

**First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO**

**REVISED**

*This Version Includes All Amendments Adopted  
on Second Reading in the Second House*

LLS NO. 23-0940.01 Jed Franklin x5484

**HOUSE BILL 23-1277**

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**A BILL FOR AN ACT**

101 **CONCERNING THE FILING OF INCOME TAX RETURNS BY BUSINESS**  
102 **ENTITIES.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

Under current law, partnerships and S corporations (pass-through entities) have 3 options for ensuring that the income taxes owed by nonresident owners will be paid. Pass-through entities may file a composite return on behalf of these owners, withhold an estimated tax payment, or collect and file an agreement that the owner will file a separate return. For income tax years beginning on and after January 1,

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words or numbers indicate deletions from existing law.*

SENATE  
2nd Reading Unamended  
May 5, 2023

HOUSE  
3rd Reading Unamended  
April 24, 2023

HOUSE  
2nd Reading Unamended  
April 21, 2023

2024, **section 1** of the bill consolidates the composite return and withholding options and clarifies the calculation of the required payment.

**Section 2** adopts the multistate tax commission's model statute for reporting adjustments to federal taxable income. When federal taxable income is adjusted by the internal revenue service, or by the taxpayer through an amended federal return, the taxpayer must also report that change to the state. Current law requires those changes to be reported within 30 days and does not address the new federal centralized partnership audit procedures. The bill provides additional time for reporting adjustments and allows pass-through entities to handle adjustments at the entity level on behalf of their owners.

**Section 3** changes the due date for income tax returns by C corporations. Current law requires state income tax returns to be filed by C corporations by April 15, and prior to 2017, the federal income tax return deadline for C corporations was March 15. This meant that the state's April 15 due date and October 15 extension deadline was one month after the federal due date. In 2017, congress moved the federal due date for C corporations to April 15. Section 3 restores the one-month lag by changing the state due date to May 15, with a November 15 extension deadline.

**Sections 4, 5, 6, 7, and 8** make conforming amendments.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-601, **amend**  
3 (6)(a); and **add** (2.5)(j), (2.7), (5)(j), (5.5), and (6)(h) as follows:

4 **39-22-601. Returns - repeal.** (2.5) (j) (I) THIS SUBSECTION (2.5)  
5 APPLIES TO TAX YEARS BEGINNING BEFORE JANUARY 1, 2024.

6 (II) THIS SUBSECTION (2.5) IS REPEALED, EFFECTIVE DECEMBER 31,  
7 2028.

8 (2.7) (a) EVERY S CORPORATION THAT ENGAGES IN ACTIVITIES IN  
9 THE STATE THAT WOULD SUBJECT A C CORPORATION TO THE  
10 REQUIREMENT TO MAKE A RETURN UNDER THIS SECTION SHALL MAKE A  
11 RETURN THAT MUST CONTAIN A WRITTEN DECLARATION THAT IT IS MADE  
12 UNDER THE PENALTIES OF PERJURY IN THE SECOND DEGREE. THE RETURN  
13 MUST SET FORTH, IN SUCH DETAIL AS THE EXECUTIVE DIRECTOR SHALL

1       PRESCRIBE, FEDERAL TAXABLE INCOME AND THE MODIFICATIONS AND  
2       CREDITS REQUIRED OR ALLOWED UNDER THIS ARTICLE 22 AND ANY OTHER  
3       INFORMATION NECESSARY TO CARRY OUT THE PURPOSES OF THIS ARTICLE  
4       22. THE RETURN MUST BE SIGNED BY AN OFFICER OF THE S CORPORATION  
5       DULY AUTHORIZED TO ACT, WHICH AUTHORIZATION IS CONCLUSIVELY  
6       PRESUMED BY THE SIGNATURE.

7               (b) ON OR BEFORE THE DAY ON WHICH THE RETURN IS FILED  
8       PURSUANT TO SUBSECTION (2.7)(a) OF THIS SECTION, BUT NO LATER THAN  
9       THE DUE DATE FOR THE RETURN, INCLUDING ANY EXTENSIONS, IN  
10       ADDITION TO OTHER INFORMATION THAT THE EXECUTIVE DIRECTOR MAY  
11       PRESCRIBE, THE S CORPORATION SHALL REPORT TO THE EXECUTIVE  
12       DIRECTOR:

13               (I) THE NAME, ADDRESS, AND SOCIAL SECURITY NUMBER OR  
14       FEDERAL IDENTIFICATION NUMBER OF EACH SHAREHOLDER OF THE S  
15       CORPORATION;

16               (II) EACH SHAREHOLDER'S PRO RATA SHARE OF THE S  
17       CORPORATION'S INCOME, GAIN, LOSS, OR DEDUCTION;

18               (III) THE INCOME ATTRIBUTABLE TO THE STATE, WITH RESPECT TO  
19       EACH NONRESIDENT SHAREHOLDER OF THE S CORPORATION, AS  
20       DETERMINED UNDER SUBPART 2 OF PART 3 OF THIS ARTICLE 22;

21               (IV) THE MODIFICATIONS REQUIRED BY SECTION 39-22-323 WITH  
22       RESPECT TO EACH SHAREHOLDER;

23               (V) EACH SHAREHOLDER'S SHARE OF ANY CREDITS ALLOWED  
24       PURSUANT TO THIS ARTICLE 22 TO THE EXTENT THAT THE CREDIT IS NOT  
25       APPLIED TO THE COMPOSITE PAYMENT BY THE S CORPORATION PURSUANT  
26       TO SUBSECTION (2.7)(d)(III)(B) OF THIS SECTION; AND

27               (VI) EACH SHAREHOLDER'S SHARE, IF ANY, OF ANY COMPOSITE

1 PAYMENT MADE PURSUANT TO SUBSECTION (2.7)(d)(III).

2 (c) ON OR BEFORE THE DAY ON WHICH THE RETURN IS FILED  
3 PURSUANT TO SUBSECTION (2.7)(a) OF THIS SECTION, BUT NO LATER THAN  
4 THE DUE DATE FOR THE RETURN, INCLUDING ANY EXTENSIONS, THE S  
5 CORPORATION SHALL FURNISH TO EACH PERSON WHO WAS A  
6 SHAREHOLDER OF THE S CORPORATION DURING THE YEAR A COPY OF THE  
7 INFORMATION REPORTED TO THE EXECUTIVE DIRECTOR PURSUANT TO  
8 SUBSECTION (2.7)(b) OF THIS SECTION WITH RESPECT TO THE  
9 SHAREHOLDER.

10 (d) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION  
11 (2.7)(d), EVERY S CORPORATION REQUIRED TO FILE A RETURN UNDER  
12 SUBSECTION (2.7)(a) OF THIS SECTION SHALL ALSO FILE A COMPOSITE  
13 RETURN AND MAKE A COMPOSITE PAYMENT OF TAX ON BEHALF OF ALL OF  
14 ITS NONRESIDENT SHAREHOLDERS.

15 (II) THE COMPOSITE RETURN MUST NOT INCLUDE:

16 (A) ANY RESIDENT SHAREHOLDER, INCLUDING A SHAREHOLDER  
17 WHO IS A RESIDENT OF COLORADO FOR ONLY PART OF THE TAXABLE YEAR;

18 (B) ANY NONRESIDENT SHAREHOLDER EXEMPT FROM TAX UNDER  
19 SECTION 39-22-112 (1); OR

20 (C) ANY NONRESIDENT SHAREHOLDER WHO TIMELY FILES AN  
21 AGREEMENT PURSUANT TO SUBSECTION (2.7)(e) OF THIS SECTION.

22 (III) (A) THE AMOUNT OF THE COMPOSITE PAYMENT IS THE  
23 AGGREGATE INCOME ATTRIBUTABLE TO THE STATE MULTIPLIED BY THE  
24 HIGHEST MARGINAL TAX RATE IN EFFECT UNDER SECTION 39-22-104. THE  
25 AGGREGATE INCOME ATTRIBUTABLE TO THE STATE IS THE SUM OF THE  
26 INCOME ATTRIBUTABLE TO THE STATE THAT EACH NONRESIDENT  
27 SHAREHOLDER INCLUDED IN THE COMPOSITE RETURN MUST TAKE INTO

1 ACCOUNT UNDER SECTION 39-22-322, AS MODIFIED PURSUANT TO  
2 SECTIONS 39-22-323 AND 39-22-325. IF THE INCOME CALCULATED FOR  
3 ANY NONRESIDENT SHAREHOLDER IS A NEGATIVE AMOUNT, THAT  
4 NONRESIDENT SHAREHOLDER'S INCOME IS EXCLUDED FROM THE  
5 CALCULATION OF AGGREGATE INCOME ATTRIBUTABLE TO THE STATE.

6 (B) THE S CORPORATION MAY CLAIM A NONRESIDENT  
7 SHAREHOLDER'S PRO RATA SHARE OF ANY CREDIT ALLOWED WITH RESPECT  
8 TO THE ACTIVITY OF THE S CORPORATION FOR THE TAXABLE YEAR ONLY  
9 IF THE NONRESIDENT SHAREHOLDER IS INCLUDED IN THE COMPOSITE  
10 RETURN AND ONLY TO THE EXTENT THAT THE NONRESIDENT  
11 SHAREHOLDER COULD HAVE, UNDER ANY APPLICABLE RESTRICTIONS,  
12 CLAIMED THE CREDIT THEMSELF ON A RETURN THAT THE NONRESIDENT  
13 FILED. THE TOTAL OF THE CREDITS CLAIMED UNDER THIS SUBSECTION  
14 (2.7)(d)(III)(B) FOR EACH NONRESIDENT SHAREHOLDER MUST NOT EXCEED  
15 THE AMOUNT OF THE COMPOSITE PAYMENT CALCULATED UNDER  
16 SUBSECTION (2.7)(d)(III)(A) OF THIS SECTION WITH RESPECT TO THE  
17 NONRESIDENT SHAREHOLDER. TO THE EXTENT THAT THE CREDIT EXCEEDS  
18 THE AMOUNT OF THE COMPOSITE PAYMENT, THE AMOUNT NOT APPLIED TO  
19 THE COMPOSITE PAYMENT IS PASSED THROUGH TO AND MAY ONLY BE  
20 CLAIMED BY THE NONRESIDENT SHAREHOLDER PURSUANT TO SUBSECTION  
21 (2.7)(d)(VI)(B) OF THIS SECTION.

