



TWIST-Q | 2022 Year-End Checklist



This checklist includes the developments we reported in Quarters 1, 2, and 3, as well as new developments for Quarter 4, which are in bold typeface. Please note that certain Quarter 4 items in bold are dated earlier as they were released after our Quarter 3 checklist or were first made publicly available during Quarter 4. The checklist captures 2022 rate changes/developments and we also have a comprehensive rate chart at the end of the checklist for your use. Please stay tuned to our weekly TWIST podcasts for other state and local corporate income and franchise developments that occur after this publication is released.

Rate Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For tax years beginning on or after January 1, 2023, the highest corporate tax rate imposed on income exceeding \$25,000 will be 5.3 percent. Previously, this rate was scheduled to be 5.7 percent. Senate Bill 1 (signed Aug. 11, 2022).	AR				
The corporate and personal income tax rate is reduced from 4.55 percent to 4.40 percent effective for tax years commencing on or after January 1, 2022. Proposition 121 (approved Nov. 8, 2022).	CO				
Effective January 3, 2023, Idaho's corporate income tax rate is reduced to 5.8 percent. House Bill 1 (signed Sept. 1, 2022).	ID				
Effective January 1, 2022, the corporate income tax rate is reduced from 6.5 percent to 6.0 percent. House Bill 436 (signed Feb. 4, 2022).	ID				

Rate Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Iowa's tax rate will be reduced if the amount of corporate income taxes collected by the state exceeds a base amount of \$700 million. If that occurs, the Department of Revenue is instructed to determine what tax rates would have generated \$700 million in the fiscal year that just concluded by adjusting the top or top two marginal tax rates as necessary. New rates will be published by December 31 following the determination date. House File 2317 (signed March 1, 2022).	IA				
The Iowa Department of Revenue announced that the state's highest two corporate income tax rates will be consolidated into a single rate of 8.4 percent applicable to income exceeding \$100,000. This change applies for tax years beginning on or after January 1, 2023. Order 2022-03 (Iowa Dep't of Rev. Sept. 27, 2022).	IA				
The bank franchise tax will be reduced from 5 percent to 4.7 percent for tax years beginning on or after January 1, 2023; to 4.4 percent for tax years beginning on or after January 1, 2024; to 4.1 percent for tax years beginning on or after January 1, 2025; to 3.8 percent for tax years beginning on or after January 1, 2026; and to 3.5 percent for tax years beginning on or after January 1, 2027. Senate File 2367 (signed June 17, 2022).	IA				
The highest corporate income tax rate imposed on income over \$100,000 is reduced to 6.5 percent for tax years beginning on or after January 1, 2024; to 6.24 percent for tax years beginning on or after January 1, 2025; to 6.0 percent for tax years beginning on or after January 1, 2026, and to 5.84 percent for tax years beginning on or after January 1, 2027. Legislative Bill 873 (signed April 13, 2022).	NE				

Rate Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For all taxable periods ending on or after December 31, 2023, the Business Profits Tax rate is 7.5 percent. House Bill 1221 (signed June 17, 2022).	NH				
The determination of whether a combined group may utilize the preferential rate available to New York Qualified Emerging Technology Companies (QETC) applies at the individual company level. The attributes of combined group members are not aggregated and considered together to meet the criteria of being a QETC. <i>Matter of the Petition of Charter Communications, Inc.</i> (N.Y. Div. of Tax Appeals, Dec. 1, 2022).	NY				
The New York corporate franchise tax MTA surcharge rate will remain 30.0 percent for tax years beginning on or after January 1, 2023 and before January 1, 2024. The surcharge rate will remain the same until the Commissioner of Taxation and Finance establishes a new rate. TSB-M-22(2)(C) (N.Y. Dep't of Tax. and Fin. Dec. 1, 2022).	NYC				
The corporate net income tax rate is reduced from 9.99 to 8.99 percent for the tax year beginning on or after January 1, 2023 through December 31, 2023. The rate is further reduced to 8.49 percent for tax year 2024; 7.99 percent for tax year 2025; 7.49 percent for tax year 2026; 6.99 percent for tax year 2027; 6.49 percent for tax year 2028; 5.99 percent for tax year 2029; 5.49 percent for tax year 2030; and 4.99 percent for tax years beginning January 1, 2031 and thereafter. House Bill 1342 (signed July 8, 2022).	PA				
Effective for tax years beginning on or after January 1, 2022, the corporate income tax rate is reduced from 4.95 percent to 4.85 percent. Senate Bill 59 (signed Feb. 11, 2022).	UT				

IRC Conformity	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The minimum tax regime that applies to corporations with zero or negative taxable income has been revised effective for tax years beginning on or after January 1, 2023. The current highest minimum tax of \$750.00 is imposed on corporations with Vermont gross receipts greater than \$5 million. The minimum tax increases to \$2,000 for taxpayers with Vermont gross receipts from \$1 million to \$5 million; to \$6,000 for taxpayers with Vermont gross receipts of greater than \$5 million; and to \$100,000 for taxpayers with Vermont gross receipts of over \$300 million. Senate Bill 53 (signed May 31, 2022).	VT				
For taxable years beginning from and after December 31, 2021, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2022, including those provisions that became effective during 2021 with the specific adoption of all retroactive effective dates, but excluding any changes to the code enacted after January 1, 2022. Senate Bill 1264 (signed March 23, 2022).	AZ				
Colorado's income tax code incorporates retrospective federal changes, despite a departmental regulation providing that federal statutory changes enacted after the end of a taxable year do not affect a taxpayer's Colorado tax liability for that taxable year. <i>Anschutz v. Dep't of Rev.</i> (Colo. App. Nov. 17, 2022).	CO				
Internal Revenue Code (IRC) means the Code as amended and in effect on January 1, 2022. House Bill 7071 (signed May 6, 2022).	FL				

