Tracking Changes in Computation of Colorado Corporate Taxable Income

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Co-authors Mark Kozik, Of Counsel in Holland & Hart's Tax Practice in Denver, and Bruce M. Nelson, CPA and Editor-in-Chief of the Journal of State Taxation, discuss recent changes in the calculation of Colorado corporate taxable income.

Outline

- Prior to enactment of the Tax Cuts and Jobs Act (TCJA), signed into law, Dec. 22, 2017;
- After enactment of the TCJA;
- After enactment of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law, March 27, 2020;
- After enactment of Colorado H.B. 20-1024, Concerning Modifications to the State's Net Operating Loss Deduction (no short title), signed into law, June 26, 2020 and Colorado H.B. 20-1420 (Tax Fairness Act), signed into law, July 11, 2020; and
- After enactment of Colorado H.B. 21-1002, Concerning Reductions to Certain Taxpayers' State Income Tax Liability Related to State Tax Law Changes Made in 2020, and, in Connection therewith, Making an Appropriation (no short title), signed into law, Jan. 21, 2021.

States generally employ one of the two following methods in calculating corporate taxable income:

1. **Moving (or rolling) conformity**—the determination of state-level taxable income begins with federal taxable income as calculated for the current year under the current applicable provisions of the Internal Revenue Code.
2. **Static conformity**—the determination of state-level taxable income begins with federal taxable income as it would have been calculated under the Internal Revenue Code as of a specified date.

Please click here to read the full article: Colorado Sales and Use Tax: Changes and Continuities.

Mark Kozik advises clients on state and local tax matters, including income, franchise, sales, and use tax issues.

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