



Direct Care Worker Tax Credit

State Income Tax Credit for Care Workers

Overview:

Colorado [House Bill \(HB\) 24-1312](#) establishes a refundable state income tax credit to support individuals in the care workforce. This includes child care workers, early childhood professionals, and direct care workers employed by long-term care employers. Eligible individuals can receive a refundable tax credit of \$1,200 per person.

Eligibility and Frequently Asked Questions (FAQ):

Who is considered a Direct Care Worker for this tax credit?

- “Direct Care Worker” means a resident individual with the appropriate knowledge, skills, and training who provides hands-on care and services, including personal care, to participants receiving long-term care in this state.

Are Certified Nurse Aids (CNAs) eligible for the tax credit?

- “Direct Care Worker” for this tax credit does not include a Certified Nurse Aid (CNA).

Who is considered a long-term care employer?

- For this tax credit, long-term care employers include home and community-based services (HCBS) providers (provider type 36), nursing facilities (provider types 20 and 21), and certified home care agencies (provider type 10).

What is a refundable tax credit?

- If a taxpayer’s tax bill is less than the amount of a refundable credit, they can get the difference back in their refund. For example, if an eligible taxpayer owes \$1,000 in taxes and they qualify for this \$1,200 refundable credit, they will receive a \$200 refund.

Taxpayers who don’t owe any taxes and aren’t required to file must still file a return to claim refundable tax credits.

What are the residential requirements for this tax credit?

- Eligible care workers must be full-year or part-year Colorado residents.

What are the income limits for this tax credit?

- Eligible care workers must have an adjusted gross income of no more than \$75,000 for single filers or \$100,000 for joint filers.

If my spouse is also an eligible care worker, can we both receive a tax credit?

- Yes, in the case of a qualified direct care worker who files a joint return with another child care or direct care worker, the credit would be \$2,400, provided that the joint adjusted gross income is less than \$100,000.



What are the service requirements for this tax credit?

- Eligible care workers must have worked in a qualifying position in Colorado for at least 720 hours during the tax year.

If I am a direct care worker and also either a child care worker or an early childhood professional, will my tax credit be more?

- No. A resident individual who performs more than one eligible role is not allowed an additional credit.

When does the tax credit start and end?

- The credit applies to income tax years beginning on or after January 1, 2025, but before January 1, 2029.

How will my employment be documented?

- Starting with 2025, long-term care employers must report the total hours worked during the calendar year by each direct care employee in Colorado. This annual report is due to the Colorado Department of Revenue (DOR) by January 31 of the following year. **Long-term care employers who do not timely file the report may owe a \$500 penalty.**
 - For Consumer-Directed Attendant Support Services (CDASS) employers, the Department of Health Care Policy and Financing (HCPF) will provide the required information to DOR using data supplied by the Financial Management Services (FMS) contractors.
 - CDASS employers should ensure that their workers' hours are submitted and approved by their FMS payroll deadlines.

How do I receive this tax credit?

- To receive the tax credit, you must file a Colorado Individual Income Tax Return, even if you do not owe any taxes. After the credit is applied to reduce your income tax liability, any excess credit will be refunded to you. Information about how to claim the Care Worker Tax Credit will be available at a later date from DOR.

Can a payroll company or accountant submit the long-term care employer report on behalf of multiple employers in a single file?

- The spreadsheet template posted at [Tax.Colorado.gov/long-term-care-employer-report](https://tax.colorado.gov/long-term-care-employer-report) is similar to the one for W-2s, with fields for both employee and employer information, so a payroll company or accountant can submit one file, even for multiple employers with different EINs. The Instructions tab notes that the employee information must be matched with the correct employer.



What should a long-term care employer do if they don't have information to report, for example, if they only use independent contractors or didn't serve any members during the year?

- If you have no employees to report because you only use independent contractors or did not provide any services during the year, you do not need to file. You may be contacted only if an employee later claims the credit and additional information is needed.

Where do I go to submit the long-term care employer report?

- Go to Colorado.gov/RevenueOnline. On the bottom right of the page, in the **Other Registrations and Year-End Data Submittals** box, you will see **Submit Year-End Long-Term Care Worker Employer Report**.
- **Request for Access** is only required for submitters who did **not** already have access to Revenue Online to submit year-end withholding informational returns before December 31, 2025. Anyone who was granted access to submit year-end withholding returns prior to December 31 already has access to submit LTC files.
- Check the banner at the top of the Revenue Online page for any system alerts, updates, or important messaging.

Resources:

[Colorado Department of Revenue Long Term Care Employer Report website](#)
[HB 24-1312 State Income Tax Credit for Careworkers](#)

- [Signed Statute](#)

[Get Ahead Colorado/Hacia Adelante Colorado](#)

- Free online tax filing services and free in-person tax help.

[For Childcare Workers/ Early Childhood Professionals](#)