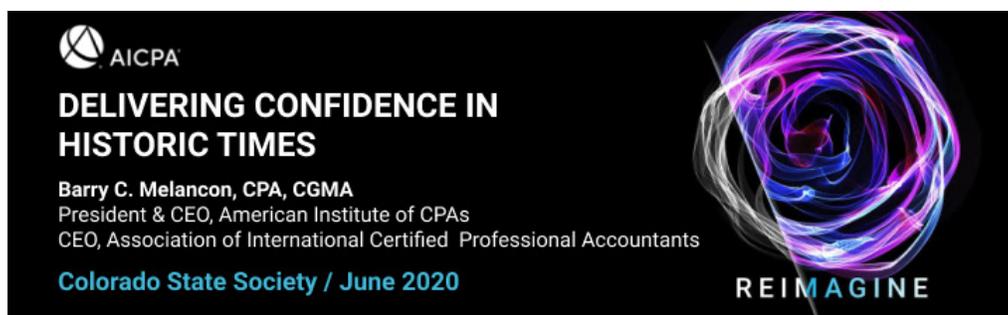


COCPA NewsQuick

June 22, 2020



News and updates for CPAs in Colorado, exclusively for COCPA members



NEW: Reimagine: Delivering Confidence in Historic Times, June 24

COCPA.ORG

Join AICPA President and CEO Barry Melancon for this special program, recommended for 1.5 hours of CPE credit and free of charge for COCPA members.

JOURNALOFACCOUNTANCY.COM

ALERT: On June 17, the U.S. Small Business Administration (SBA), in consultation with the Treasury, released a **revised loan forgiveness application for the Paycheck Protection Program** (PPP) and unveiled a new EZ application for forgiveness of PPP loans. The applications reflect changes to the PPP made by the Paycheck Protection Flexibility Act of 2020, P.L. 116-142, which [became law June 5](#). The applications and instructions are available at:

- [Revised PPP Loan Forgiveness Application and instructions](#)
- [EZ PPP Loan Forgiveness Application and instructions](#)

Read the Journal of Accountancy article [here](#)

The AICPA has published a summary of the Paycheck Protection Program Flexibility Act of 2020. Read it [here](#) ».

AICPA PPP Loan Forgiveness Calculator Available

FUTURE.AICPA.ORG

Access the calculator [here](#). Scroll down to “Calculators” and select the link.

NEW: Sales and Use Tax Lookup System Demonstration Scheduled, June 23

You're invited to attend the SUTS demonstration via Google Meet, June 23, from 10:00 am to 11:00 am, and view the new online portal for retail businesses that sell in multiple jurisdictions. It provides one place to register, file, and remit sales and use tax for multiple jurisdictions across the state. The first 250 people who sign on will be able to ask questions. If the first link reaches capacity, you will be able to see and hear the presenters by clicking onto the live stream link.

Link for the first 250 people: <https://meet.google.com/whz-zfou-jux>

Link for live stream: <https://stream.meet.google.com/stream/a796e9cf-4001-406d-ad48-ba20cb751290>

For more information, go to the [SUTS web page](#)

Gallagher Amendment Repeal and Nicotine Tax Increase on 2020 Ballot

On November 3, Coloradans will vote on two tax measures referred by the General Assembly: to repeal the **Gallagher Amendment** and to increase the **Cigarette, Tobacco, and Nicotine Products Tax**.

The Gallagher Amendment, passed in 1982, was intended to keep residential property taxes affordable by limiting real property taxes. The assessment rate has decreased from 21% in 1982 to 7.15% for residential taxes paid in 2020 and 2021. In 2021, the legislature will set the residential assessment rate (RAR) for 2022 and 2023 tax collections - and it's anticipated the RAR will decrease to 5.88%. Businesses currently pay four times as much as homeowners per \$100,000 of value. The lower RAR increases the business share to almost five times the residential rate.

Voters also will be asked to increase taxes on cigarettes and other nicotine products three times over a seven-year time frame. Other fees currently collected would be reduced. Taxes received generally would be allocated to the general fund prior to the fiscal year 2023-2024. Local municipalities would receive some of the funds to make up for lost revenues, and some of the funds would be used to fund preschool needs.

Colorado Legislature Passes Tax Fairness Act

On June 15, the Colorado General Assembly passed, via **House Bill 20-1420**, the following temporary tax law changes to generate additional revenue for the state's Education Fund. As a result of the tax changes, \$113M will be added to the Education Fund in 2021, with an additional \$23M added to the Education Fund in 2022. Governor Jared Polis is expected to sign the bill.