22 (IV) EVERY S CORPORATION REQUIRED TO MAKE A COMPOSITE  
23 PAYMENT UNDER THIS SUBSECTION (2.7)(d) IS SUBJECT TO THE  
24 REQUIREMENTS OF SECTION 39-22-606. THE COMPOSITE PAYMENT  
25 CALCULATED PURSUANT TO SUBSECTION (2.7)(d)(III) OF THIS SECTION IS  
26 REGARDED AS THE "TAX" OR "TAX LIABILITY" FOR PURPOSES OF SECTION  
27 39-22-606, AND THE S CORPORATION IS REGARDED AS THE "TAXPAYER" OR

1 "CORPORATION". ANY REFUND ALLOWED PURSUANT TO SECTION  
2 39-21-108 FOR ANY OVERPAYMENT OF ESTIMATED TAX MADE PURSUANT  
3 TO THIS SUBSECTION (2.7)(d)(IV) MUST BE MADE TO THE S CORPORATION  
4 THAT FILED THE COMPOSITE RETURN.

5 (V) AN S CORPORATION IS ENTITLED TO RECOVER FROM EACH  
6 NONRESIDENT SHAREHOLDER THAT NONRESIDENT SHAREHOLDER'S SHARE  
7 OF THE COMPOSITE PAYMENT MADE PURSUANT TO THIS SUBSECTION  
8 (2.7)(d), INCLUDING ANY PENALTY OR INTEREST PAID PURSUANT TO  
9 SECTION 39-22-621.

10 (VI) (A) A COMPOSITE RETURN FILED PURSUANT TO THIS  
11 SUBSECTION (2.7)(d) SATISFIES THE FILING REQUIREMENT IMPOSED BY THIS  
12 SECTION FOR EACH NONRESIDENT SHAREHOLDER INCLUDED THEREIN,  
13 UNLESS THAT NONRESIDENT SHAREHOLDER HAS ANY INCOME FROM  
14 COLORADO SOURCES THAT IS NOT INCLUDED IN A COMPOSITE RETURN OR  
15 THAT NONRESIDENT SHAREHOLDER HAS INCURRED ANY TAX LIABILITY  
16 UNDER THIS ARTICLE 22 THAT IS NOT INCLUDED IN A COMPOSITE RETURN.

17 (B) A NONRESIDENT SHAREHOLDER WHO IS INCLUDED IN A  
18 COMPOSITE RETURN, AND WHOSE FILING REQUIREMENT UNDER THIS  
19 SECTION IS SATISFIED THEREBY, MAY FILE A RETURN IN ACCORDANCE WITH  
20 THIS SECTION. A NONRESIDENT SHAREHOLDER WHO FILES A RETURN MAY  
21 CLAIM A CREDIT FOR ITS SHARE OF THE COMPOSITE PAYMENT MADE BY THE  
22 S CORPORATION ON BEHALF OF THE NONRESIDENT SHAREHOLDER  
23 PURSUANT TO SUBSECTION (2.7)(d)(III)(A) OF THIS SECTION. A  
24 NONRESIDENT SHAREHOLDER WHO FILES A RETURN MAY CLAIM ITS PRO  
25 RATA SHARE OF ANY CREDIT ALLOWED BY THIS ARTICLE 22 TO THE EXTENT  
26 THAT THE CREDIT WAS NOT APPLIED TO THE COMPOSITE PAYMENT MADE  
27 BY THE S CORPORATION ON BEHALF OF THE NONRESIDENT SHAREHOLDER.

1 (C) THE EXCLUSION OF A SHAREHOLDER FROM THE COMPOSITE  
2 RETURN PURSUANT TO SUBSECTION (2.7)(d)(II) OF THIS SECTION DOES NOT  
3 EXEMPT THE SHAREHOLDER FROM THE OBLIGATION TO FILE A RETURN OR  
4 PAY THE TAX IMPOSED UNDER THIS ARTICLE 22.

5 (VII) THIS SUBSECTION (2.7)(d) DOES NOT APPLY TO:

6 (A) AN S CORPORATION THAT MAKES THE ELECTION ALLOWED  
7 UNDER SUBPART 3 OF PART 3 OF THIS ARTICLE 22; OR

8 (B) AN S CORPORATION CONSISTING ONLY OF SHAREHOLDERS  
9 DESCRIBED IN SUBSECTION (2.7)(d)(II) OF THIS SECTION.

10 (e) (I) THE AGREEMENT REFERRED TO IN SUBSECTION  
11 (2.7)(d)(II)(C) OF THIS SECTION IS AN AGREEMENT OF A NONRESIDENT  
12 SHAREHOLDER OF THE S CORPORATION FOR PURPOSES OF SUBSECTION  
13 (2.7)(d)(II)(C) OF THIS SECTION IF THE AGREEMENT:

14 (A) REQUIRES THE NONRESIDENT SHAREHOLDER TO FILE A RETURN  
15 IN ACCORDANCE WITH THIS SECTION AND TO MAKE TIMELY PAYMENT OF  
16 ALL TAXES IMPOSED ON THE SHAREHOLDER BY THE STATE WITH RESPECT  
17 TO THE INCOME OF THE NONRESIDENT SHAREHOLDER; AND

18 (B) PROVIDES THAT THE S CORPORATION IS SUBJECT TO PERSONAL  
19 JURISDICTION IN THE STATE FOR PURPOSES OF THE COLLECTION OF INCOME  
20 TAXES, TOGETHER WITH RELATED INTEREST AND PENALTIES, IMPOSED ON  
21 THE SHAREHOLDER BY THE STATE WITH RESPECT TO THE INCOME OF THE  
22 S CORPORATION.

23 (II) IN ORDER TO EXCLUDE A NONRESIDENT SHAREHOLDER FROM  
24 A COMPOSITE RETURN PURSUANT TO SUBSECTION (2.7)(d)(II)(C) OF THIS  
25 SECTION, THE S CORPORATION MUST OBTAIN THE AGREEMENT DESCRIBED  
26 IN THIS SUBSECTION (2.7)(e) FROM THE NONRESIDENT SHAREHOLDER AND  
27 FILE IT WITH THE RETURN REQUIRED BY SUBSECTION (2.7)(a) OF THIS

1 SECTION. AN S CORPORATION THAT TIMELY FILES AN AGREEMENT FOR A  
2 TAXABLE PERIOD IS CONSIDERED TO HAVE TIMELY FILED SUCH AN  
3 AGREEMENT FOR EACH SUBSEQUENT TAXABLE PERIOD. AN S  
4 CORPORATION THAT DOES NOT TIMELY FILE SUCH AN AGREEMENT FOR A  
5 TAXABLE PERIOD IS NOT PRECLUDED FROM TIMELY FILING SUCH AN  
6 AGREEMENT FOR SUBSEQUENT TAXABLE PERIODS.

7 (f) THIS SUBSECTION (2.7) APPLIES TO INCOME TAX YEARS  
8 BEGINNING ON AND AFTER JANUARY 1, 2024.

9 (5) (j) (I) THIS SUBSECTION (5) APPLIES TO INCOME TAX YEARS  
10 BEGINNING BEFORE JANUARY 1, 2024.

11 (II) THIS SUBSECTION (5) IS REPEALED, EFFECTIVE DECEMBER 31,  
12 2028.

13 (5.5) (a) EVERY PARTNERSHIP THAT ENGAGES IN ACTIVITIES IN THE  
14 STATE THAT WOULD SUBJECT A C CORPORATION TO THE REQUIREMENT TO  
15 MAKE A RETURN UNDER THIS SECTION SHALL MAKE A RETURN THAT  
16 CONTAINS A WRITTEN DECLARATION THAT IT IS MADE UNDER THE PENALTY  
17 OF PERJURY IN THE SECOND DEGREE. THE RETURN MUST SET FORTH, IN  
18 SUCH DETAIL AS THE EXECUTIVE DIRECTOR PRESCRIBES, FEDERAL  
19 ORDINARY INCOME AND THE MODIFICATIONS AND CREDITS REQUIRED OR  
20 ALLOWED UNDER THIS ARTICLE 22 AND ANY OTHER INFORMATION  
21 NECESSARY TO CARRY OUT THE PURPOSES OF THIS ARTICLE 22. THE  
22 RETURN MUST BE SIGNED BY A PARTNER DULY AUTHORIZED TO ACT, AND  
23 THE AUTHORIZATION IS TO BE CONCLUSIVELY PRESUMED BY THE  
24 SIGNATURE.

25 (b) ON OR BEFORE THE DAY ON WHICH A RETURN IS FILED  
26 PURSUANT TO SUBSECTION (5.5)(a) OF THIS SECTION, BUT NO LATER THAN  
27 THE DUE DATE FOR THE RETURN, INCLUDING ANY EXTENSIONS, IN



1 ADDITION TO OTHER INFORMATION THAT THE EXECUTIVE DIRECTOR MAY  
2 PRESCRIBE, THE PARTNERSHIP SHALL REPORT TO THE EXECUTIVE  
3 DIRECTOR:

4 (I) THE NAME, ADDRESS, AND SOCIAL SECURITY NUMBER OR  
5 FEDERAL IDENTIFICATION NUMBER OF EACH PARTNER OF THE  
6 PARTNERSHIP;

7 (II) EACH PARTNER'S DISTRIBUTIVE SHARE OF PARTNERSHIP  
8 INCOME, GAIN, LOSS, OR DEDUCTION;

9 (III) THE INCOME DERIVED FROM SOURCES WITHIN COLORADO AS  
10 DETERMINED UNDER SECTION 39-22-203 WITH RESPECT TO EACH  
11 NONRESIDENT PARTNER;

12 (IV) THE MODIFICATIONS THAT MAY BE REQUIRED BY SECTION  
13 39-22-202 OR 39-22-203, AS APPLICABLE, WITH RESPECT TO EACH  
14 PARTNER;

15 (V) EACH PARTNER'S SHARE OF ANY CREDITS ALLOWED PURSUANT  
16 TO THIS ARTICLE 22 TO THE EXTENT THAT THE CREDIT WAS NOT APPLIED  
17 TO THE COMPOSITE PAYMENT BY THE PARTNERSHIP PURSUANT TO  
18 SUBSECTION (5.5)(d)(III)(B) OF THIS SECTION; AND

19 (VI) EACH PARTNER'S SHARE, IF ANY, OF ANY COMPOSITE PAYMENT  
20 MADE BY THE PARTNERSHIP PURSUANT TO SUBSECTION (5.5)(d)(III) OF  
21 THIS SECTION.

