

Line-by-Line Instructions for the DR 0104AD - Subtractions from Income Schedule

If you use this schedule to claim any subtractions from your income, you must submit it with the DR 0104.

Line 1 State Income Tax Refund

Refer to your federal income tax return to complete this line. If you did not complete federal Schedule 1, Form 1040, 1040SR, 1040NR, or 1040SP, enter \$0. Otherwise, enter the amount from line 1, Schedule 1, Form 1040, 1040SR, 1040NR, or 1040SP.

Line 2 **FYI** U.S. Government Interest

Enter the sum of all interest earned from U.S. government bonds, treasury bills and other obligations of the U.S. or its territories, possessions and agencies that you reported on your federal income tax return and is calculated as part of your federal taxable income. We recommend that you read the Individual & Corporate Income Tax Guides if this applies to you.



Do not include interest earned from Federal National Mortgage Association and Government National Mortgage Association (Fannie Mae and Ginnie Mae). Dividends from mutual funds may not be 100% exempt.

Line 3 **FYI** Pension and Annuity Subtraction

You might be eligible to subtract the income you earned from a pension or annuity. We recommend that you read publication FYI Income 25 if this applies to you. This subtraction is allowed only for pension or annuity income that is included in your federal taxable income. The amount of subtraction you can claim is also limited based upon your age.

As of December 31, 2021, if you were:

- Age 65 or older, then you are entitled to subtract \$24,000 or the total amount of your taxable pension/annuity income, whichever is smaller; *or*
- At least 55 years old, but not yet 65, then you are entitled to subtract \$20,000 or the total amount of your taxable pension/annuity income, whichever is smaller; *or*
- Younger than 55 years old and you received pension/annuity income as a secondary beneficiary (widow, dependent child, etc.) due to the death of the person who earned the pension/annuity, then you are entitled to subtract \$20,000 or the total amount of your secondary beneficiary taxable pension/annuity income, whichever is smaller. If this applies to you, please list the Social Security number of the deceased in the space provided.



Pension/annuity income should not be intermingled between spouses. Each spouse must meet the requirements for the subtraction separately and claim the subtraction only on their pension/annuity income. Any qualifying spouse pension/annuity income should be reported on line 4.



Submit copies of all 1099R and SSA-1099 statements with your return. Submit using Revenue Online or include with your paper return.

Line 4 **FYI** Spouse Pension and Annuity Subtraction

If the secondary taxpayer listed on a jointly filed return is eligible for the pension and annuity subtraction, enter the qualifying amount on this line. Review the instructions for line 3 to see what amount qualifies. We recommend that you read publication FYI Income 25 if this applies to you.



Take precautions to report the subtraction on the correct line. The first person listed on the return shall report on line 3 and the second person listed shall report on line 4.

Line 5 **FYI** Military Retirement Subtraction

You might be eligible to subtract the income you earned from your military retirement benefits. We recommend that you read publication Income Tax Topics: Military Servicemembers if this applies to you. This subtraction is allowed only for military retirement income that is included in your federal taxable income. To qualify, you must have been 54 years of age or younger as of December 31, 2021. If you meet the age requirement, then you are entitled to subtract \$10,000 or the total amount of your taxable military retirement benefits, whichever is smaller.



Military retirement benefits should not be intermingled between spouses. Each spouse must meet the requirements for the subtraction separately and claim the subtraction only on their military retirement benefits. Any qualifying spouse military retirement benefits should be reported on line 6.



Submit copies of all 1099R statements with your return. Submit as attachments when e-filing or using Revenue online, or include with your paper return.

Line 6 **FYI** Spouse Military Retirement Subtraction

If the secondary taxpayer listed on a jointly filed return is eligible for the military retirement subtraction, enter the qualifying amount on this line. Review the instructions for line 5 to see what amount qualifies. We recommend that you read publication Income Tax Topics: Military Servicemembers if this applies to you.



Take precautions to report the subtraction on the correct line. The first person listed on the return must report on line 5 and the second person listed must report on line 6.

Line 7 **FYI** Colorado Capital Gain Subtraction

You might be eligible to subtract some or all of the capital gain included in your federal taxable income, if the gain is derived from the sale of tangible personal property or from the sale of real property located in Colorado. The amount of this subtraction is limited to \$100,000. We recommend that you read Income Tax Topics: Colorado Capital Gain Subtraction if this applies to you.



You must complete and submit the DR 1316 with your return. Take precaution to completely fill out each item of this form. Be as detailed as possible, especially when providing property descriptions, ownership, and dates of acquisition and sale.

