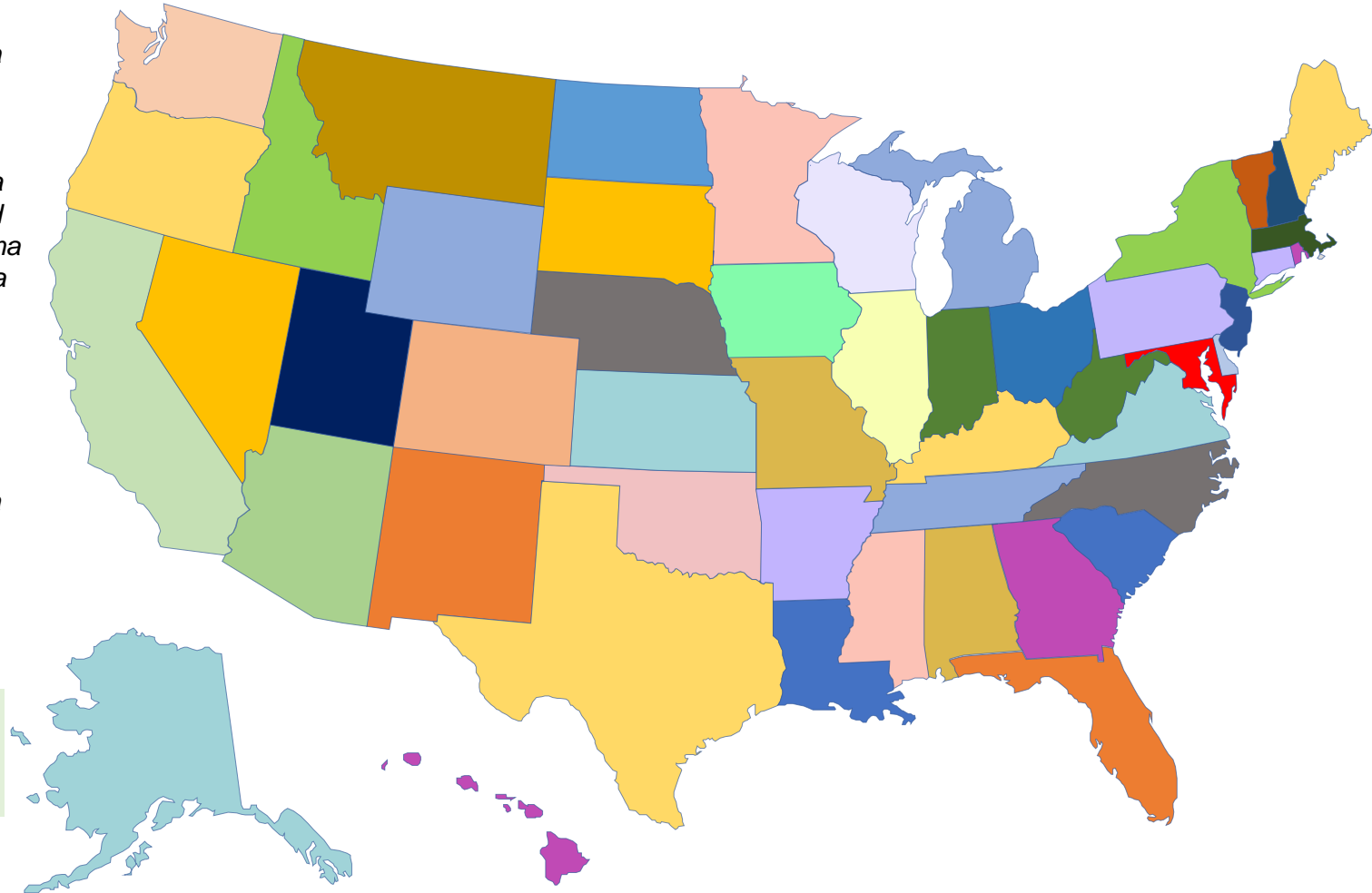
Penalties and interest may apply for late or unpaid corporate income taxes. The penalty for late filing is the **greater of USD 5 or a percentage of the unpaid tax equal to 5% plus ½%** for each full or partial month the tax remains unpaid, not to exceed a total of **12%**. Interest is charged on the unpaid tax at **3%** established by the Colorado Department of Revenue.



Upcoming Series

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