

Income/Franchise:

Colorado DOR Adopts New and Amended Rules on Foreign Source Income and NOLs

Amended Rule section 39-22-303(10); Amended Rule section 39-22-504-2; New Rule section 39-22-304(3)(j), Colo. Dept. of Rev. (4/5/23). The Colorado Department of Revenue (Department) adopted new and amended rules addressing the state tax treatment of various forms of foreign source income, Internal Revenue Code (IRC) section 78 dividends, and the Colorado allocation and carryforward of net operating losses (NOLs) allowed to C corporations. One amended rule provides guidance regarding the definition of foreign source income, the foreign source income exclusion, and the requirement to report any changes to that amount, and another new rule seeks to provide clarification regarding the subtraction from federal taxable income for amounts treated as dividends pursuant to IRC section 78. Another amended rule involves calculating the Colorado NOL deduction allowed to C corporations. Please contact us with any questions.

URL: <https://tax.colorado.gov/news-article/adopted-colorado-net-operating-losses-and-foreign-source-income-exclusion-rules>

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