

## Income/Franchise:

### Colorado DOR Adopts Special Industry Apportionment Rule Addressing Hedging Transactions

*Adopted Regs. Special Rule 9A, Apportionment of Income for Electricity Producers*, Colo. Dept. of Rev. (eff. 1/30/22). The Colorado Department of Revenue (Department) adopted state corporate income tax special apportionment rules for electricity producers that prescribe including certain receipts from hedging transactions in their receipts factors. In its initial proposal for making such rule changes, the Department explained 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.” Please contact us with any questions.

**URL:** <https://www.coloradosos.gov/CCR/eDocketDetails.do?trackingNum=2021-00604>

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