22 (c) ON OR BEFORE THE DAY ON WHICH THE RETURN IS FILED  
23 PURSUANT TO SUBSECTION (5.5)(a) OF THIS SECTION, BUT NO LATER THAN  
24 THE DUE DATE FOR THE RETURN, INCLUDING ANY EXTENSIONS, THE  
25 PARTNERSHIP SHALL FURNISH TO EACH PERSON WHO WAS A PARTNER  
26 DURING THE YEAR A COPY OF THE INFORMATION REPORTED TO THE  
27 EXECUTIVE DIRECTOR PURSUANT TO SUBSECTION (5.5)(b) OF THIS SECTION

1 WITH RESPECT TO THE PARTNER.

2 (d) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION  
3 (5.5)(d), EVERY PARTNERSHIP REQUIRED TO FILE A RETURN UNDER  
4 SUBSECTION (5.5)(a) OF THIS SECTION SHALL ALSO FILE A COMPOSITE  
5 RETURN AND MAKE A COMPOSITE PAYMENT OF TAX ON BEHALF OF ALL OF  
6 ITS NONRESIDENT PARTNERS.

7 (II) THE COMPOSITE RETURN MUST NOT INCLUDE:

8 (A) ANY RESIDENT PARTNER, INCLUDING A PARTNER WHO IS A  
9 RESIDENT OF COLORADO FOR ONLY PART OF THE TAXABLE YEAR;

10 (B) ANY NONRESIDENT PARTNER THAT IS A CORPORATION OR A  
11 PARTNERSHIP;

12 (C) ANY NONRESIDENT PARTNER EXEMPT FROM TAX UNDER  
13 SECTION 39-22-112 (1); AND

14 (D) ANY NONRESIDENT PARTNER WHO TIMELY FILES AN  
15 AGREEMENT PURSUANT TO SUBSECTION (5.5)(e) OF THIS SECTION.

16 (III) (A) THE AMOUNT OF THE COMPOSITE PAYMENT IS THE  
17 AGGREGATE INCOME DERIVED FROM SOURCES IN THE STATE MULTIPLIED  
18 BY THE HIGHEST MARGINAL TAX RATE IN EFFECT UNDER SECTION  
19 39-22-104. THE AGGREGATE INCOME ATTRIBUTABLE TO THE STATE IS THE  
20 SUM OF THE DISTRIBUTIVE SHARE OF PARTNERSHIP INCOME, GAIN, LOSS, OR  
21 DEDUCTION DERIVED FROM SOURCES IN COLORADO FOR EACH  
22 NONRESIDENT PARTNER INCLUDED IN THE COMPOSITE RETURN, COMPUTED  
23 PURSUANT TO SECTION 39-22-203, INCLUDING THE MODIFICATIONS  
24 PROVIDED BY THAT SECTION. IF THE INCOME COMPUTED FOR ANY  
25 NONRESIDENT PARTNER IS A NEGATIVE AMOUNT, THAT NONRESIDENT  
26 PARTNER'S INCOME IS EXCLUDED FROM THE CALCULATION OF AGGREGATE  
27 INCOME DERIVED FROM SOURCES IN THE STATE.

1           (B) THE PARTNERSHIP MAY CLAIM A NONRESIDENT PARTNER'S  
2           DISTRIBUTIVE SHARE OF ANY CREDIT ALLOWED WITH RESPECT TO THE  
3           ACTIVITY OF THE PARTNERSHIP FOR THE TAXABLE YEAR ONLY IF THE  
4           NONRESIDENT PARTNER IS INCLUDED IN THE COMPOSITE RETURN AND  
5           ONLY TO THE EXTENT THAT THE NONRESIDENT PARTNER COULD HAVE,  
6           UNDER ANY APPLICABLE RESTRICTIONS, CLAIMED THE CREDIT THEMSELF  
7           ON A RETURN THAT THE NONRESIDENT FILED. THE TOTAL OF THE CREDITS  
8           APPLIED UNDER THIS SUBSECTION (5.5)(d)(III)(B) FOR EACH NONRESIDENT  
9           PARTNER MUST NOT EXCEED THE AMOUNT OF THE COMPOSITE PAYMENT  
10          CALCULATED UNDER SUBSECTION (5.5)(d)(III)(A) OF THIS SECTION WITH  
11          RESPECT TO THE NONRESIDENT PARTNER. TO THE EXTENT THAT THE  
12          CREDIT EXCEEDS THE AMOUNT OF THE COMPOSITE PAYMENT, THE AMOUNT  
13          NOT APPLIED TO THE COMPOSITE PAYMENT IS PASSED THROUGH TO AND  
14          MAY ONLY BE CLAIMED BY THE NONRESIDENT PARTNER PURSUANT TO  
15          SUBSECTION (5.5)(d)(VI)(B) OF THIS SECTION.

16          (IV) EVERY PARTNERSHIP REQUIRED TO MAKE A COMPOSITE  
17          PAYMENT UNDER THIS SUBSECTION (5.5)(d) IS SUBJECT TO THE  
18          REQUIREMENTS OF SECTION 39-22-606. THE COMPOSITE PAYMENT  
19          CALCULATED PURSUANT TO SUBSECTION (5.5)(d)(III) OF THIS SECTION IS  
20          REGARDED AS THE "TAX" OR "TAX LIABILITY" FOR PURPOSES OF SECTION  
21          39-22-606, AND THE PARTNERSHIP IS REGARDED AS THE "TAXPAYER" OR  
22          "CORPORATION". ANY REFUND ALLOWED PURSUANT TO SECTION  
23          39-21-108 FOR ANY OVERPAYMENT OF ESTIMATED TAX MADE PURSUANT  
24          TO THIS SUBSECTION (5.5)(d)(IV) MUST BE MADE TO THE PARTNERSHIP  
25          THAT FILED THE COMPOSITE RETURN.

26          (V) A PARTNERSHIP IS ENTITLED TO RECOVER FROM EACH  
27          NONRESIDENT PARTNER THAT NONRESIDENT PARTNER'S SHARE OF THE

1 COMPOSITE PAYMENT MADE PURSUANT TO THIS SUBSECTION (5.5)(d),  
2 INCLUDING ANY PENALTY OR INTEREST PAID PURSUANT TO SECTION  
3 39-22-621.

4 (VI) (A) A COMPOSITE RETURN FILED PURSUANT TO THIS  
5 SUBSECTION (5.5)(d) SATISFIES THE FILING REQUIREMENT UNDER THIS  
6 SECTION FOR EACH NONRESIDENT PARTNER INCLUDED IN THE RETURN  
7 UNLESS THAT NONRESIDENT PARTNER HAS ANY INCOME FROM COLORADO  
8 SOURCES THAT IS NOT INCLUDED IN A COMPOSITE RETURN OR THAT  
9 NONRESIDENT PARTNER HAS INCURRED ANY TAX LIABILITY UNDER THIS  
10 ARTICLE 22 THAT IS NOT INCLUDED IN A COMPOSITE RETURN.

11 (B) A NONRESIDENT PARTNER INCLUDED IN A COMPOSITE RETURN,  
12 AND WHOSE FILING REQUIREMENT UNDER THIS SECTION IS SATISFIED BY  
13 FILING THE COMPOSITE RETURN, MAY FILE A RETURN IN ACCORDANCE  
14 WITH THIS SECTION. A NONRESIDENT PARTNER WHO FILES A RETURN MAY  
15 CLAIM A CREDIT FOR ITS SHARE OF THE COMPOSITE PAYMENT MADE BY THE  
16 PARTNERSHIP ON BEHALF OF THE NONRESIDENT PARTNER PURSUANT TO  
17 SUBSECTION (5.5)(d)(III)(A) OF THIS SECTION. A NONRESIDENT PARTNER  
18 WHO FILES A RETURN MAY CLAIM ITS DISTRIBUTIVE SHARE OF ANY CREDIT  
19 AS ALLOWED BY THIS ARTICLE 22 TO THE EXTENT THE CREDIT WAS NOT  
20 APPLIED TO THE COMPOSITE PAYMENT MADE BY THE PARTNERSHIP ON  
21 BEHALF OF THE NONRESIDENT PARTNER.

22 (C) THE EXCLUSION OF A PARTNER FROM THE COMPOSITE RETURN  
23 PURSUANT TO SUBSECTION (5.5)(d)(II) OF THIS SECTION DOES NOT EXEMPT  
24 THE PARTNER FROM THE OBLIGATION TO FILE A RETURN OR PAY THE TAX  
25 IMPOSED UNDER THIS ARTICLE 22.

26 (VII) THIS SUBSECTION (5.5)(d) DOES NOT APPLY TO:

27 (A) A PARTNERSHIP THAT MAKES THE ELECTION ALLOWED UNDER

1 SUBPART 3 OF PART 3 OF THIS ARTICLE 22;

2 (B) A PUBLICLY TRADED PARTNERSHIP, AS DEFINED IN SECTION  
3 7704 (b) OF THE INTERNAL REVENUE CODE, THAT MEETS ANY OF THE  
4 EXCEPTIONS UNDER SECTION 7704 (c) OF THE INTERNAL REVENUE CODE  
5 AND IS NOT TREATED AS A CORPORATION UNDER SECTION 7704 (a) OF THE  
6 INTERNAL REVENUE CODE; AND

7 (C) A PARTNERSHIP CONSISTING ONLY OF PARTNERS DESCRIBED IN  
8 SUBSECTION (5.5)(d)(II) OF THIS SECTION.