Line 8 **FYI** CollegenInvest Contribution

Contributions to CollegenInvest can be deducted from your return. The contribution must have been included on your federal income tax return and calculated as part of your federal taxable income. We recommend that you read publication FYI Income 44 if this applies to you.



The three fields on line 8 should be left blank if the taxpayer and/or spouse are the CollegenInvest account owners who set up the account for the student beneficiary. If you are not the account owner (e.g. grandparent, friend), complete the three additional fields. **To report contributions to more than one account, you must file electronically.** Do not deduct contributions made to a tuition savings plan for another state or any tuition you paid while attending school.

Do NOT deduct contributions made by your employer/business to your College Invest account on this line. To claim pass-through credits for employer contributions to employee 529 qualified state tuition account, please refer to the instructions on form DR 0289 and report the credit on applicable credit schedule.

Line 9 **FYI** Qualifying Charitable Contributions

Taxpayers who make charitable contributions that would be eligible for a federal income tax deduction, but do not claim federal itemized deductions on Schedule A of form 1040, 1040SR, 1040NR, or 1040SP, might be eligible to deduct a portion of their contribution on this form. We recommend that you read publication Income Tax Topics: Charitable Contributions if this applies to you. Use the worksheet on the next page to determine your qualifying contribution.

(a) Did you itemize your deductions on Schedule A of federal form 1040, 1040SR, 1040NR, or 1040SP?	Yes <input type="checkbox"/> No <input type="checkbox"/>
(b) Did you deduct charitable contributions on the federal form?	Yes <input type="checkbox"/> No <input type="checkbox"/>
If you answered Yes on either (a) or (b) above, enter \$0 on line 9; you do not qualify for this subtraction. If you answered No on both (a) and (b) above, continue below.	
(c) Enter the amount you could have deducted as charitable contributions on lines 11 and 12 of federal Schedule A (lines 2 and 3 on Schedule A of federal form 1040NR).	\$
(d) Colorado adjustment	\$500
(e) Subtract line (d) from line (c). This is the qualifying amount. If the amount is greater than \$0, transfer to line 9.	

Enter the total contributions in the space provided and the subtraction after the \$500 adjustment on line 9.



Do not enter an amount on this line if you already deducted your charitable donation on Schedule A of the federal form 1040, 1040SR, 1040NR, or 1040SP. Otherwise, you will be issued an assessment that will likely include penalty and interest.



For claims greater than \$5,000, submit the receipts you received **at the time of donation**. For in-kind donations, submit an itemized list of the donated items and their fair market value. Submit using Revenue Online or include with your paper return. **Do not** send receipts of items that were purchased for donation.

Line 10 Qualified Reservation Income

List any amount of income that was derived wholly from reservation sources by an enrolled tribal member who lives on the reservation, which was included as taxable income on the Federal income tax form.



Submit proof of tribal membership, residence, and source of income. This must be submitted every three years by taxpayers claiming this subtraction.

Line 11 **FYI** PERA/DPSRS Subtraction

If you made contributions to PERA between July 1, 1984, and December 31, 1986, or to Denver Public Schools District No. 1 Retirement during 1986 and your 2021 federal taxable income includes pension income, see FYI Income 16 to determine if you can take a subtraction for any of your pension income.



Submit a copy of your previously taxed contribution. PERA statements can be obtained from Copera.org or by calling 1-800-759-7372. Submit using Revenue Online or include with your paper return.



Do not list the amount of contributions you made as an employee this past year.

Line 12 **FYI** Railroad Benefit

List any railroad retirement benefits that you reported on your federal income tax return and is calculated as part of your federal taxable income. We recommend that you read publication FYI Income 25 if this applies to you.



Submit copies of all RRB-1099 and RRB-1099R Statements. Submit using Revenue Online or submit with your paper return.

Line 13 **FYI** Wildfire Mitigation Measures

Enter the amount incurred in performing wildfire mitigation on your land, up to \$2,500. We recommend that you read publication FYI Income 65 to properly calculate this subtraction.



Submit copies of receipts for qualified costs for wildfire mitigation for your property. Submit using Revenue Online or submit with your paper return.

Line 14 Colorado Marijuana Business Deduction

For Colorado-licensed marijuana businesses, list any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law.

To calculate this deduction, you must create pro forma federal schedule(s) for Business Profit or Loss as if the federal government would have allowed the expenditures from the marijuana business. The Colorado deduction shall be the difference between the profit/loss as calculated on the

ACTUAL schedule(s) filed with the federal return and the pro forma schedule(s) described above.