For tax years ending after March 27, 2020, and before January 1, 2021, there will be an addition to federal taxable income of individuals, estates, and trusts for:

1. An amount equal to the difference between the taxpayer's net operating loss ("NOL") deduction before the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and the taxpayer's NOL deduction after applying Section 2303 of the CARES Act. **Note: Prior to enactment of the CARES Act, I.R.C. Section 172(a) limited the use of NOL's to 80% of the taxpayer's current taxable income, and Section 2303 of the CARES Act removed this limitation. As such, for purposes of Colorado NOL's, the 80% limitation continues to apply.**
2. An amount equal to the taxpayer's excess business loss deduction under I.R.C. Section 461(l) without regard to Section 2304 of the CARES Act.
3. An amount equal to the taxpayer's interest expense deduction under I.R.C. Section 163(j) without regard to Section 2306 of the CARES Act.

Additionally, for tax years beginning after January 1, 2021 and before January 1, 2023, there will be an addition to federal taxable income of individuals, estates, and trusts of the qualified business income deduction under I.R.C. Section 199A if federal adjusted gross income exceeds \$1,000,000 for joint filers, or \$500,000 for single filers. Farmers and ranchers are exempted from this addition to federal taxable income.

For tax years beginning after December 31, 2017, the NOL deductions of C corporations will continue to be subject to the 80% limitation contained in I.R.C.

Section 172(a) regardless of Section 2303 of the CARES Act. **Note: The legislation originally proposed that corporate NOL's be limited to \$400,000 per year, however this limitation was removed (as well as a number of other problematic provisions) in the final bill, thanks to extensive input from the COCPA, Colorado Chamber of Commerce, and various other business organizations.**

For tax years beginning on or after January 1, 2021 and before January 1, 2022, a Colorado resident who claims a federal earned income credit ("EIC") will be allowed a Colorado EIC equal to 10% of the federal EIC. For years beginning January 1, 2022, a Colorado EIC equal to 15% of the federal EIC is allowable. If a federal EIC is not allowable because a spouse or dependent does not have a social security number, a Colorado EIC is nonetheless allowable based on the federal EIC that would have been allowable if the spouse or dependent has a social security number.

Read the bill at <https://leg.colorado.gov/bills/hb20-1420>.

In addition, the Colorado General Assembly passed **House Bill 20-1024** concerning modification to the state's net operating loss deduction. Read the bill at <https://leg.colorado.gov/bills/hb20-1024>.

On June 2, 2020, the **Colorado Department of Revenue (CDOR) adopted temporary emergency rules** to clarify that the term "internal revenue code" incorporates changes to federal statutes only on a prospective basis. Read the rules at <https://www.colorado.gov/pacific/tax/changes-federal-statutes-apply-prospectively>.

We await details on implementation of these changes and the impact of the emergency rule.

IRS REMINDERS:

File a tax return, and choose direct deposit or schedule tax payments electronically before the July 15 deadline. Learn more at: <https://go.usa.gov/xwNCm>. The IRS urges taxpayers to use electronic options to speed the processing of tax returns, refunds, and payments before the July 15 deadline.

Any individual or corporation that has a quarterly estimated tax payment due has until July 15 to make that payment without penalty. Learn more at <https://go.usa.gov/xw9EP>.

Nearly four million people are receiving their Economic Impact Payment by prepaid debit card, instead of paper check, through the mail. These cards will be delivered in a plain envelope from Money Network Cardholder Services. Know what to expect: www.eipcard.com

IRS ALERT: Balance Due Notice Mailings

Due to the COVID-19 pandemic, the IRS was unable to mail some previously printed balance due notices as a result of office closures. As IRS operations continue to reopen, these notices will be delivered to taxpayers in the next few weeks. Given the time it would take to reprogram IRS systems, and generate updated notices, some of the notices taxpayers will receive have due dates that have already passed. However, each notice will include an insert confirming that the due dates printed on the notices have been extended.

Extended Payment Due Dates:

The payment due dates printed on the notices have been extended, as described in the insert. The new payment due date will be either July 10, 2020, or July 15,

2020, depending on the type of tax return and original due date. Taxpayers should be sure to read the insert included with the notice that explains the delay and provides the correct payment due dates.

Taxpayers who have questions about their balance due should visit the website listed or call the number provided on the notice. Keep in mind that phone lines remain extremely busy as the IRS resumes operations.

