

2011 Changes to the Colorado Child Care Contribution Tax Credit

Due to a recent change in state law, the Colorado Child Care Contribution Tax Credit will be **deferred** (but not eliminated) for all gifts made in calendar year 2011. Donors who make gifts to the Project Self-Sufficiency Child Care Assistance Program and other eligible child care contribution funds and agencies during 2011 will not be able to claim the credit on their tax return until it is reinstated.

The availability of the credit in calendar year 2012 will be announced by the Colorado Legislative Council at the end of December 2011. The credit will be available starting again in 2013 in a limited fashion: in calendar years 2013 and 2014, the amount of the credit that can be claimed will be 50% and 75% respectively. In 2015, the credit will return to its original form.

EXAMPLE*	Contribution Year	Child Care Gift	Credit Amount	% Credit Allowed	\$ Credit Taken	Carry Forward Credit
If the state determines in December that the General Fund Revenue WILL NOT grow by 6%	2011	\$10,000	\$5,000	0%	\$0	\$5,000
	2012	\$10,000	\$5,000	0%	\$0	\$10,000
	2013	\$10,000	\$5,000	50%	\$7,500	\$7,500
	2014	\$10,000	\$5,000	75%	\$9,375	\$3,125
	2015	\$10,000	\$5,000	100%	\$8,125	\$0
			\$50,000	\$25,000		\$25,000

If the state determines in December 2011 that its General Fund Revenue will exceed 6% growth then the entire credit from 2012 contributions plus any accrued carry forward could be claimed in 2012. The schedule of allowable credits to be claimed in 2013, 2014 and 2015 will remain the same. CP of Colorado will monitor and report on the state's General Fund Revenue determination.

EXAMPLE*	Contribution Year	Child Care Gift	Credit Amount	% Credit Allowed	\$ Credit Taken	Carry Forward Credit
If the state determines in December that the General Fund Revenue WILL grow by 6%	2011	\$10,000	\$5,000	0%	\$0	\$5,000
	2012	\$10,000	\$5,000	100%	\$10,000	\$0
	2013	\$10,000	\$5,000	50%	\$2,500	\$2,500
	2014	\$10,000	\$5,000	75%	\$5,625	\$1,875
	2015	\$10,000	\$5,000	100%	\$6,875	\$0
			\$50,000	\$25,000		\$25,000

For additional information, please visit www.colorado.gov and search: "income tax booklets FYI's" and follow the first link and click on: Child Care Contribution Credit (FYI Income 35). See your tax professional for the latest tax credit information.