IRC Conformity	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective for all taxable years beginning on or after January 1, 2021, Georgia adopts the provisions of the IRC as of January 1, 2022 and adopts the changes to IRC section 118 included in PL. 117-58. House Bill 1320 (signed May 2, 2022).	GA				
For the sections of the IRC that are operative in Hawaii, the state generally conforms to the IRC as amended as of December 31, 2021, including the exclusion from gross income for Economic Injury Disaster Loan advances and restaurant revitalization grants. However, deductions are not allowed for expenses paid for with Economic Injury Disaster Loan advances and restaurant revitalization grant amounts. Senate Bill 3143 (signed April 21, 2022).	HI				
Idaho has adopted the IRC as in effect on January 1, 2022. House Bill 472 (signed Feb. 23, 2022).	ID				
For tax years beginning on or after January 1, 2022, Kentucky adopts the IRC as in effect on December 31, 2021. For the 2021 tax year, Kentucky conforms to the IRC as in effect on December 31, 2018. House Bill 8 (veto override April 13, 2022).	KY				
For tax years beginning on or after January 1, 2021, and for any prior tax year as specifically provided by the IRC, Maine adopts the IRC as of December 31, 2021. House Bill 1314 (signed April 14, 2022).	ME				
Ohio has adopted the IRC as in effect on February 17, 2022. House Bill 51 (signed Feb. 17, 2022).	OH				

IRC Conformity	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Oregon has rolling conformity to the Code for provisions that affect federal taxable income. For other purposes, Oregon adopts the Code as in effect on December 31, 2021. Senate Bill 1525 (signed March 24, 2022).	OR				
South Carolina adopts the IRC as amended through December 31, 2021, including for the 2021 tax year the federal exclusion from gross income for targeted Economic Injury Disaster Loan advances and the federal exclusion from gross income for restaurant revitalization grant amounts. House Bill 5057 (signed May 16, 2022).	SC				
South Dakota has adopted the IRC as in effect on January 1, 2022. House Bill 1010 (signed Feb. 10, 2022).	SD				
Effective retroactively to tax years beginning on or after January 1, 2021, Vermont adopts the IRC as amended through December 31, 2021. Senate Bill 53 (May 31, 2022).	VT				
Virginia's conformity to the IRC has been advanced to the Code as of December 31, 2021. House Bill 971 (signed Feb. 23, 2022).	VA				
For corporate net income tax purposes, all amendments made to the laws of the United States after December 31, 2020, but prior to January 1, 2022, shall be given effect to the same extent those changes are allowed for federal income tax purposes, whether the changes are retroactive or prospective, but no amendment to the laws of the United States made on or after January 1, 2022, shall be given any effect. Senate Bill 451 (signed Feb. 21, 2022).	WV				

Nexus and Public Law 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Arkansas has adopted the “significant economic presence test” from <i>West Virginia v. MBNA</i> , which looks at the frequency, quantity, and systematic nature of the entity’s economic contacts with the state. Trivial, infrequent, and inconsequential contacts are de minimis in nature and will not cause taxpayers to meet the substantial economic presence test. Admin. Decision No. 22-154 (Ark. Dep’t of Fin. and Admin. March 24, 2022).	AR				
California has adopted aspects of the MTC’s revised model statement on P.L. 86-272 in the context of Internet activities, which concludes that when a business interacts with a person or entity across state lines via the business’s website or app, such business engages in an activity within the state. If that activity goes beyond solicitation of sales, then the business is not protected under P.L. 86-272. Examples of activities conducted over the Internet that would cause the loss of P.L. 86-272 protection include providing postsales assistance, branded credit card solicitation, solicitation of non-sales job applicants, marketing information-gathering via cookies, extended warranties solicitation, remote upgrades, and streaming. Technical Advice Memo. 2022-01 (Cal. Fran. Tax Bd. Feb. 14, 2022).	CA				
The Office of Tax and Revenue will not seek to impose corporation franchise tax or unincorporated business franchise tax nexus solely on the basis of employees working from home or property used to allow employees to work from home during the declared public emergency and the public health emergency, and for a subsequent 90 days after the end of the emergency. This relief regarding corporation franchise tax or unincorporated business franchise tax nexus expires on July 16, 2022. Tax Notice 2022-06 (OTR June 6, 2022).	DC				

Nexus and Public Law 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Sales of cryptocurrency are treated as sales of intangibles for purposes of the application of Public Law 86-272. IT 22-0010-GIL (Ill. Dep't of Rev. July 15, 2022).	IL				
A captive insurance company was exempt from Maryland corporate income tax on its non-insurance income. The Legislature intended unauthorized insurance companies to be taxed on premium receipts under Title 4 of the Insurance Article and to be exempt from all other state taxes. <i>Comptroller of the Treasury v. Leadville Insurance Co.</i> (Md. Ct. Spec. App. Aug. 29, 2022).	MD				
After holding that the Comptroller does not have authority to levy taxes on income that is not included in a taxpayer's federal taxable income, the court concluded that Native American tribes are not subject to federal income tax and a section 17 tribal corporation "shares in that status." As such, because the tribal corporation had zero federal adjusted gross income, the subsidiaries had zero nonresident taxable income and no tax was owed. <i>+ Government Solutions, LLC, et al. v. Comptroller of Maryland</i> (Md. Ct. App. March 31, 2022).	MD				
A corporate taxpayer did not have income tax nexus with the City of Detroit under either pre-or post- <i>Wayfair</i> jurisprudence. Even if the taxpayer had been found to have sufficient nexus under a <i>Wayfair</i> analysis, any taxation resulting from the application of a new nexus standard to economic activity occurring prior to the adoption of the new standard would not pass constitutional muster. <i>Apex Laboratories v. City of Detroit</i> (Mich. Tax Trib. Aug. 19, 2022).	MI				