Weekly News and Updates

FEEDBACK REQUEST: State Auditor Seeks Volunteers for Review Initiative

The Colorado State Auditor's staff is continuing to perform the review process on existing tax credits and exemptions provided in current Colorado statutes. They are **seeking CPAs who are familiar with the New & Old investment tax credits** contained in sections 39-22-507.5 & 507.6 C.R.S. If you are willing to provide feedback, please contact Russell Leonard, Tax Policy Analyst, Colorado Office of the State Auditor, russell.leonard@state.co.us.

DORA Protocol for Colorado State Board of Accountancy Meeting Agendas

The Colorado Department of Regulatory Agencies has adopted new requirements to protect confidential information of applicants and licensees for all the boards and commissions under its umbrella, including the Colorado State Board of Accountancy. Therefore, meeting agendas no longer list the names of CPA candidates, individuals, or firms which are up for consideration.

To determine if you are on a particular agenda, you may email dora_accountancyboard@state.co.us.

Note that the agenda is posted two weeks before scheduled meetings. The 2020 meeting dates are: June 24, August 5, September 23, November 4, and December 16.

CDOR Rule-making on Severance Taxes and Electronic Filing

The Division of Taxation is considering amending several current rules as well as proposing new rules. Send comments/suggestions to dor_taxrules@state.co.us by June 30, 2020, 5:00 p.m., MDT. If the Department decides to move forward with any of these proposed changes or new proposed rules, additional comments will be accepted in addition to pursuing a formal rulemaking process.

Rule 39-21-119.5, 1 CCR 201-1, Mandatory Electronic Filing of Returns and Mandatory Electronic Payment

Special Rule 1, 1 CCR 201-1, Electronic Funds Transfer - The amendment would repeal Special Rule 1, the pertinent parts of which have been codified in section 39-21-119.5, C.R.S., or promulgated in Rules 39-21-119 and 39-21-119.5.

Rule 39-29-105-1, 1 CCR 201-10, Liability for Severance Tax on Oil and Gas - The new rule would clarify the imposition of, and liability for, Colorado severance tax on oil and gas.

Rule 39-29-105-2, 1 CCR 201-10, Ad Valorem Tax Credit - The amendment would renumber the rule to accommodate an additional rule promulgated pursuant to the same statutory section.

Rule 39-29-111, 1 CCR 201-10, Oil and Gas Severance Tax Withholding - The amendment would clarify the reporting requirements for severance tax withheld

from gross income from oil and gas and make other minor changes to improve readability and clarify the rule.

Sign up for the CDOR free email subscription service to receive notifications when new tax information is available. Your email address will be used only to deliver the information you've requested. [Click here to sign up for Sales & Use Tax Email Alerts.](#)

AICPA PRB Grants 6-Month Extension for Peer Reviews

JOURNALOFACCOUNTANCY.COM

CPA firms will be granted six-month extensions for peer reviews, corrective actions, and implementation plans with original due dates between Jan. 1 and Sept. 30, 2020. [Read the story HERE »](#)

NASBA CPA Exam NTS Extension Information

NASBA.ORG

For jurisdiction by jurisdiction information on updated exam credit extension policies, go to <https://nasba.org/ntsextensions/>.

Prometric Resource Center for CPA Candidates

- [COVID-19 Strategies](#) provides the most current information on Prometric's operation status and safety measures.
- [Essential Client Programs List](#) provides the current list of essential test programs that are currently eligible to test.
- [Site Openings List](#) provides a running list of current open/scheduled-to-open sites and their resumption test date. This list is updated daily to reflect any changes in status and will be evaluated for further additions on a rolling basis.
- [Social Distancing Policies](#) provides a detailed look at the standard and social distancing policies and test center procedure modifications that candidates are expected to follow while at the test center.
- [Test-Taker FAQ](#) provides answers to candidates' frequently asked questions.

Opportunities & Resources

DEADLINE EXTENDED to July 6th, 2020! Know an outstanding executive? We want to honor him or her.

BIZJOURNALS.COM

Nominations are open for the Denver Business Journal C-Suite Awards. Winners will be selected for outstanding contributions to the Denver region based on *leadership, contributions to his or her company, and community involvement*. [Click here to nominate someone online.](#)

Your COCPA is Here for You Remotely

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Contact your COCPA member service colleagues via online chat at cocpa.org, 303-773-2877, or 800-523-9082. Go to cocpa.org/COVID-19 for the extensive list of resources. Check out the AICPA resources page, as well, at aicpa.org. Ask questions, find answers, and share knowledge with your colleagues at COCPA CONNECT, www.cocpa.org/connect, your COCPA members-only, online community.



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