You must submit the pro forma schedule(s), the MED license number and the actual federal schedule(s) with your Colorado return when claiming this deduction. Submit using Revenue Online or submit with your paper return.

Line 15 Nonresident Disaster Relief Worker Subtraction

For nonresident individuals, enter the amount of compensation earned for performing disaster-related work in the state during a declared state disaster emergency and for the 60 days thereafter. Disaster-related work includes repairing, renovating, installing, building, or rendering services that relate to infrastructure that has been damaged, impaired, or destroyed by a declared state disaster emergency or providing emergency medical, firefighting, law enforcement, hazardous material, search and rescue, or other emergency service related to a state declared disaster emergency. Enter the executive order number(s) from the Colorado governor's office that declared the state disaster emergency in format "D YYYY-###."



This subtraction is only available to nonresident individuals. If you are a full-year resident of Colorado, you are not eligible for this subtraction.

Line 16 **FYI** Reacquisition of Colorado Residency During Active Duty Military Service Subtraction

This subtraction is only allowed to military servicepersons who meet several requirements. In order to qualify for the subtraction the serviceperson must (1) have Colorado as his or her home of record, (2) after enlisting in the military, have acquired legal residency in a state other than Colorado, and (3) on or after January 1, 2016, have reacquired Colorado residency. A military serviceperson who meets these three requirements can claim a subtraction for any compensation included in his or her federal taxable income that he or she received for active duty service after reacquiring Colorado residency.

In order to have acquired residency in another state, you must have:

1. been physically present in that state,
2. intended to make that state your permanent home, and
3. intended to abandon your previous state of legal residence.

In order to reacquire residency in Colorado, you need not be physically present in Colorado, but you must intend to both make Colorado your permanent home and to abandon your previous state of legal residence.

In order to claim this subtraction, a taxpayer must include with his or her return: (1) a military form showing Colorado as his or her home of record, (2) evidence of acquiring residency in another state, and (3) evidence of reacquiring residency in Colorado during the tax year. Evidence of acquiring residency in another state and reacquiring residency in Colorado must come in one of the following forms:

1. voter registration;
2. records reflecting the purchase of residential property or an unimproved residential lot;
3. motor vehicle titling and registration;

4. notification to your prior state of legal residence of your intention to change your state of legal residence;
5. preparation of a new last will and testament reflecting your state of legal residence.

If you qualify for this subtraction, enter the amount of compensation received for active duty military service on line 16 and submit all required evidence of residency with your return.

Line 17 First-time Home Buyer Savings Account Interest Deduction

You must complete the DR 0350 and submit with your return if you are claiming this deduction. You may only deduct the amount of taxable interest and/or earnings on the qualified account in the tax year claimed. This deduction is subject to recapture.

Line 18 Other Subtractions from Federal Taxable Income

Enter the sum of all other allowable subtractions. For more information about what to enter on this line, see the Income Tax – Subtractions page on Tax.Colorado.gov.



Do not include amounts that were earned outside Colorado, net operating losses, K-1 adjustments, military income, wage adjustments, repayments for which IRC section 1341 credits were claimed, or donations made to the Military Family Relief Fund on this line. Include a clear explanation of the subtraction being claimed on your return.

Line 19 Subtractions Allowed Under HB21-1002

Under HB21-1002, taxpayers may claim a subtraction for tax years commencing in 2021 in relation to certain retroactive provisions of the CARES Act. For complete instructions on how to calculate this subtraction, please see the CARES Act guidance publication available at Tax.Colorado.gov/individual-income-tax-guidance-publications. In general, the allowable subtraction is an aggregate amount, calculated in multiple steps, based on the taxpayer's Colorado taxable income for each of the preceding tax years which were affected by the CARES Act. First, the taxpayer must calculate, for each tax year beginning before March 27, 2020, the difference between their Colorado taxable income based on Colorado law and the amount the taxpayer's Colorado taxable income would have been had certain provisions of the CARES Act applied to that tax year. The difference amounts calculated for each year are then aggregated and combined with the sum of addbacks for the business interest expense deduction, excess business losses, and net operating losses, pursuant to C.R.S. 39-22-104(3)(l),(m), and (n), for any prior tax year. The subtraction applies only after all other subtractions provided for in C.R.S. 39-22-104(4) and is limited to \$300,000. Any amount of the allowable subtraction the taxpayer may not claim for the tax year commencing during 2021 may be carried forward to subsequent tax years. See the Guidance Publication for thorough instructions on how to calculate and claim this subtraction.

Line 20 Subtotal

Enter the sum of lines 1 through 19.