Nexus and Public Law 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
From March 13, 2020, to June 30, 2022, Minnesota will not seek to assert nexus for business income tax or sales and use tax solely because an employee is temporarily telecommuting due to the COVID-19 pandemic. Nexus for Telecommuting Due to COVID-19 Pandemic (Minn. Dep't Rev. June 6, 2022).	MN				
Originally, it was the Division of Taxation's position that if one combined group member had New Jersey nexus, then no group member could claim P.L. 86-272 protection. Under the Division's revised policy, P.L. 86-272 protection for a member will be determined on an entity-by-entity basis. Revision to Policy on Combined Groups and P.L. 86-272 (N.J. Div. of Tax. April 12, 2022).	NJ				
New York State and New York City's nexus standards are now aligned. Effective for tax years beginning on or after January 1, 2022, a C corporation will be subject to New York City tax if it has City receipts of \$1 million or more in a tax year. A C corporation with less than \$1 million of receipts, but at least \$10,000 of City receipts will have nexus if it is part of a unitary group where the members that have at least \$10,000 of receipts within the City meet the \$1 million threshold in the aggregate. If a partnership is doing business or deriving receipts from activity in the City, then any C corporation that is a partner in such partnership is subject to tax. Senate Bill 9454 (signed Aug. 31, 2022).	NYC				