9 (e) (I) THE AGREEMENT REFERRED TO IN SUBSECTION  
10 (5.5)(d)(II)(C) OF THIS SECTION IS AN AGREEMENT OF A NONRESIDENT  
11 PARTNER OF THE PARTNERSHIP FOR PURPOSES OF SUBSECTION  
12 (5.5)(d)(II)(C) OF THIS SECTION IF THE AGREEMENT:

13 (A) REQUIRES THE NONRESIDENT PARTNER TO FILE A RETURN IN  
14 ACCORDANCE WITH THIS SECTION AND MAKE TIMELY PAYMENT OF ALL  
15 TAXES IMPOSED ON THE PARTNER BY THE STATE WITH RESPECT TO THE  
16 INCOME OF THE PARTNERSHIP; AND

17 (B) PROVIDES THAT THE NONRESIDENT PARTNER IS SUBJECT TO  
18 PERSONAL JURISDICTION IN THE STATE FOR PURPOSES OF THE COLLECTION  
19 OF INCOME TAXES, TOGETHER WITH RELATED INTEREST AND PENALTIES,  
20 IMPOSED ON THE PARTNER BY THE STATE WITH RESPECT TO THE INCOME  
21 OF THE PARTNERSHIP.

22 (II) IN ORDER TO EXCLUDE A NONRESIDENT PARTNER FROM A  
23 COMPOSITE RETURN PURSUANT TO SUBSECTION (5.5)(d)(II)(D) OF THIS  
24 SECTION, THE PARTNERSHIP MUST OBTAIN THE AGREEMENT DESCRIBED IN  
25 THIS SUBSECTION (5.5)(e) FROM THE NONRESIDENT PARTNER AND FILE IT  
26 WITH THE RETURN REQUIRED BY SUBSECTION (5.5)(a) OF THIS SECTION. A  
27 PARTNERSHIP THAT TIMELY FILES AN AGREEMENT FOR A TAXABLE PERIOD

1 IS CONSIDERED TO HAVE TIMELY FILED SUCH AN AGREEMENT FOR EACH  
2 SUBSEQUENT TAXABLE PERIOD. A PARTNERSHIP THAT DOES NOT TIMELY  
3 FILE SUCH AN AGREEMENT FOR A TAXABLE PERIOD IS NOT PRECLUDED  
4 FROM TIMELY FILING SUCH AN AGREEMENT FOR SUBSEQUENT TAXABLE  
5 PERIODS.

6 (f) THIS SUBSECTION (5.5) APPLIES TO TAX YEARS BEGINNING ON  
7 AND AFTER JANUARY 1, 2024.

8 (6) (a) Any final determination of federal taxable income made  
9 PRIOR TO JANUARY 1, 2024, pursuant to the provisions of federal law  
10 under which federal taxable income is found to differ from the taxable  
11 income originally reported to the federal government ~~shall~~ MUST be  
12 reported by the taxpayer to the executive director by making and filing a  
13 Colorado amended return within thirty days of such final determination  
14 with a statement of the reasons for the difference, in such detail as the  
15 executive director may require. In addition thereto, any taxpayer filing an  
16 amended return with the federal internal revenue service that reflects any  
17 change in income reportable to the state of Colorado shall, within thirty  
18 days of such federal filing, make and file a corresponding Colorado  
19 amended return.

20 (b) THIS SUBSECTION (6) IS REPEALED, EFFECTIVE DECEMBER 31,  
21 2028.

22 **SECTION 2.** In Colorado Revised Statutes, **add** 39-22-601.5 as  
23 follows:

24 **39-22-601.5. Reporting federal adjustments - definitions.**

25 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
26 REQUIRES:

27 (a) "ADMINISTRATIVE ADJUSTMENT REQUEST" MEANS AN

1 ADMINISTRATIVE ADJUSTMENT REQUEST FILED BY A PARTNERSHIP UNDER  
2 SECTION 6227 OF THE INTERNAL REVENUE CODE.

3 (b) "AUDITED PARTNERSHIP" MEANS A PARTNERSHIP SUBJECT TO  
4 A PARTNERSHIP LEVEL AUDIT RESULTING IN A FEDERAL ADJUSTMENT.

5 (c) "CORPORATE PARTNER" MEANS A PARTNER THAT IS SUBJECT TO  
6 TAX UNDER SECTION 39-22-301.

7 (d) "DIRECT PARTNER" MEANS A PARTNER THAT HOLDS AN  
8 INTEREST DIRECTLY IN A PARTNERSHIP.

9 (e) "EXEMPT PARTNER" MEANS A PARTNER THAT IS EXEMPT FROM  
10 TAXATION UNDER SECTION 39-22-112 (1), EXCEPT ON UNRELATED  
11 BUSINESS TAXABLE INCOME UNDER SECTION 39-22-112 (2).

12 (f) "FEDERAL ADJUSTMENT" MEANS A CHANGE TO AN ITEM OR  
13 AMOUNT DETERMINED UNDER THE INTERNAL REVENUE CODE THAT IS USED  
14 BY A TAXPAYER TO COMPUTE THE TAX DUE UNDER THIS ARTICLE 22  
15 WHETHER THAT CHANGE RESULTS FROM ACTION BY THE INTERNAL  
16 REVENUE SERVICE, INCLUDING A PARTNERSHIP LEVEL AUDIT, OR THE  
17 FILING OF AN AMENDED FEDERAL RETURN, FEDERAL REFUND CLAIM, OR  
18 ADMINISTRATIVE ADJUSTMENT REQUEST BY THE TAXPAYER. A FEDERAL  
19 ADJUSTMENT IS POSITIVE TO THE EXTENT THAT IT INCREASES FEDERAL  
20 TAXABLE INCOME AS DETERMINED UNDER THIS ARTICLE 22 AND IS  
21 NEGATIVE TO THE EXTENT THAT IT DECREASES FEDERAL TAXABLE INCOME  
22 AS DETERMINED UNDER THIS ARTICLE 22.

23 (g) "FEDERAL ADJUSTMENTS REPORT" INCLUDES METHODS OR  
24 FORMS REQUIRED BY THE EXECUTIVE DIRECTOR FOR USE BY A TAXPAYER  
25 TO REPORT FINAL FEDERAL ADJUSTMENTS, INCLUDING AN AMENDED  
26 COLORADO TAX RETURN, AN INFORMATION RETURN, OR A UNIFORM  
27 MULTISTATE REPORT.

1 (h) "FEDERAL PARTNERSHIP REPRESENTATIVE" MEANS THE PERSON  
2 THE PARTNERSHIP DESIGNATES FOR THE TAXABLE YEAR AS THE  
3 PARTNERSHIP'S REPRESENTATIVE, OR THE PERSON THE INTERNAL REVENUE  
4 SERVICE HAS APPOINTED TO ACT AS THE FEDERAL PARTNERSHIP  
5 REPRESENTATIVE PURSUANT TO SECTION 6223 (a) OF THE INTERNAL  
6 REVENUE CODE.

7 (i) "FINAL DETERMINATION DATE" MEANS:

8 (I) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION (1)(i),  
9 IF THE FEDERAL ADJUSTMENT ARISES FROM AN INTERNAL REVENUE  
10 SERVICE AUDIT OR OTHER ACTION BY THE INTERNAL REVENUE SERVICE,  
11 THE FIRST DAY ON WHICH NO FEDERAL ADJUSTMENTS ARISING FROM THE  
12 AUDIT OR OTHER ACTION REMAIN TO BE FINALLY DETERMINED, WHETHER  
13 BY INTERNAL REVENUE SERVICE DECISION WITH RESPECT TO WHICH ALL  
14 RIGHTS OF APPEAL HAVE BEEN WAIVED OR EXHAUSTED, BY AGREEMENT,  
15 OR, IF APPEALED OR CONTESTED, BY A FINAL DECISION WITH RESPECT TO  
16 WHICH ALL RIGHTS OF APPEAL HAVE BEEN WAIVED OR EXHAUSTED. FOR  
17 AGREEMENTS REQUIRED TO BE SIGNED BY THE INTERNAL REVENUE  
18 SERVICE AND THE TAXPAYER, THE FINAL DETERMINATION DATE IS THE  
19 DATE ON WHICH THE LAST PARTY SIGNED THE AGREEMENT.

20 (II) FOR FEDERAL ADJUSTMENTS ARISING FROM AN INTERNAL  
21 REVENUE SERVICE AUDIT OR OTHER ACTION BY THE INTERNAL REVENUE  
22 SERVICE, IF THE TAXPAYER FILED A COMBINED REPORT, A CONSOLIDATED  
23 RETURN, OR A COMBINED AND CONSOLIDATED RETURN, THE FIRST DAY ON  
24 WHICH NO RELATED FEDERAL ADJUSTMENTS ARISING FROM THAT AUDIT  
25 REMAIN TO BE FINALLY DETERMINED, AS DESCRIBED IN SUBSECTION  
26 (1)(i)(I) OF THIS SECTION, FOR THE ENTIRE GROUP.

27 (III) IF THE FEDERAL ADJUSTMENT RESULTS FROM FILING AN



1 AMENDED FEDERAL RETURN, A FEDERAL REFUND CLAIM, OR AN  
2 ADMINISTRATIVE ADJUSTMENT REQUEST, OR IF IT IS A FEDERAL  
3 ADJUSTMENT REPORTED ON AN AMENDED FEDERAL RETURN OR OTHER  
4 SIMILAR REPORT FILED PURSUANT TO SECTION 6225 (c) OF THE INTERNAL  
5 REVENUE CODE, THE DAY ON WHICH THE AMENDED RETURN, REFUND  
6 CLAIM, ADMINISTRATIVE ADJUSTMENT REQUEST, OR OTHER SIMILAR  
7 REPORT WAS FILED.

8 (j) "FINAL FEDERAL ADJUSTMENT" MEANS A FEDERAL ADJUSTMENT  
9 AFTER THE FINAL DETERMINATION DATE FOR THAT FEDERAL ADJUSTMENT  
10 HAS PASSED.

11 (k) "INDIRECT PARTNER" MEANS A PARTNER IN A PARTNERSHIP OR  
12 PASS-THROUGH ENTITY THAT ITSELF HOLDS AN INTEREST DIRECTLY, OR  
13 THROUGH ANOTHER INDIRECT PARTNER, IN A PARTNERSHIP OR  
14 PASS-THROUGH ENTITY.

