

Income/Franchise:

Colorado: Individuals Claiming Federal Foreign Tax Credit Cannot Claim Foreign Source Income Exclusion

General Information Letter, GIL-23-002, Colo. Dept. of Rev. (7/7/23). Responding to an individual inquiring whether Colorado's foreign source income exclusion authorized under Colo. Rev. Stat. section 39-22-303(10) may be available to individuals claiming the federal income tax credit for foreign income taxes paid or accrued, a Colorado Department of Revenue (Department) general information letter explains that Colorado's statutory foreign source income exclusion is available only to C corporations – not individuals. Specifically, the foreign source income exclusion authorized by Colo. Rev. Stat. section 39-22-303(10) is allowed only with respect to foreign income taxes paid by or on behalf of a C corporation. According to the Department, Colo. Rev. Stat. section 39-22-303(10) prescribes separate methods for determining the includible and excludible portions of foreign source income, depending on whether the taxpayer has elected to claim foreign taxes paid or accrued as a credit or has elected to claim foreign taxes paid or accrued as a deduction. Please contact us with any questions.

URL: <https://tax.colorado.gov/sites/tax/files/documents/GIL-23-002.pdf>

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