Nexus and Public Law 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
An out-of-state manufacturer, marketer, and distributor of cigarettes and certain other tobacco products was not protected from Oregon taxation under P.L. 86-272 due to certain aspects of the taxpayer's agreements with wholesalers. Notably, the wholesalers were performing activities on the taxpayer's behalf that exceeded solicitation and were not de minimis, which therefore caused the taxpayer to lose P.L. 86-272 protection. <i>Santa Fe Natural Tobacco Co. v. Dep't of Revenue</i> (Ore. Tax Ct. Aug 23, 2022).	OR				
Effective for tax years beginning after December 31, 2022, a corporation with \$500,000 or more of receipts sourced to Pennsylvania is presumed to have substantial nexus with the Commonwealth, despite the lack of a physical presence. An exception applies to affiliated entities domiciled in foreign nations that have entered into comprehensive income tax treaties with the United States. The treaties must provide "for the allocation of all categories of income subject to taxation, or the withholding of tax, on royalties, licenses, fees and interest for the prevention of double taxation of the respective nations' residents and the sharing of information." House Bill 1342 (signed July 8, 2022).	PA				
A corporation that was selling travel services through independent travel consultants, some of whom were Wisconsin residents, was doing business in Wisconsin and required to pay corporate franchise tax based on net income for the pre-Wayfair tax years at issue. Public Law 86-272 protection did not apply because the taxpayer was not selling tangible personal property. <i>ASAP Cruises, Inc. v. Wisconsin Dep't of Rev.</i> (Wisc. Tax App. Comm'n May 23, 2022).	WI				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Interest income paid by a taxpayer to a foreign affiliate was considered subject to a tax even if no actual taxes were paid on the income in the foreign taxing jurisdiction by reason of deductions or otherwise. As such, the taxpayer's interest payments made to the affiliate were not subject to addback. <i>P zer, Inc. v. State of Alabama</i> (Ala. Tax Trib. July 28, 2022).	AL				
Effective for tax years beginning on or after January 1, 2022, Arkansas conforms to IRC section 179 as in effect on January 1, 2022. Previously, Arkansas adopted IRC section 179 as in effect on January 1, 2009. House Bill 1002 (signed Aug. 11, 2022).	AR				
Arkansas law allows a deduction for eligible business expenses, including qualified wages funded through the federal employee retention credit, if the expenses otherwise qualify as a business expense under state income tax law. Notice- Impact of State Income Tax Law on Federal Benefits Under the American Rescue Plan Act of 2021 (Ark. Dep't of Fin. & Admin. Oct. 11, 2022).	AR				
For taxable years beginning on or after January 1, 2022, the NOL deduction is reinstated for all taxpayers, and the temporary \$5 million limit on allowable business credits is eliminated. Senate Bill 113 (signed Feb. 9, 2022).	CA				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Under California law, future installment sale payments are accelerated when the entire income from a sale has not been reported before dissolution or cessation of a business. The Office of Tax Appeals rejected a company's argument that although the S corporation dissolved, the business continued California operations as a C corporation and thus, it should not be subject to accelerated reporting. When an election under I.R.C. § 338(h)(10) is made, the S corporation target is treated as if it sold its assets, liquidated, and ceased to exist and the C corporation succeeding to the assets is treated as a different corporation. As a result, the company also ceased to exist for purposes of the accelerated future payment requirement under California law. <i>Matter of Appeal of Amarr Co.</i> (Cal. OTA Dec. 9, 2021).	CA				
When taxable members are allocated a portion of a combined unitary group's NOLs, and one or more of the taxable members merges with another taxable member of the combined unitary group, those NOLs may continue to be shared and utilized by the surviving taxable members that were included in the Connecticut combined group in the year of the loss. Ruling 2022-1 (Conn. Dep't of Rev. Svcs. Jan. 18, 2022).	CT				
A taxpayer whose deduction for wages was disallowed under IRC section 3134(e) may subtract those amounts from federal taxable income for Colorado income tax purposes. PLR 22-006 (Colo. Dep't of Rev. Sept. 30, 2022).	CO				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Employers claiming the Employee Retention Credit for the payment of wages pursuant to Section 2301(e) of the CARES Act and subject to the wage deduction disallowance for amounts utilized to claim the credit may deduct such amounts for Louisiana purposes. Revenue Ruling 22-001 (La. Dep't of Rev. April 4, 2022).	LA				
Due to its lack of conformity to the American Rescue Plan Act, funds from certain federal programs are considered income for Minnesota tax purposes, namely: Targeted Economic Injury Disaster Loan Advances; Restaurant Revitalization Grants; Small Business Administration forgivable loan assistance; and Shuttered Venue Operators Grant. Taxpayers who excluded grants or forgivable loan income from these programs on their federal income tax return must add it back to their Minnesota returns. Tax Law Changes 2022 Legislative Session (Minn. Dep't of Rev. Aug. 8, 2022).	MN				
From and after January 1, 2020, Paycheck Protection Program loan funds, and funds and grants awarded to taxpayers under certain other COVID relief assistance programs, are exempted from Mississippi gross income, and expenses paid with such funds are deductible if a deduction is allowed for federal income tax purposes. House Bill 1529 (signed March 17, 2022).	MS				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective for tax years ending on or after December 31, 2022, an NOL is apportioned only in the year incurred and not again in the tax year when it adjusts gross business profits. Further, language that allowed an NOL deduction determined under IRC section 172 as in effect on December 31, 1996 has been stricken from the statute. As such, corporate taxpayers will compute NOLs in accordance with the version of the IRC to which New Hampshire currently conforms. For tax periods beginning on or after January 1, 2020, New Hampshire adopts the United States Internal Revenue Code of 1986 in effect on December 31, 2018. Senate Bill 435 (signed June 17, 2022).	NH				
The New Jersey Division of Taxation confirmed that income that was protected by a treaty is not required to be added back for New Jersey Corporation Business Tax (CBT) purposes, except as may be required pursuant to other related party addback statutory provisions. For the CBT returns filed for privilege periods still within the statute of limitations, if a taxpayer added back this treaty exempted income, it may file an amended return. This policy is being incorporated into proposed CBT rules. Income Excluded Pursuant to a Tax Treaty and CBT Returns (N.J. Div. of Tax. May 20, 2022).	NJ				
Taxpayers that claim an Employee Retention Tax Credit for federal tax purposes are not entitled to an additional New Jersey Corporation Business Tax deduction for the expenses disallowed at the federal level due to the taxpayer taking the federal credit. Employee Retention Credit (N.J. Div. of Tax. March 4, 2022)	NJ				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
New York's regulation that requires taxpayers to compute federal taxable income "as if" separate did not provide a basis for a taxpayer to exclude gain from its New York returns. The gain was deferred over a 15-year period for federal income tax purposes because all the parties involved in the transaction were included the same federal consolidated group. Had the gain not been deferred, it would have been reported for federal purposes in a tax year when the taxpayer did not have New York nexus. In addition, by virtue of a federal audit, the taxpayer had met its burden of proof that it was entitled to a bad debt deduction. <i>Matter of Nordstrom's Inc. and Combined Affiliates</i> (N.Y. Div. Tax App. July 7, 2022).	NY				
In determining net income, a deduction is allowed only for "qualified interest expense," which is limited to the taxpayer's proportionate share of interest paid or accrued to a person who is not a related member during the same taxable year. This limitation does not apply to the proportionate share of interest paid or accrued to a related member that is the ultimate payee (new language) and one of the exceptions to the addback rules apply. House Bill 83 (signed June 29, 2022).	NC				
Effective for tax years beginning on or after January 1, 2020, corporations are allowed a deduction for the amount by which the federal deduction for wages was reduced because the employer claimed a federal retention tax credit against employment taxes in lieu of a deduction. House Bill 243 (signed March 17, 2022).	NC				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
North Carolina's net loss provisions have been modified to clarify that the Secretary must apply the standards contained in the regulations adopted under IRC sections 381 and 382 on a separate entity basis in determining the extent to which a loss survives a merger or acquisition. House Bill 83 (signed June 29, 2022).	NC				
Effective for tax years beginning after December 31, 2021, the cost of expenditures for business assets that are qualified property or qualified improvement property covered under IRC section 168 are eligible for 100 percent bonus depreciation and may be deducted as an expense incurred by the taxpayer during the tax year the property is placed in service, notwithstanding any changes to federal law related to amortization of cost recovery beginning on or after January 1, 2023. In addition, to conform to IRC section 179 taxpayers may immediately deduct as an expense the cost of certain depreciable business assets in the tax year in which the property is placed in service and may elect to treat the cost of any IRC section 179 property as an expense not chargeable to the capital account. House Bill 3418 (signed May 26, 2022).	OK				
Taxpayers that claim an Employee Retention Tax Credit for federal tax purposes are not entitled to an additional Pennsylvania Corporate Net Income Tax deduction for the expenses disallowed at the federal level due to the taxpayer taking the federal credit. COVID-19 Information – Employee Retention Credit (Penn. Dep't of Rev. March 8, 2022).	PA				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For Philadelphia Business Income and Receipts Tax (BIRT) purposes, NOLs incurred in 2022 and thereafter can be carried forward for 20 years. Net losses incurred before 2022 may only be carried over for three tax years. Net Operating Loss Carryforward Period Extended to 20 years (Philadelphia Dep't of Rev. Nov. 1, 2022).	PA				
An employer may make a modification to federal taxable income on its South Carolina income tax return to allow a subtraction for any qualified wages paid that were disallowed under the federal employee retention credit provisions for the 2020 and 2021 tax years. Revenue Ruling 22-4 (S.C. Dep't of Rev. June 10, 2022).	SC				
In determining its deduction for federal taxes imposed, a bank franchise taxpayer could not take its separate federal taxable income and multiply it by 35 percent. The deduction for taxes imposed was limited to the amount of federal taxes the bank actually paid, which was taxes after the application of various credits. <i>U.S. Bank N.A. v. South Dakota Dep't of Revenue</i>, (S.D. Oct. 5, 2022)	SD				
Effective for tax years beginning on or after January 1, 2022, Tennessee adopts IRC section 174 as in effect immediately before the enactment of the Tax Cuts and Jobs Act. Senate Bill 2397 (signed March 24, 2022).	TN				
Effective for tax years beginning on or after January 1, 2022, the deduction for business interest expense that is limited under IRC section 163(j) is increased from 20 percent to 30 percent of the disallowed amount. House Bill 1006 (signed April 11, 2022).	VA				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For the 2020 calendar and fiscal tax year, businesses were allowed a deduction for \$100,000 of expenses paid with forgiven PPP loans. Beginning with the 2021 tax year and beyond, Virginia allows full deductibility of expenses paid with forgiven PPP loan proceeds. House Bill 971 (signed Feb. 23, 2022).	VA				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Without specifically approving of the Department's proposed interpretation of the costs of performance sourcing statute, an ALJ concluded that the state's alternative apportionment position was persuasive and that certain commissions were sourced based on the customer's location. Admin. Decision No. 22-154 (Ark. Dep't of Fin. and Admin. March 25, 2022).	AR				
A taxpayer that owned vehicles that were leased to Arkansas customers was "using" the vehicles in Arkansas and was required to include the vehicles in its property factor numerator. Admin. Decision No. 22-334 (Ark. Dep't of Fin. and Admin. May 20, 2022).	AR				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
