

Individual Partner and Shareholder Instructions

For 2023 Colorado K-1 (DR 0106K)



Partnerships and S corporations must complete a *Colorado K-1 (DR 0106K)* for each of its partners or shareholders for each tax year. The partnership or S corporation must file the completed *Colorado K-1s* with the Department and furnish each partner and shareholder with a copy of the *Colorado K-1* reporting their share of income, deductions, modifications, and credits.

Partners and shareholders must report certain items of information from their *Colorado K-1 (DR 0106K)* on their Colorado returns. These instructions provide directions for individual partners and shareholders to assist them in completing their *2023 Colorado Individual Income Tax Return (DR 0104)*. These instructions do not address partners or shareholders who are estates, trusts, corporations, or partnerships.

These instructions are designed to supplement the instructions for *2023 Colorado Individual Income Tax Return (DR 0104)* and its associated schedules. Nothing in these supplemental instructions modifies or is intended to modify the requirements of Colorado's statutes and regulations. Taxpayers are encouraged to consult their tax advisors for guidance regarding specific situations.

Federal income and deductions

The federal income and deduction amounts on lines 1 through 8 and line 11 in Column A of the *2023 Colorado K-1 (DR 0106K)* are not reported directly on the partner's or shareholder's *2023 Colorado Individual Income Tax Return (DR 0104)*. Instead, these amounts, which should match the amounts reported on the partner's or shareholder's federal Schedule K-1, are generally reported on the partner's or shareholder's federal return and included in their federal taxable income. The partner's or shareholder's federal taxable income is then reported on line 1 of their Colorado return.

Additions and subtractions

The addition and subtraction amounts entered on lines 9, 10, and 12 in Column A of the *2023 Colorado K-1 (DR 0106K)* are reported on the partner's or shareholder's Colorado return as follows:

Reporting Additions and Subtractions from the 2023 Colorado K-1 (DR 0106K)

<i>Partner's or Shareholder's:</i>	<i>Column A. Share of Income and Other items</i>
9. State income tax addback	Reported on line 2 of the <i>2023 Colorado Individual Income Tax Return (DR 0104)</i>
10. Other Colorado additions	Reported on line 7 of the <i>2023 Colorado Individual Income Tax Return (DR 0104)</i>
12. Colorado subtractions	Reported on line 21 of the <i>2023 Subtractions from Income Schedule (DR 0104AD)</i>

Credits

Partners and shareholder may claim their share of tax paid with SALT Parity election, from lines 15 and 22 of their *2023 Colorado K-1* on line 11 ("SALT Parity Act Credit") of the *2023 Individual Credit Schedule (DR 0104CR)*.



The partner’s or shareholder’s share of credits reported on lines 16 through 39 of the 2023 *Colorado K-1 (DR 0106K)* are generally claimed on the 2023 *Individual Credit Schedule (DR 0104CR)* or the 2023 *Enterprise Zone Credit and Carryforward Schedule (DR 1366)* as follows:

Claiming Credits from the 2023 Colorado K-1 (DR 0106K)

<i>Partner’s or Shareholder’s Share of Credits</i>	<i>Form and Line for Claiming the Credit</i>
16. Advanced Industry Investment credit	Line 38 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
17. Business Personal Property credit	Line 7 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
18. Child care center family care home investment credit	Line 28 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
19. Child care contribution credit	Line 32 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
20. Colorado job growth incentive credit	Line 36 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
21. Preservation of Historic Structures credit	Line 42 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
22. SALT Parity credit from lower-tier partnership	Line 11 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
23 through 32. Enterprise zone credits	See the separate table below regarding enterprise zone credits
33. Refundable heat pump credit	Line 14 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
34. Nonrefundable heat pump credit	Line 50 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
35. Refundable residential energy storage systems credit	Line 15 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
36. Nonrefundable residential energy storage systems credit	Line 51 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
37. Homeless contribution credit	Line 52 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>
38. Alternative transportation options credit	Line 13 of the 2023 <i>Individual Credit Schedule (DR 0104CR)</i>

In general, other credits reported on line 39 of the 2023 *Colorado K-1 (DR 0106K)* are claimed on the applicable line of the 2023 *Individual Credit Schedule (DR 0104CR)*. However, certain credits, like the Gross Conservation Easement Credit and the Innovative Motor Vehicle Credit, are claimed directly on 2023 *Colorado Individual Income Tax Return (DR 0104)*. Please see those forms and their instructions for additional information about claiming other credits.