15 (l) "NONRESIDENT PARTNER" MEANS A NONRESIDENT INDIVIDUAL,  
16 A NONRESIDENT ESTATE, OR A NONRESIDENT TRUST.

17 (m) "PARTNER" MEANS A PERSON THAT HOLDS AN INTEREST  
18 DIRECTLY OR INDIRECTLY IN A PARTNERSHIP OR OTHER PASS-THROUGH  
19 ENTITY.

20 (n) "PARTNERSHIP LEVEL AUDIT" MEANS AN EXAMINATION BY THE  
21 INTERNAL REVENUE SERVICE AT THE PARTNERSHIP LEVEL PURSUANT TO  
22 SUBCHAPTER C OF CHAPTER 63 OF SUBTITLE F OF THE INTERNAL REVENUE  
23 CODE THAT RESULTS IN FEDERAL ADJUSTMENTS.

24 (o) "PASS-THROUGH ENTITY" MEANS AN ENTITY, OTHER THAN A  
25 PARTNERSHIP, THAT IS NOT SUBJECT TO TAX UNDER SECTION 39-22-301.

26 (p) "RESIDENT PARTNER" MEANS A PARTNER WHO IS A RESIDENT  
27 INDIVIDUAL, A RESIDENT ESTATE, OR A RESIDENT TRUST.

1           (q) "REVIEWED YEAR" MEANS THE TAXABLE YEAR OF A  
2 PARTNERSHIP THAT IS SUBJECT TO A PARTNERSHIP LEVEL AUDIT FROM  
3 WHICH FEDERAL ADJUSTMENTS ARISE.

4           (r) "TAXPAYER" MEANS:

5           (I) A PERSON SUBJECT TO TAX UNDER THIS ARTICLE 22;

6           (II) A PARTNERSHIP SUBJECT TO A PARTNERSHIP LEVEL AUDIT AND  
7 A TIERED PARTNER OF THAT PARTNERSHIP; OR

8           (III) A PARTNERSHIP THAT HAS MADE AN ADMINISTRATIVE  
9 ADJUSTMENT REQUEST AND A TIERED PARTNER OF THAT PARTNERSHIP.

10          (s) "TIERED PARTNER" MEANS ANY PARTNER THAT IS A  
11 PARTNERSHIP OR PASS-THROUGH ENTITY.

12          (2) EXCEPT IN THE CASE OF FINAL FEDERAL ADJUSTMENTS THAT  
13 ARE REQUIRED TO BE REPORTED BY A PARTNERSHIP AND ITS PARTNERS  
14 USING THE PROCEDURES IN SUBSECTION (3) OF THIS SECTION, AND FINAL  
15 FEDERAL ADJUSTMENTS REQUIRED TO BE REPORTED FOR FEDERAL  
16 PURPOSES BY TAKING THOSE ADJUSTMENTS INTO ACCOUNT IN THE  
17 PARTNERSHIP RETURN FOR THE YEAR OF ADJUSTMENT, A TAXPAYER SHALL  
18 REPORT AND PAY ANY TAX DUE UNDER THIS ARTICLE 22 WITH RESPECT TO  
19 FINAL FEDERAL ADJUSTMENTS ARISING FROM AN AUDIT OR OTHER ACTION  
20 BY THE INTERNAL REVENUE SERVICE OR REPORTED BY THE TAXPAYER ON  
21 A TIMELY FILED AMENDED FEDERAL INCOME TAX RETURN, INCLUDING A  
22 RETURN OR OTHER SIMILAR REPORT FILED PURSUANT TO SECTION 6225  
23 (c)(2) OF THE INTERNAL REVENUE CODE, OR FEDERAL CLAIM FOR REFUND  
24 BY FILING A FEDERAL ADJUSTMENTS REPORT WITH THE EXECUTIVE  
25 DIRECTOR FOR THE REVIEWED YEAR AND, IF APPLICABLE, PAYING THE  
26 ADDITIONAL TAX OWED UNDER THIS ARTICLE 22 BY THE TAXPAYER NO  
27 LATER THAN ONE HUNDRED EIGHTY DAYS AFTER THE FINAL

1 DETERMINATION DATE.

2 (3) (a) EXCEPT FOR ADJUSTMENTS REQUIRED TO BE REPORTED FOR  
3 FEDERAL PURPOSES BY TAKING THOSE ADJUSTMENTS INTO ACCOUNT IN  
4 THE PARTNERSHIP RETURN FOR THE YEAR OF ADJUSTMENT AND THE  
5 DISTRIBUTIVE SHARE OF ADJUSTMENTS THAT HAVE BEEN REPORTED AS  
6 REQUIRED UNDER SUBSECTION (2) OF THIS SECTION, PARTNERSHIPS AND  
7 PARTNERS SHALL REPORT FINAL FEDERAL ADJUSTMENTS ARISING FROM A  
8 PARTNERSHIP LEVEL AUDIT OR AN ADMINISTRATIVE ADJUSTMENT REQUEST  
9 AND MAKE PAYMENTS AS REQUIRED UNDER THIS SUBSECTION (3).

10 (b) (I) WITH RESPECT TO AN ACTION REQUIRED OR PERMITTED TO  
11 BE TAKEN BY A PARTNERSHIP UNDER THIS SUBSECTION (3) AND A  
12 PROCEEDING UNDER SECTION 39-21-103 OR 39-21-105 WITH RESPECT TO  
13 THAT ACTION, THE STATE PARTNERSHIP REPRESENTATIVE FOR THE  
14 REVIEWED YEAR HAS THE SOLE AUTHORITY TO ACT ON BEHALF OF THE  
15 PARTNERSHIP, AND THE PARTNERSHIP'S DIRECT PARTNERS AND INDIRECT  
16 PARTNERS ARE BOUND BY THOSE ACTIONS.

17 (II) THE STATE PARTNERSHIP REPRESENTATIVE FOR THE REVIEWED  
18 YEAR IS THE PARTNERSHIP'S FEDERAL PARTNERSHIP REPRESENTATIVE  
19 UNLESS THE PARTNERSHIP DESIGNATES IN WRITING ANOTHER PERSON AS  
20 ITS STATE PARTNERSHIP REPRESENTATIVE.

21 (III) THE EXECUTIVE DIRECTOR MAY ESTABLISH REASONABLE  
22 QUALIFICATIONS AND PROCEDURES FOR DESIGNATING A PERSON OTHER  
23 THAN THE FEDERAL PARTNERSHIP REPRESENTATIVE TO BE THE STATE  
24 PARTNERSHIP REPRESENTATIVE.

25 (c) FINAL FEDERAL ADJUSTMENTS SUBJECT TO THE REQUIREMENTS  
26 OF THIS SUBSECTION (3), EXCEPT FOR THOSE SUBJECT TO A PROPERLY  
27 MADE ELECTION UNDER SUBSECTION (3)(d) OF THIS SECTION, MUST BE

1 REPORTED AS PROVIDED IN THIS SUBSECTION (3)(c).

2 (I) NO LATER THAN NINETY DAYS AFTER THE FINAL  
3 DETERMINATION DATE, THE PARTNERSHIP SHALL:

4 (A) FILE A COMPLETED FEDERAL ADJUSTMENTS REPORT WITH THE  
5 EXECUTIVE DIRECTOR INCLUDING ANY INFORMATION THE EXECUTIVE  
6 DIRECTOR MAY PRESCRIBE;

7 (B) NOTIFY EACH OF ITS DIRECT PARTNERS OF THEIR DISTRIBUTIVE  
8 SHARE OF THE FINAL FEDERAL ADJUSTMENTS INCLUDING ANY  
9 INFORMATION THE EXECUTIVE DIRECTOR MAY PRESCRIBE;

10 (C) FILE AN AMENDED COMPOSITE RETURN FOR DIRECT PARTNERS  
11 AS REQUIRED UNDER SECTION 39-22-601 (5)(d) OR (5.5)(d), AS  
12 APPLICABLE, OR AN AMENDED RETURN UNDER SUBPART 3 OF PART 3 OF  
13 THIS ARTICLE 22, AND PAY THE ADDITIONAL AMOUNT THAT WOULD HAVE  
14 BEEN DUE HAD THE FINAL FEDERAL ADJUSTMENTS BEEN REPORTED  
15 PROPERLY AS REQUIRED; AND

16 (D) FOR ANY DIRECT PARTNER FOR WHICH PAYMENT WAS MADE  
17 UNDER SECTION 39-22-601 (5)(h), PAY THE ADDITIONAL AMOUNT THAT  
18 WOULD HAVE BEEN DUE HAD THE FINAL FEDERAL ADJUSTMENTS BEEN  
19 REPORTED PROPERLY AS REQUIRED.

20 (II) EXCEPT AS PROVIDED UNDER SUBSECTION (4) OF THIS SECTION,  
21 NO LATER THAN ONE HUNDRED EIGHTY DAYS AFTER THE FINAL  
22 DETERMINATION DATE, EACH DIRECT PARTNER THAT IS NOT INCLUDED IN  
23 AN AMENDED COMPOSITE RETURN UNDER SUBSECTION (3)(c)(I)(C) OF THIS  
24 SECTION AND THAT IS SUBJECT TO TAX UNDER SECTION 39-22-104 SHALL:

25 (A) FILE A FEDERAL ADJUSTMENTS REPORT REPORTING THEIR  
26 DISTRIBUTIVE SHARE OF THE ADJUSTMENTS REPORTED TO THEM UNDER  
27 SUBSECTION (3)(c)(I)(B) OF THIS SECTION; AND

1 (B) PAY ANY ADDITIONAL AMOUNT OF TAX DUE AS IF FINAL  
2 FEDERAL ADJUSTMENTS HAD BEEN PROPERLY REPORTED, PLUS ANY  
3 PENALTY AND INTEREST DUE UNDER SECTION 39-22-621 AND LESS ANY  
4 CREDIT FOR RELATED AMOUNTS PAID OR WITHHELD AND REMITTED ON  
5 BEHALF OF THE DIRECT PARTNER UNDER SUBSECTION (3)(c)(I)(D) OF THIS  
6 SECTION.