In addressing the proper application of the rules for sourcing service receipts to where the benefit of a service is received, the FTB reminds taxpayers that it is always the value to the taxpayer's customer that is analyzed and not the value provided to any other party. While third parties may benefit from a taxpayer's service, it is only the customer's benefit that is relevant to the analysis. When the service provided by the taxpayer is directed at the customer's customer(s), the benefit received by the customer is likely located at the customer's customer(s)' location. This is most common when the taxpayer's services directly engage or principally concern the customer's customer(s). Common examples of direct engagement include sales and marketing services, customer support services, in-person services involving a third-party contractor, and subcontracting arrangements. Legal Ruling 2022-01 (Cal. Fran. Tax Bd. March 25, 2022).	CA				
Legal Ruling 2022-01 retroactively revoked Chief Counsel Rulings (CCRs) 2015-03 and 2017-01. If a taxpayer relied on either of the revoked CCRs when determining its tax filing position, the Large Corporate Understatement Penalty will not be assessed against it, and an Accuracy Related Penalty will also not apply, assuming the taxpayer filed a California return. However, if a taxpayer relied on the CCRs' analyses to determine it did not have a filing requirement, and consequently filed a late return, a delinquent penalty will apply. Furthermore, interest will be assessed on any underpayment amounts resulting from a taxpayer's reliance on the CCRs. Tax News Flash (Cal. Fran. Tax Bd. April 11, 2022).	CA				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The apportionment rule for combined groups has changed from the so-called <i>Joyce</i> rule to the <i>Finnigan</i> rule effective for tax years beginning on or after January 1, 2022. Colo. Rev. Stat. § 39-22-303(11)(c)(II)(B).	CO				
Since the 2015 tax year, general corporations have utilized a single sales factor apportionment formula while financial institutions continued to use a special industry payroll and gross sales formula. For tax years after the move to single-sales factor apportionment for general corporations, the payroll factor denominator for financial institutions consists of the payroll of only the financial institution group members, not all the group members. <i>American Express v. Office of Tax & Revenue</i> (D.C. O.A.H. April 19, 2022).	DC				
A taxpayer providing asset management services globally to pension funds, large institutions and individuals was considered a financial organization under Florida law and was required to source its receipts (management fees, incentive fees, performance allocations, and advisory and transaction fees) to the location of the customer to whom such services were provided. Technical Assistance Advisement 21C1-010 (Fla. Dep't of Rev. March 5, 2021).	FL				
Because an overwhelming proportion of the taxpayer's payroll costs were incurred outside Florida, none of the taxpayer's receipts from the sale of services should be considered Florida sales. The Department had no reason to apply an alternative apportionment method, as the taxpayer had provided sufficient documentation to support its costs of performance approach. <i>Target Enterprise, Inc. vs. State of Florida Dep't of Revenue</i> (Nov. 28, 2022).	FL				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective January 1, 2022, Idaho has generally adopted single sales factor apportionment to apportion the income of most multistate corporations. Certain corporations (e.g., electrical corporations, telephone and communications companies, and companies using special industry apportionment) may elect to apportion their income using an evenly weighted three-factor formula. House Bill 563 (signed March 16, 2022).	ID				
Effective January 1, 2022, market-based sourcing rules apply for purposes of sourcing receipts from sales other than sales of tangible personal property. House Bill 563 (signed March 16, 2022).	ID				
For taxable years ending on or after December 31, 2022, if jurisdiction is otherwise present due to income producing activities being conducted by the taxpayer, a foreign country or political subdivision is not considered to be without jurisdiction by reason of the provisions of a treaty between that foreign country or political subdivision and the United States. 86 Ill. Adm. Code 100.3200 (effective Aug. 24, 2022).	IL				
Sales of cryptocurrency are treated as sales of intangibles for apportionment purposes. IT 22-0010-GIL (Ill. Dep't of Rev. July 15, 2022).	IL				
An eligible corporation that sells more than \$1 billion of tangible personal property into Indiana and that has an apportionment percentage of greater than 10 percent may make an election to use an alternate apportionment method. Senate Bill 382 (signed March 15, 2022).	IN				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A regulation applicable to the sourcing of various types of financial institution or organization receipts has been revised. 103 Ky. Admin. Regs. 16:270(6)(3) (effective March 1, 2022).	KY				
A taxpayer was engaged in manufacturing through the development and sale of software as a service. As such, it qualified as a manufacturing corporation required to use single-sales factor apportionment for the tax years at issue. <i>Akamai Technologies, Inc. v. Comm'r of Revenue</i> (Mass. App. Tax Bd. Dec. 10, 2021).	MA				
For tax years beginning after December 31, 2021, a 100 percent sales factor applies for both corporations (except worldwide headquartered companies) and banking institutions. Md. Code Ann. Tax-Gen. § 10-402(d)(2); Md. Regs. Code 03.04.08.03(D)(2).	MD				
Effective for tax years beginning after June 30, 2021, income is apportioned to Montana through the use of a double weighted sales factor formula. Mont. Code Ann. § 15-1-601(Art. IV.9).	MT				
For tax periods ending on or after December 31, 2022, a business organization's gross receipts are apportioned using the sales factor only. N.H. Rev. Stat. Ann. § 77-A:3(l)(b).	NH				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The corporate owner of a disregarded SMLLC that was an SEC-registered broker-dealer could not source receipts that were derived outside of that SMLLC broker-dealer using the state's broker-dealer customer sourcing rules for the tax years at issue. Accordingly, investment advisory service revenues, earned by the corporate owner in the pre- 2015 litigated years outside of the SMLLC broker-dealer, were required to be sourced by the relative costs of performance approach, which generally looked to where the services were performed. <i>BTG Pactual NY Corp v. New York State Tax Appeals Tribunal</i> (N.Y. App. Div. March 10, 2022).	NY				
A securities broker's "customer" for purposes of applying the brokerdealer sourcing rules were the banks that paid fees to the brokerage firm. Although the amounts used to pay the fees were determined based upon the yield the taxpayer received on the cash swept from its brokerage clients' accounts, the actual fees themselves were paid by the banks and the banks' addresses controlled the sourcing of the fees. <i>Matter of the Petition of TD Ameritrade</i> (N.Y. Div. Tax App. April 28, 2022).	NY				
For purposes of applying the income producing activity test, payment acquirers were not acting on "behalf of" a payment processing and fraud prevention company taxpayer, and therefore the fees paid to the payment acquirers were not counted in determining where the taxpayer's direct costs of performance occurred. <i>Vesta Corp. v. Dep't of Revenue</i> (Ore. Tax Ct. March 29, 2022).	OR				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Taxpayers were “interstate broadcasters” required to use the special industry apportionment regulation for broadcasters despite the fact that they did not directly transmit programming content to audiences. The court determined that the relevant statute required only that the taxpayer be engaged in the business of broadcasting; the taxpayer did not have to have a relationship with an end-user. In addition, in calculating the sales factor, all of a broadcaster’s gross receipts “from transactions and activities in the regard course of its trade or business”—not just receipts from broadcasting—were properly included in the numerator of the sales factor. <i>NBCUniversal Entertainment, Inc. v. Dep’t of Revenue</i> (Ore. Tax Ct. Aug. 17, 2022).	OR				
The Portland City Council, the Multnomah County Board of Commissioners, and the Metro Council have all adopted market-based sourcing rules for purposes of the Portland City Business License Law, Multnomah County Business Income Tax, and Metro Business Income Tax effective for tax years beginning on or after January 1, 2023. Portland City Code Chapter 7.02 (amended Sept. 28, 2022); Multnomah County Code Chapter 12 (amended Oct. 13, 2022); Metro Code Chapter 7.07 (amended Oct. 27, 2022).	OR				
A taxpayer engaged in activities subject to both a special apportionment formula and the standard single sales factor formula is required to use the state’s split apportionment methodology. Corporation Tax Bulletin 2022-01 (Penn. Dep’t of Rev. Feb. 17, 2022).	PA				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective for tax years beginning after December 31, 2022, customer-based sourcing rules apply to other types of receipts that are currently sourced using the income-producing activity test, including, but not limited to, gross receipts from the lease or license of intangible property; gross receipts from sales of intangibles; gross receipts from the sale, redemption, maturity or exchange of securities; gross receipts related to lending activities involving real property and tangible personal property; and gross receipts received from interest, fees and penalties from credit card holders. House Bill 1342 (signed July 8, 2022).	PA				
A taxpayer that sold digital audio books was in fact selling tangible personal property that should be sourced based on delivery location. The digital audio books sold by the taxpayer were akin to tangible personal property under the “essence of the transaction” test that is typically applied in the sales tax context to determine the nature of a sale. Docket No. 2122314 (Pa. BF&R, Aug. 25, 2022).	PA				
The “receipt-producing, end-product act” test, which has been incorporated into Administrative Rule § 3.591 Margin: Apportionment, does not apply to determine where a service is performed. Under the statute, receipts from services are sourced to Texas if the services are performed in Texas. If the services are performed in more than one state, they are apportioned to Texas based on the fair value of the services performed in Texas. A service is performed in Texas when a taxpayer’s personnel or equipment is physically doing useful work for the customer in Texas. <i>Sirius XM Radio, Inc. v. Hegar</i> (Tex. March 25, 2022).	TX				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Nothing in the plain language of Administrative Rule § 3.591 dictated a specific method for calculating fair value or excluded cost of performance as a reasonable means of assessing fair value for purposes of apportionment. <i>Hegar v. Sirius XM Radio</i>. (Tex. App. Nov. 15, 2022).	TX				
A producer of packaged food products was not entitled to include gross proceeds from sales of securities in its sales factor denominator because the securities were not held as inventory or treated as inventory for federal tax purposes. The court rejected the taxpayer's argument that the securities should be treated as inventory under the federal <i>Corn Products</i> decision because it used the commodity hedges to manage the cost of the raw materials used to manufacture the products it ultimately sold. <i>Conagra Brands, Inc. v. Hegar</i> (Tex. App. Aug. 24, 2022).	TX				
Effective for tax years beginning on or after January 1, 2023, the three factor double-weighted sales apportionment formula is replaced with a single-sales factor apportionment formula, and the throwback rule that applies to sales of tangible personal property is repealed. Currently, Vermont adopts the <i>Joyce</i> apportionment method; the state will transition to <i>Finnigan</i> in 2023. Senate Bill 53 (signed May 31, 2022).	VT				
Leaf tobacco stored in-state was properly excluded from the Virginia property factor because mere storage did not constitute "use," a necessary element for inclusion the Virginia property factor. <i>Dep't of Taxation v. R.J. Reynolds Tobacco Co.</i> (Va. Feb. 10, 2022).	VA				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective for all tax years beginning on or after January 1, 2022, income is apportioned to West Virginia by use of single-sales factor apportionment. Effective for sales made on or after January 1, 2022, (1) market-based sourcing provisions apply to attribute service receipts to the location where the services are delivered and receipts from intangibles generally to the location where the intangibles are used, and (2) the throwout rule that applies to sales of tangible personal property shipped to a purchaser in a state in which the taxpayer is not taxable is repealed. W. Va. Code § 11-24-7(e).	WV				