Claiming Enterprise Zone Credits from the 2023 Colorado K-1 (DR 0106K)

<i>Partner's or Shareholder's Share of Credits</i>	<i>Form and Line for Claiming the Credit</i>
23. Enterprise zone agricultural processing new employee credit	Section A of Part II of the <i>2023 Enterprise Zone Credit and Carryforward Schedule</i> (DR 1366)
24. Enterprise zone commercial vehicle investment tax credit	Section C of Part I of the <i>2023 Enterprise Zone Credit and Carryforward Schedule</i> (DR 1366)
25. Enterprise zone contribution credit	Section A of Part III of the <i>2023 Enterprise Zone Credit and Carryforward Schedule</i> (DR 1366)
26. Enterprise zone employee health insurance credit	Section A of Part II of the <i>2023 Enterprise Zone Credit and Carryforward Schedule</i> (DR 1366)
27. Enterprise zone enhanced rural agricultural processing new employee credit	Section A of Part II of the <i>2023 Enterprise Zone Credit and Carryforward Schedule</i> (DR 1366)
28. Enterprise zone enhanced rural new employee credit	Section A of Part II of the <i>2023 Enterprise Zone Credit and Carryforward Schedule</i> (DR 1366)
29. Enterprise zone investment tax credit	Section C of Part I of the <i>2023 Enterprise Zone Credit and Carryforward Schedule</i> (DR 1366)
30. Enterprise zone job training investment tax credit	Section A of Part VI of the <i>2023 Enterprise Zone Credit and Carryforward Schedule</i> (DR 1366)
31. Enterprise zone research and experimental activities credit	Section A of Part V of the <i>2023 Enterprise Zone Credit and Carryforward Schedule</i> (DR 1366)
32. Enterprise zone vacant commercial building rehabilitation credit	Section A of Part IV of the <i>2023 Enterprise Zone Credit and Carryforward Schedule</i> (DR 1366)

Receipts and non-apportionable income

Receipts and non-apportionable income reported on lines 13 and 14 of the 2023 *Colorado K-1* (DR 0106K) generally are not reported anywhere on an individual partner's or shareholder's Colorado return. These lines of the 2023 *Colorado K-1* (DR 0106K) generally apply only to partners that are C corporations.



Part-year residents and nonresidents

The preceding instructions regarding income, additions, subtractions, and credits and forms DR 0104 and DR0104CR apply to all individual partners and shareholders, including part-year residents and nonresidents. Part-year residents and nonresidents must also complete a *Part-Year Resident/Nonresident Tax Calculation Schedule* (DR 0104PN) as part of their Colorado return. In completing the Colorado column of the DR 0104PN, they must include on the applicable line their income attributed to Colorado from their 2023 Colorado K-1 (DR 0106K) in Column B on lines 1 through 8. Additional guidance regarding Colorado source income can be found in Department publication *Income Tax Topics: Part-Year Residents & Nonresidents*, available online at [Tax.Colorado.gov/individual-income-tax-guidance-publications](https://tax.colorado.gov/individual-income-tax-guidance-publications).

All individual partners and shareholders, including part-year residents and nonresidents, must include the state income tax addback from line 9 in Column A of their 2023 Colorado K-1 (DR 0106K) on line 2 of the 2023 Colorado Individual Income Tax Return (DR 0104). The amount from line 9 in Column B of the 2023 Colorado K-1 (DR 0106K) is not entered anywhere on either the 2023 Colorado Individual Income Tax Return (DR 0104) or the *Part-Year Resident/Nonresident Tax Calculation Schedule* (DR 0104PN).

Reporting Additions and Subtractions from the 2023 Colorado K-1 (DR 0106K)

<i>Partner's or Shareholder's:</i>	<i>Column A. Share of Income and Other items</i>	<i>Column B. Share of Income and Other Items Attributable to Colorado</i>
9. State income tax addback	Reported on line 2 of the 2023 Colorado Individual Income Tax Return (DR 0104)	Not reported on the partner's or shareholder's Colorado return
10. Other Colorado additions	Reported on line 7 of the 2023 Colorado Individual Income Tax Return (DR 0104)	Reported on line 27 of the 2023 Part-Year Resident/Nonresident Tax Calculation Schedule (DR 0104PN)
12. Colorado subtractions	Reported on line 21 of the 2023 Subtractions from Income Schedule (DR 0104AD)	Reported on line 31 of the 2023 Part-Year Resident/Nonresident Tax Calculation Schedule (DR 0104PN)

Federal deductions reported on line 11 of the 2023 Colorado K-1 (DR 0106K) are not reported on the partner's or shareholder's Colorado return.