

## Income/Franchise:

### Colorado: New Law Contains Several Combined Reporting Changes and Includes Listed Tax Havens

*H.B. 1311*, signed by gov. 6/23/21. Recently enacted legislation makes several Colorado income tax-related changes, including:

URL: <https://leg.colorado.gov/bills/hb21-1311>

- Modifying computation of the receipts factor for apportionment of combined corporations to the “Finnigan method” for state corporate income tax purposes;
- Requiring a Colorado combined group to include certain affiliates that are “incorporated in a foreign jurisdiction for the purpose of tax avoidance” – and providing a rebuttable presumption that a corporation is created for “tax avoidance” purposes if it is incorporated in one of 44 listed jurisdictions;
- Creating a state corporate income tax subtraction adjustment for any net global intangible low-taxed income (GILTI) or Internal Revenue Code section 951 income of a foreign corporation that is included in a Colorado combined return; and
- Disallowing portions of certain deductions for individuals including itemized deductions and contributions to “529 plans” over a certain level.

See forthcoming Multistate Tax Alert for more details on this legislation, and please contact us with any questions in the meantime.

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