Filing Methodologies	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A statute that requires the income of corporations incorporated or doing business in low tax jurisdictions to be included in the combined return was not unconstitutionally void for vagueness and did not discriminate against Foreign Commerce. <i>Alaska Dep't of Rev. v. Nabors International</i> (Alaska Aug. 5, 2022).	AK				
Under Colorado law, C corporations with more than twenty percent of their property and payroll assigned to locations in the U.S. are included in the combined group. The "more than 20 percent" language means a single aggregate number representing combined separate calculations of the property and payroll factors, and does not mean that a taxpayer has to have more than 20 percent of both its property and payroll in the U.S. to be included. <i>Avnet, Inc. and subsidiaries v. Dep't of Revenue</i> (Colo. App. Nov. 17, 2022).	CO				

Filing Methodologies	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective for tax years beginning on or after January 1, 2023, a Georgia affiliated group, as defined, may elect to file a consolidated return. Each member of a Georgia affiliated group shall be considered a separate taxpayer for purposes of allocation and apportionment, and any taxable loss of a member of a Georgia affiliated group shall be deductible against the taxable income of any other member of the Georgia affiliated group only if such loss is apportioned to Georgia. Once made, the election is binding for a five-year period. House Bill 1058 (signed May 5, 2022).	GA				
In the case of the sale of a corporation or an acquisition of a corporation by a consolidated group, the filing status of the remaining or acquiring members will continue absent an election of the group to file separately or on a combined basis. In the case of a merger, the previous filing status of the surviving corporation will continue. If the surviving corporation is part of an affiliated group that filed a consolidated return in the immediately preceding taxable year, the surviving corporation will be considered to be part of the consolidated return, provided that the surviving corporation would otherwise be part of the affiliated group. Senate Bill 382 (signed March 15, 2022).	IN				
Effective July 1, 2022, an affiliated group that has filed on the same basis for at least the preceding 12 years may change the basis of the type of return filed from consolidated to separate or from separate or combined to consolidated if certain conditions are met. Previously, the group was required to have filed on the same basis for 20 years. House Bill 348 (signed April 8, 2022).	VA				

