

Income/Franchise:

Colorado DOR Proposes Special Industry Apportionment Rule Addressing Hedging Transactions

Proposed Regs. Special Rule 9A, Apportionment of Income for Electricity Producers, Colo. Dept. of Rev. (9/24/21). The Colorado Department of Revenue (Department) has proposed a state corporate income tax special apportionment rule for electricity producers that prescribes including certain receipts from hedging transactions in their receipts factors. In doing so, the Department explains that it has determined that the exclusion of certain hedging transactions from the receipts factor of electricity producers “does not fairly represent the extent of an electricity producer’s business activity in Colorado” and that “gains and losses on hedging transactions entered into to manage risks associated with the gross income electricity producers expect from their wholesale sales of electricity are best accounted for in the receipts factor as adjustments to the gross receipts from such sales.” The Department announces that it will be holding a virtual public hearing to discuss the proposal on November 3, 2021. Please contact us with any questions.

URL: <https://tax.colorado.gov/news-article/notice-of-proposed-rulemaking-income-tax-special-apportionment-rules>

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