7 (d) (I) NO LATER THAN NINETY DAYS AFTER THE FINAL  
8 DETERMINATION DATE, AN AUDITED PARTNERSHIP MAKING AN ELECTION  
9 UNDER THIS SUBSECTION (3)(d) SHALL FILE A COMPLETED FEDERAL  
10 ADJUSTMENTS REPORT, INCLUDING SUCH INFORMATION AS THE EXECUTIVE  
11 DIRECTOR MAY PRESCRIBE, AND NOTIFY THE EXECUTIVE DIRECTOR THAT  
12 IT IS MAKING THE ELECTION UNDER THIS SUBSECTION (3)(d).

13 (II) NO LATER THAN ONE HUNDREDEIGHTY DAYS AFTER THE FINAL  
14 DETERMINATION DATE, AN AUDITED PARTNERSHIP MAKING AN ELECTION  
15 UNDER THIS SUBSECTION (3)(d) SHALL PAY THE AMOUNT DETERMINED  
16 UNDER SUBSECTION (3)(e) OF THIS SECTION IN LIEU OF TAXES OWED BY ITS  
17 DIRECT AND INDIRECT PARTNERS.

18 (III) FINAL FEDERAL ADJUSTMENTS SUBJECT TO THE ELECTION  
19 PROVIDED IN THIS SUBSECTION (3)(d) EXCLUDE:

20 (A) THE DISTRIBUTIVE SHARE OF FINAL AUDIT ADJUSTMENTS THAT  
21 UNDER PART 3 OF THIS ARTICLE 22 MUST BE INCLUDED IN THE UNITARY  
22 BUSINESS INCOME OF ANY DIRECT OR INDIRECT CORPORATE PARTNER IF  
23 THE AUDITED PARTNERSHIP CAN REASONABLY DETERMINE THIS; AND

24 (B) ANY FINAL FEDERAL ADJUSTMENTS RESULTING FROM AN  
25 ADMINISTRATIVE ADJUSTMENT REQUEST.

26 (IV) AN AUDITED PARTNERSHIP NOT OTHERWISE SUBJECT TO ANY  
27 REPORTING OR PAYMENT OBLIGATION TO THE STATE THAT MAKES AN

1 ELECTION UNDER THIS SUBSECTION (3)(d) CONSENTS TO BE SUBJECT TO  
2 COLORADO LAWS RELATED TO REPORTING, ASSESSMENT, PAYMENT, AND  
3 COLLECTION OF COLORADO TAX CALCULATED UNDER THE ELECTION.

4 (e) SUBJECT TO THE LIMITATIONS IN SUBSECTION (3)(d)(III) OF  
5 THIS SECTION, THE AMOUNT DUE UNDER SUBSECTION (3)(d)(II) OF THIS  
6 SECTION IS CALCULATED AS FOLLOWS:

7 (I) EXCLUDE FROM FINAL FEDERAL ADJUSTMENTS THE  
8 DISTRIBUTIVE SHARE OF THESE ADJUSTMENTS REPORTED TO A DIRECT  
9 EXEMPT PARTNER NOT SUBJECT TO TAX UNDER SECTION 39-22-112 (1);

10 (II) FOR THE TOTAL DISTRIBUTIVE SHARES OF THE REMAINING  
11 FINAL FEDERAL ADJUSTMENTS REPORTED TO DIRECT CORPORATE  
12 PARTNERS SUBJECT TO TAX UNDER SECTION 39-22-301, AND TO DIRECT  
13 EXEMPT PARTNERS SUBJECT TO TAX UNDER SECTION 39-22-112 (2),  
14 APPORTION AND ALLOCATE SUCH ADJUSTMENTS AS PROVIDED UNDER  
15 SECTION 39-22-303.6 AND MULTIPLY THE RESULTING AMOUNT BY THE  
16 HIGHEST TAX RATE IN EFFECT UNDER SECTION 39-22-301;

17 (III) FOR THE TOTAL DISTRIBUTIVE SHARES OF THE REMAINING  
18 FINAL FEDERAL ADJUSTMENTS REPORTED TO NONRESIDENT PARTNERS  
19 THAT ARE DIRECT PARTNERS SUBJECT TO TAX UNDER SECTION 39-22-104,  
20 DETERMINE THE AMOUNT OF SUCH ADJUSTMENTS DERIVED FROM SOURCES  
21 WITHIN COLORADO UNDER SECTION 39-22-203 AND MULTIPLY THE  
22 RESULTING AMOUNT BY THE HIGHEST TAX RATE IN EFFECT UNDER SECTION  
23 39-22-104.

24 (IV) FOR THE TOTAL DISTRIBUTIVE SHARES OF THE REMAINING  
25 FINAL FEDERAL ADJUSTMENTS REPORTED TO TIERED PARTNERS:

26 (A) DETERMINE THE AMOUNT OF SUCH ADJUSTMENTS WHICH IS OF  
27 A TYPE THAT IT WOULD BE SUBJECT TO SOURCING BY A NONRESIDENT

1 PARTNER UNDER SECTION 39-22-109 AND THEN DETERMINE THE PORTION  
2 OF THIS AMOUNT THAT WOULD BE SOURCED TO THE STATE APPLYING THE  
3 RULES OF THAT SECTION;

4 (B) DETERMINE THE AMOUNT OF SUCH ADJUSTMENTS WHICH IS OF  
5 A TYPE THAT IT WOULD NOT BE SUBJECT TO SOURCING BY A NONRESIDENT  
6 PARTNER UNDER SECTION 39-22-109;

7 (C) DETERMINE THE PORTION OF THE AMOUNT DETERMINED IN  
8 SUBSECTION (3)(e)(IV)(B) OF THIS SECTION THAT CAN BE ESTABLISHED,  
9 UNDER RULES PROMULGATED BY THE EXECUTIVE DIRECTOR, TO BE  
10 PROPERLY ALLOCABLE TO NONRESIDENT PARTNERS THAT ARE INDIRECT  
11 PARTNERS OR OTHER PARTNERS NOT SUBJECT TO TAX ON THE  
12 ADJUSTMENTS OR THAT CAN BE EXCLUDED UNDER PROCEDURES FOR A  
13 MODIFIED REPORTING AND PAYMENT METHOD ALLOWED UNDER  
14 SUBSECTION (3)(g) OF THIS SECTION;

15 (V) MULTIPLY THE TOTAL OF THE AMOUNTS DETERMINED IN  
16 SUBSECTION (3)(e)(IV)(A) AND (3)(e)(IV)(B) OF THIS SECTION AND THEN  
17 REDUCED BY THE AMOUNT DETERMINED IN SUBSECTION (3)(e)(IV)(C) OF  
18 THIS SECTION BY THE HIGHEST TAX RATE IN EFFECT UNDER SECTION  
19 39-22-104;

20 (VI) FOR THE TOTAL DISTRIBUTIVE SHARES OF THE REMAINING  
21 FINAL FEDERAL ADJUSTMENTS REPORTED TO RESIDENT PARTNERS THAT  
22 ARE DIRECT PARTNERS SUBJECT TO TAX UNDER SECTION 39-22-104,  
23 MULTIPLY THAT AMOUNT BY THE HIGHEST TAX RATE IN EFFECT UNDER  
24 SECTION 39-22-104; AND

25 (VII) ADD THE AMOUNTS DETERMINED IN SUBSECTIONS (3)(e)(II),  
26 (3)(e)(III), (3)(e)(V), AND (3)(e)(VI) OF THIS SECTION ALONG WITH  
27 PENALTY AND INTEREST AS PROVIDED IN SECTION 39-22-621.

1           (f) THE DIRECT AND INDIRECT PARTNERS OF AN AUDITED  
2 PARTNERSHIP THAT ARE TIERED PARTNERS AND ALL OF THE PARTNERS OF  
3 THOSE TIERED PARTNERS THAT ARE SUBJECT TO TAX UNDER THIS ARTICLE  
4 22 ARE SUBJECT TO THE REPORTING AND PAYMENT REQUIREMENTS OF  
5 SUBSECTION (3)(b) OF THIS SECTION, AND THE TIERED PARTNERS ARE  
6 ENTITLED TO MAKE THE ELECTIONS PROVIDED IN SUBSECTION (3)(d) AND  
7 (3)(g) OF THIS SECTION. THE TIERED PARTNERS OR THEIR PARTNERS SHALL  
8 MAKE REQUIRED REPORTS AND PAYMENTS NO LATER THAN NINETY DAYS  
9 AFTER THE TIME FOR FILING AND FURNISHING STATEMENTS TO TIERED  
10 PARTNERS AND THEIR PARTNERS AS ESTABLISHED UNDER SECTION 6226 OF  
11 THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER. THE  
12 EXECUTIVE DIRECTOR MAY PROMULGATE RULES TO ESTABLISH  
13 PROCEDURES AND INTERIM TIME PERIODS FOR THE REPORTS AND  
14 PAYMENTS REQUIRED BY TIERED PARTNERS AND THEIR PARTNERS AND FOR  
15 MAKING THE ELECTIONS UNDER THIS SUBSECTION (3).

16           (g) UNDER PROCEDURES ADOPTED BY AND SUBJECT TO THE  
17 APPROVAL OF THE EXECUTIVE DIRECTOR, AN AUDITED PARTNERSHIP OR  
18 TIERED PARTNER MAY ENTER INTO AN AGREEMENT WITH THE EXECUTIVE  
19 DIRECTOR TO UTILIZE AN ALTERNATIVE REPORTING AND PAYMENT  
20 METHOD, INCLUDING APPLICABLE TIME REQUIREMENTS OR ANY OTHER  
21 PROVISION OF THIS SUBSECTION (3), IF THE AUDITED PARTNERSHIP OR  
22 TIERED PARTNER DEMONSTRATES THAT THE REQUESTED METHOD WILL  
23 REASONABLY PROVIDE FOR THE REPORTING AND PAYMENT OF TAXES,  
24 PENALTIES, AND INTEREST DUE UNDER THE PROVISIONS OF THIS  
25 SUBSECTION (3) OR IF THE AUDITED PARTNERSHIP OR TIERED PARTNER CAN  
26 SHOW THAT THEIR DIRECT PARTNERS HAVE AGREED TO ALLOW A REFUND  
27 OF THE STATE TAX TO THE ENTITY. APPLICATION FOR APPROVAL OF AN



1 ALTERNATIVE REPORTING AND PAYMENT METHOD MUST BE MADE BY THE  
2 AUDITED PARTNERSHIP OR TIERED PARTNER WITHIN THE TIME FOR  
3 ELECTION AS PROVIDED IN SUBSECTION (3)(d) OR (3)(f) OF THIS SECTION,  
4 AS APPROPRIATE.