Filing Methodologies	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Overseas business organizations that ordinarily have 80 percent or more of their property and payroll outside the U.S. are excluded from the definition of an “affiliated group.” The term “overseas business organizations” is replaced with “foreign corporations,” meaning that U.S. organized corporations with significant foreign activity will be included in the Vermont affiliated group for tax years beginning on or after January 1, 2023. Senate Bill 53 (signed May 31, 2022).	VT				
Effective for tax years beginning on or after January 1, 2023, a taxable corporation that is part of an affiliated group engaged in a unitary business will be treated as a single taxpayer. The income, gain, or losses from members of a combined group will be combined to the extent allowed under the IRC for consolidated filing as if the combined group was a consolidated filing group, provided that a state tax credit will not be combined and will be limited to the member to which the credit is attributed. Senate Bill 53 (signed May 31, 2022).	VT				

Franchise Tax	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For the tax years at issue North Carolina law required taxpayers to add back deductions for affiliate receivables owed by corporations not doing business in North Carolina in computing the capital stock base component of the state's franchise tax. Such differential treatment based on the location of the debtor's business was found to constitute discrimination against interstate commerce, prohibited by the Commerce Clause of the U.S. Constitution. <i>Philip Morris USA Inc v. N.C. Dep't of Revenue</i> (N.C. Office of Admin. Hearings Dec. 30, 2021).	NC				

Administrative Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Department of Taxation has suspended the requirement that Form N-30 be submitted electronically and has also suspended the two percent penalty for failure to e-file for tax years beginning on or after January 1, 2022. Hawaii Dep't of Taxation Announcement, No, 2022-07 (Sept. 27, 2022).	HI				
For tax years ending on or after December 31, 2021, the Department will grant an automatic extension of 6 months to taxpayers other than corporations and 7 months for corporations (8 months for fiscal year June 30th filers eligible for an automatic 7-month extension federally) to file any Illinois income tax return except returns due under Article 7 of the IITA. 86 Ill. Admin. Code 100.5020 (effective Oct. 26, 2022).	IL				

Administrative Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A corporate taxpayer's taxes were deemed paid for purposes of the statute of limitations when it filed its return on the extended due date, as opposed to the date the return was initially due without an extension. <i>In the Matter of the Income Tax Protest of Raytheon Co.</i> (Okla. April 5, 2022).	OK				
Under Wisconsin law, a taxpayer may file a claim for refund of any tax assessed or to recover any part of a tax credit denied after a field audit if the assessment was not protested. However, the law also provides that no claim for refund may be made with respect to items that were not adjusted in the notice of assessment or refund. A taxpayer argued that because it did not claim a manufacturing credit on audited returns, it could not have been adjusted and it should be allowed to claim the credit on amended returns filed within the normal statute of limitations. The Commission disagreed, holding that the taxpayer's refund claim was correctly denied because the manufacturing credit was not adjusted on audit. <i>General Mills, Inc. v. Wisconsin Dep't of Rev.</i> (Wisc. Tax App. Comm'n Oct. 26, 2022).	WI				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A corporation that was the sole member of two LLCs treated as disregarded entities under the federal check the box rule was not entitled to fixed capital investment tax credits for purchases made by the disregarded entities. The language of the credit statute required that the assets be held and used by a corporation in Connecticut, and the statute did not explicitly allow for indirect attribution of eligibility of the tax credit. <i>Marmon Wire & Cable, Inc. v. Commissioner</i> (Conn. Super. Ct. June 27, 2022).	CT				
Under an amended rule addressing the computation of the Texas research and development activities tax credit, a federal regulation adopted after December 31, 2011 is applicable if a taxable entity could have applied the regulation to the 2011 tax year. In other words, regulations that were not finalized in 2011 may be applied if Treasury allowed the taxpayer to apply the regulation to the 2011 tax year. The amended rule also addresses credit carryforwards when the membership of a combined group changes. 34 TAC §3.599 (effective Aug. 4, 2022).	TX				