5 (h) (I) THE ELECTION MADE PURSUANT TO SUBSECTION (3)(d) OR  
6 (3)(g) OF THIS SECTION IS IRREVOCABLE, UNLESS THE EXECUTIVE  
7 DIRECTOR, IN THE EXECUTIVE DIRECTOR'S DISCRETION, DETERMINES  
8 OTHERWISE.

9 (II) IF PROPERLY REPORTED AND PAID BY THE AUDITED  
10 PARTNERSHIP OR TIERED PARTNER, THE AMOUNT DETERMINED IN  
11 SUBSECTION (3)(e) OF THIS SECTION, OR SIMILARLY UNDER AN OPTIONAL  
12 ELECTION UNDER SUBSECTION (3)(g) OF THIS SECTION, WILL BE TREATED  
13 AS PAID IN LIEU OF TAXES OWED BY ITS DIRECT AND INDIRECT PARTNERS,  
14 TO THE EXTENT APPLICABLE, ON THE SAME FINAL FEDERAL ADJUSTMENTS.  
15 THE DIRECT PARTNERS OR INDIRECT PARTNERS MAY NOT TAKE ANY  
16 DEDUCTION OR CREDIT FOR THIS AMOUNT OR CLAIM A REFUND OF THE  
17 AMOUNT IN THE STATE. NOTHING IN THIS SUBSECTION (3)(h)(II)  
18 PRECLUDES A RESIDENT PARTNER THAT IS A DIRECT PARTNER FROM  
19 CLAIMING A CREDIT AGAINST TAXES PAID TO THE STATE PURSUANT TO  
20 SECTION 39-22-108 FOR ANY AMOUNTS PAID BY THE AUDITED  
21 PARTNERSHIP OR TIERED PARTNER ON THE RESIDENT PARTNER'S BEHALF  
22 TO ANOTHER STATE OR LOCAL TAX JURISDICTION.

23 (i) NOTHING IN THIS SUBSECTION (3) PREVENTS THE EXECUTIVE  
24 DIRECTOR FROM ASSESSING DIRECT PARTNERS OR INDIRECT PARTNERS FOR  
25 TAXES THEY OWE, USING THE BEST INFORMATION AVAILABLE, IF A  
26 PARTNERSHIP OR TIERED PARTNER FAILS TO TIMELY MAKE ANY REPORT OR  
27 PAYMENT REQUIRED BY THIS SUBSECTION (3) FOR ANY REASON.

1           (4) THE EXECUTIVE DIRECTOR MAY PROMULGATE RULES TO  
2 ESTABLISH A DE MINIMIS AMOUNT UPON WHICH A TAXPAYER SHALL NOT  
3 BE REQUIRED TO COMPLY WITH SUBSECTIONS (2) AND (3) OF THIS SECTION.

4           (5) THE EXECUTIVE DIRECTOR SHALL ASSESS ADDITIONAL TAX,  
5 INTEREST, AND PENALTIES ARISING FROM FINAL FEDERAL ADJUSTMENTS  
6 ARISING FROM AN AUDIT BY THE INTERNAL REVENUE SERVICE, INCLUDING  
7 A PARTNERSHIP LEVEL AUDIT, OR REPORTED BY THE TAXPAYER ON AN  
8 AMENDED FEDERAL INCOME TAX RETURN OR AS PART OF AN  
9 ADMINISTRATIVE ADJUSTMENT REQUEST ON OR BEFORE THE FOLLOWING  
10 DATES:

11           (a) IF A TAXPAYER FILES WITH THE EXECUTIVE DIRECTOR A  
12 FEDERAL ADJUSTMENTS REPORT OR AN AMENDED RETURN AS REQUIRED  
13 WITHIN THE PERIOD SPECIFIED IN SUBSECTION (2) OR (3) OF THIS SECTION,  
14 THE EXECUTIVE DIRECTOR MAY ASSESS ANY AMOUNTS, INCLUDING  
15 IN-LIEU-OF AMOUNTS, TAXES, INTEREST, AND PENALTIES ARISING FROM  
16 THOSE FEDERAL ADJUSTMENTS, IF THE EXECUTIVE DIRECTOR ISSUES A  
17 NOTICE OF DEFICIENCY TO THE TAXPAYER ON OR BEFORE THE LATER OF:

18           (I) THE EXPIRATION OF THE LIMITATIONS PERIOD SPECIFIED IN  
19 SECTION 39-21-107 (2); OR

20           (II) THE EXPIRATION OF THE ONE-YEAR PERIOD FOLLOWING THE  
21 DATE OF FILING WITH THE EXECUTIVE DIRECTOR OF THE FEDERAL  
22 ADJUSTMENTS REPORT.

23           (b) IF THE TAXPAYER FAILS TO FILE THE FEDERAL ADJUSTMENTS  
24 REPORT WITHIN THE PERIOD SPECIFIED IN SUBSECTION (2) OR (3) OF THIS  
25 SECTION, AS APPROPRIATE, OR THE FEDERAL ADJUSTMENTS REPORT FILED  
26 BY THE TAXPAYER OMITTS FINAL FEDERAL ADJUSTMENTS OR UNDERSTATES  
27 THE CORRECT AMOUNT OF TAX OWED, THE EXECUTIVE DIRECTOR MAY

1 ASSESS ANY TAXES, INTEREST, AND PENALTIES ARISING FROM THE FINAL  
2 FEDERAL ADJUSTMENTS IF THE EXECUTIVE DIRECTOR ISSUES A NOTICE OF  
3 DEFICIENCY TO THE TAXPAYER ON OR BEFORE THE LATER OF:

4 (I) THE EXPIRATION OF THE LIMITATIONS PERIOD SPECIFIED IN  
5 SECTION 39-21-107 (2);

6 (II) THE EXPIRATION OF THE ONE-YEAR PERIOD FOLLOWING THE  
7 DATE THE FEDERAL ADJUSTMENTS REPORT WAS FILED WITH THE  
8 EXECUTIVE DIRECTOR; OR

9 (III) IN THE ABSENCE OF FRAUD, THE EXPIRATION OF THE SIX-YEAR  
10 PERIOD FOLLOWING THE FINAL DETERMINATION DATE.

11 (6) A TAXPAYER MAY MAKE ESTIMATED PAYMENTS TO THE  
12 EXECUTIVE DIRECTOR, FOLLOWING THE PROCESS PRESCRIBED BY THE  
13 EXECUTIVE DIRECTOR, OF THE COLORADO TAX EXPECTED TO RESULT FROM  
14 A PENDING INTERNAL REVENUE SERVICE AUDIT PRIOR TO THE DUE DATE OF  
15 THE FEDERAL ADJUSTMENTS REPORT WITHOUT HAVING TO FILE THE  
16 REPORT WITH THE EXECUTIVE DIRECTOR. THE ESTIMATED TAX PAYMENTS  
17 SHALL BE CREDITED AGAINST ANY TAX LIABILITY ULTIMATELY FOUND TO  
18 BE DUE TO COLORADO AND WILL LIMIT THE ACCRUAL OF FURTHER  
19 STATUTORY INTEREST ON THAT AMOUNT. IF THE ESTIMATED TAX  
20 PAYMENTS EXCEED THE FINAL TAX LIABILITY AND STATUTORY INTEREST  
21 ULTIMATELY DETERMINED TO BE DUE, THE TAXPAYER IS ENTITLED TO A  
22 REFUND OR CREDIT FOR THE EXCESS IF THE TAXPAYER FILES A FEDERAL  
23 ADJUSTMENTS REPORT OR CLAIM FOR REFUND OR CREDIT OF TAX NO LATER  
24 THAN ONE YEAR FOLLOWING THE FINAL DETERMINATION DATE.

25 (7)(a) EXCEPT FOR FINAL FEDERAL ADJUSTMENTS REQUIRED TO BE  
26 REPORTED FOR FEDERAL PURPOSES BY TAKING THOSE ADJUSTMENTS INTO  
27 ACCOUNT IN THE PARTNERSHIP RETURN FOR THE YEAR OF ADJUSTMENT, A

1 TAXPAYER MAY FILE A CLAIM FOR REFUND OR CREDIT OF TAX ARISING  
2 FROM FEDERAL ADJUSTMENTS MADE BY THE INTERNAL REVENUE SERVICE  
3 ON OR BEFORE THE LATER OF:

4 (I) THE EXPIRATION OF THE LAST DAY FOR FILING A CLAIM FOR  
5 REFUND OR CREDIT OF TAX PURSUANT TO SECTION 39-21-108 (1),  
6 INCLUDING ANY EXTENSIONS; OR

7 (II) ONE YEAR FROM THE DATE A FEDERAL ADJUSTMENTS REPORT  
8 PRESCRIBED IN SUBSECTION (2) OR (3) OF THIS SECTION, AS APPLICABLE,  
9 WAS DUE TO THE EXECUTIVE DIRECTOR, INCLUDING ANY EXTENSIONS  
10 PURSUANT TO SUBSECTION (8) OF THIS SECTION.

11 (b) THE FEDERAL ADJUSTMENTS REPORT IS THE MEANS FOR THE  
12 TAXPAYER TO REPORT ADDITIONAL TAX DUE, REPORT A CLAIM FOR  
13 REFUND OR CREDIT OF TAX, AND MAKE OTHER ADJUSTMENTS INCLUDING  
14 TO ITS NET OPERATING LOSSES RESULTING FROM ADJUSTMENTS TO THE  
15 TAXPAYER'S FEDERAL TAXABLE INCOME. ANY REFUND GRANTED TO THE  
16 ENTITY UNDER SUBSECTION (3) OF THIS SECTION IS IN LIEU OF STATE TAX  
17 THAT MAY BE OWED TO THE PARTNERS.

18 (8) (a) UNLESS OTHERWISE AGREED TO IN WRITING BY THE  
19 TAXPAYER AND THE EXECUTIVE DIRECTOR, ANY ADJUSTMENTS BY THE  
20 EXECUTIVE DIRECTOR OR BY THE TAXPAYER MADE AFTER THE EXPIRATION  
21 OF THE PERIOD DESCRIBED IN SECTION 39-21-107 (2) OR 39-21-108 (1), AS  
22 APPLICABLE, IS LIMITED TO CHANGES TO THE TAXPAYER'S TAX LIABILITY  
23 ARISING FROM FEDERAL ADJUSTMENTS.

24 (b) THE PERIODS PROVIDED FOR IN THIS SECTION MAY BE  
25 EXTENDED:

26 (I) AUTOMATICALLY, UPON WRITTEN NOTICE TO THE EXECUTIVE  
27 DIRECTOR, BY SIXTY DAYS FOR AN AUDITED PARTNERSHIP OR TIERED

1 PARTNER WHICH HAS TEN THOUSAND OR MORE DIRECT PARTNERS; OR

2 (II) BY WRITTEN AGREEMENT BETWEEN THE TAXPAYER AND THE  
3 EXECUTIVE DIRECTOR.

4 (c) ANY EXTENSION GRANTED UNDER THIS SUBSECTION (8) FOR  
5 FILING THE FEDERAL ADJUSTMENTS REPORT EXTENDS THE LAST DAY  
6 PRESCRIBED BY LAW FOR ASSESSING ANY ADDITIONAL TAX ARISING FROM  
7 THE ADJUSTMENTS TO FEDERAL TAXABLE INCOME AND THE PERIOD FOR  
8 FILING A CLAIM FOR REFUND OR CREDIT OF TAXES.

9 (9) THIS SECTION APPLIES TO ANY ADJUSTMENTS TO A TAXPAYER'S  
10 FEDERAL TAXABLE INCOME WITH A FINAL DETERMINATION DATE  
11 OCCURRING ON AND AFTER JANUARY 1, 2024.

12 **SECTION 3.** In Colorado Revised Statutes, 39-22-608, **amend**  
13 (2) as follows:

14 **39-22-608. Form, place, and date of filing return - extension**  
15 **- electronic filing.** (2) (a) EXCEPT AS PROVIDED IN SUBSECTION (2)(b) OF  
16 THIS SECTION, all returns ~~shall~~ REQUIRED BY SECTION 39-22-601 MUST be  
17 filed in the office of the executive director on or before the fifteenth day  
18 of the fourth month following the close of the taxable year. ~~The executive~~  
19 ~~director may grant a reasonable extension of time for filing returns and~~  
20 ~~for paying the tax under such rules and regulations as he shall prescribe.~~

21 (b) FOR TAXABLE YEARS BEGINNING ON AND AFTER JANUARY 1,  
22 2024, EVERY C CORPORATION SUBJECT TO TAXATION UNDER THIS ARTICLE  
23 22 SHALL FILE THE RETURN REQUIRED BY SECTION 39-22-601 (2) IN THE  
24 OFFICE OF THE EXECUTIVE DIRECTOR ON OR BEFORE THE FIFTEENTH DAY  
25 OF THE FIFTH MONTH FOLLOWING THE CLOSE OF THE TAXABLE YEAR.

26 (c) THE EXECUTIVE DIRECTOR MAY GRANT A REASONABLE  
27 EXTENSION OF TIME FOR FILING RETURNS AND FOR PAYING THE TAX

1 PURSUANT TO RULES PRESCRIBED BY THE EXECUTIVE DIRECTOR.

2 **SECTION 4.** In Colorado Revised Statutes, 39-21-107, **amend**  
3 (2) as follows:

4 **39-21-107. Limitations.** (2) In the case of an income tax imposed  
5 by article 22 of this title 39, unless such time is extended by waiver and  
6 except as provided in subsection (2.5) of this section, ~~and~~ section  
7 39-22-601 (6)(e), AND SECTION 39-22-601.5, the assessment of any tax,  
8 penalties, and interest shall be made within one year after the expiration  
9 of the time provided for assessing a deficiency in federal income tax or  
10 changing the reported federal taxable income of a partnership, limited  
11 liability company, or fiduciary; ~~including any extensions of such period~~  
12 ~~by agreement between the taxpayer and the federal taxing authorities;~~  
13 except that a written proposed adjustment of the tax liability by the  
14 department ~~shall~~ MUST extend the limitation of this subsection (2) for one  
15 year after a final determination or assessment is made. ~~and except that, if~~  
16 ~~the taxpayer has been audited by the department for the year in question~~  
17 ~~and the issues raised in the audit have been settled by agreement for~~  
18 ~~payment or payment of deficiencies arising therefrom, then any additional~~  
19 ~~assessment shall be limited to deficiencies arising as a result of~~  
20 ~~adjustments made by the commissioner of internal revenue in the final~~  
21 ~~determination of federal taxable income.~~ An assessment of income taxes  
22 having been made according to law ~~shall~~ MUST be good and valid and  
23 collection thereof may be enforced at any time within six years from the  
24 date of said assessment.

25 **SECTION 5.** In Colorado Revised Statutes, 39-21-108, **amend**  
26 (1)(a) as follows:

27 **39-21-108. Refunds.** (1) (a) In the case of income tax imposed

1 by article 22 of this ~~title~~ TITLE 39, EXCEPT AS PROVIDED IN SECTION  
2 39-22-601.5, the taxpayer must file any claim for refund or credit for any  
3 year not later than the period provided for filing a claim for refund of  
4 federal income tax plus one year. ~~However, any extensions of the period~~  
5 ~~by agreement between the taxpayer and the federal taxing authorities shall~~  
6 ~~extend the period established in this section by the same amount of time.~~  
7 The department shall not pay any refund for which the claim is filed later  
8 than the period provided for the payment of a refund of federal income  
9 tax plus one year. However, no refund or credit of income tax ~~shall~~ MAY  
10 be made to any taxpayer who fails to file a return pursuant to section  
11 39-22-601 within four years from the date the return was required to be  
12 filed. Except in the case of failure to file a return or the filing of a false  
13 or fraudulent return with intent to evade tax and otherwise  
14 notwithstanding any provision of law, the statute of limitations relating  
15 to claims for refund or credit for any year shall not expire prior to the  
16 expiration of the time within which a deficiency for such year could be  
17 assessed. In the case of the charge on oil and gas production imposed by  
18 article 60 of title 34, ~~C.R.S.~~, and the passenger-mile tax imposed by  
19 article 3 of title 42, ~~C.R.S.~~, or the severance tax imposed by article 29 of  
20 this ~~title~~ TITLE 39, the taxpayer shall file any claim for refund or credit for  
21 any period not later than three years after the date of payment. Claims for  
22 refund of other taxes covered by this ~~article shall~~ ARTICLE 21 MUST be  
23 made within the time limits expressly provided for the specific taxes  
24 involved. Except as provided in section 39-21-105, no suit for refund may  
25 be commenced. This subsection (1) ~~shall~~ DOES not apply to sales and use  
26 taxes.

27 **SECTION 6.** In Colorado Revised Statutes, 39-21-119.5, **amend**

1 (2)(a)(II) and (2)(a)(IV) as follows:

2 **39-21-119.5. Mandatory electronic filing of returns -**  
3 **mandatory electronic payment - penalty - waiver - definitions.**

4 (2) Except as provided in subsection (6) of this section, the executive  
5 director may, as specified in subsection (3) of this section, require the  
6 electronic filing of returns and require the payment of any tax or fee due  
7 by electronic funds transfer for the following:

8 (a) Any income tax return required for:

9 (II) ~~A~~ AN S corporation pursuant to ~~section 39-22-601 (2.5)~~  
10 SECTION 39-22-601 (2.7), INCLUDING THE INFORMATION REPORTS  
11 REQUIRED BY SECTION 39-22-601 (2.7)(b), COMPOSITE RETURNS FILED ON  
12 BEHALF OF NONRESIDENT SHAREHOLDERS, AND AGREEMENTS FILED UNDER  
13 SECTION 39-22-601 (2.7)(e);

14 (IV) A partnership pursuant to ~~section 39-22-601 (5)~~ SECTION  
15 39-22-601 (5.5), including THE INFORMATION REPORTS REQUIRED BY  
16 SECTION 39-22-601 (5.5)(b), composite returns filed on behalf of  
17 nonresident partners, AND agreements filed under ~~section 39-22-601~~  
18 ~~(5)(e); and payments made under section 39-22-601 (5)(h)~~ SECTION  
19 39-22-601 (5.5)(e);

20 **SECTION 7.** In Colorado Revised Statutes, **repeal** 39-22-328 as  
21 follows:

22 **39-22-328. Returns.** ~~An S corporation which engages in activity~~  
23 ~~in this state shall be subject to the requirements of section 39-22-601~~  
24 ~~(2.5).~~

25 **SECTION 8.** In Colorado Revised Statutes, 39-22-344, **amend**  
26 (5) as follows:

27 **39-22-344. Imposition of tax.** (5) The provisions of sections



1 ~~39-22-601 (2.5)(d) through (2.5)(i) and (5)(d) through (5)(i)~~ SECTION  
2 39-22-601 (2.7)(d) AND (5.5)(d) are not applicable to an electing  
3 pass-through entity.

4         **SECTION 9. Act subject to petition - effective date.** Sections  
5 6, 7, and 8 of this act take effect January 1, 2024, and the remainder of  
6 this act takes effect at 12:01 a.m. on the day following the expiration of  
7 the ninety-day period after final adornment of the general assembly;  
8 except that, if a referendum petition is filed pursuant to section 1 (3) of  
9 article V of the state constitution against this act or an item, section, or  
10 part of this act within the ninety-day period after final adjournment of the  
11 general assembly, then the act, item, section, or part will not take effect  
12 unless approved by the people at the general election to be held in  
13 November 2024 and, in such case, on the date of the official declaration  
14 of the vote thereon by the governor.