2021-2023 State Corporate Income Tax Rate Chart[a]

State		2021	2022	2023
Alabama		6.50%	6.50%	6.50%
Alaska		9.40%	9.40%	9.40%
Arizona		4.90%	4.90%	4.90%
Arkansas		6.20%	5.90%	5.30%
California		8.84%	8.84%	8.84%
Colorado		4.55%	4.40%	4.40%
Connecticut	[b]	8.25%	8.25%	7.50%
Delaware		8.70%	8.70%	8.70%
District of Columbia		8.25%	8.25%	8.25%
Florida	[c]	3.535%	5.50%	5.50%
Georgia		5.75%	5.75%	5.75%
Hawaii		6.40%	6.40%	6.40%
Idaho	[d]	6.50%	6.00%	5.80%
Illinois	[e]	9.50%	9.50%	9.50%
Indiana	[f]	5.075%	4.90%	4.90%
Iowa	[g]	9.80%	9.80%	8.40%
Kansas	[h]	7.00%	7.00%	7.00%
Kentucky		5.00%	5.00%	5.00%
Louisiana		8.00%	7.50%	7.50%
Maine		8.93%	8.93%	8.93%
Maryland		8.25%	8.25%	8.25%
Massachusetts		8.00%	8.00%	8.00%
Michigan		6.00%	6.00%	6.00%
Minnesota		9.80%	9.80%	9.80%
Mississippi		5.00%	5.00%	5.00%
Missouri		4.00%	4.00%	4.00%
Montana	[a]	Separate: 6.75% Combined: 7.00%	Separate: 6.75% Combined: 7.00%	Separate: 6.75% Combined: 7.00%
Nebraska		7.81%	7.50%	7.25%
Nevada				
New Hampshire	[i]	7.70%	7.60%	7.50%
New Jersey	[j]	11.50%	11.50%	11.50%
New Mexico		5.90%	5.90%	5.90%
New York	[k]	7.25%	7.25%	7.25%
North Carolina		2.50%	2.50%	2.50%
North Dakota	[a]	Separate: 4.31% Combined: 7.81%	Separate: 4.31% Combined: 7.81%	Separate: 4.31% Combined: 7.81%
Ohio				
Oklahoma		6.00%	4.00%	4.00%

Oregon	[l]	7.60%	7.60%	7.60%
Pennsylvania	[m]	9.99%	9.99%	8.99%
Rhode Island		7.00%	7.00%	7.00%
South Carolina		5.00%	5.00%	5.00%
South Dakota				
Tennessee		6.50%	6.50%	6.50%
Texas		0.75%	0.75%	0.75%
Utah	[n]	4.95%	4.85%	4.85%
Vermont		8.50%	8.50%	8.50%
Virginia		6.00%	6.00%	6.00%
Washington				
West Virginia		6.50%	6.50%	6.50%
Wisconsin		7.90%	7.90%	7.90%
Wyoming				

Notes/Assumptions

- a. This chart uses the rates that apply for regular C corporations as of the date of publication of this document. Any subsequent changes will not be reflected in this chart. In states that have graduated tax rates, the highest rate is provided within the chart above. Different rates may apply to entities in particular industries. For example, qualified high technology or manufacturing companies may have a reduced rate. In addition, banks and financial institutions may be taxed at a different rate (e.g., a special rate of 10.84% in California) or in a different manner (e.g., a franchise tax is imposed on financial institutions in Indiana and Michigan in lieu of the corporate income tax).
NOTE: This chart is generally meant to apply for a standalone company. In some states, a different tax rate may apply for combined or consolidated filers. For example:
 - In Montana, the tax rate for water's edge combined filers is 7 percent. Mont. Code Ann. § 15-31- 121(2).
 - In North Dakota, the tax rate for water's edge combined filers is the applicable rate plus an additional 3.5 percent. N.D. Cent. Code § 57-38.4-02(3).
- b. The listed tax rate for Connecticut for tax years 2021 and 2022 include a surcharge of 10 percent, which was renewed through tax years beginning prior to January 1, 2023. The surcharge does not apply to taxpayers that pay the \$250 minimum tax or that have less than \$100 million in gross income for the tax year. However, taxpayers filing a unitary combined return are subject to the surcharge regardless of income level. Conn. Gen. Stat. § 12- 214(b)(6)(A), (b)(7)(A), (b)(8)(A).
- c. Because the tax collection exceeded forecasted amounts, a rate reduction to 4.458 percent for tax year 2020 and to 3.535 percent for tax year 2021 was determined by the Florida Department of Revenue. For tax years beginning on or after January 1, 2022, the tax rate reverted to 5.5 percent. Florida Tax Information Publication No. 21C01-02 (Sept. 14, 2021).
- d. Effective for tax year 2022, Idaho's corporate income tax rate is reduced from 6.5 percent to 6.0 percent; the tax rate is further reduced to 5.8 percent beginning in tax year 2023. Idaho Code § 63-3025(1).
- e. The tax rate for Illinois includes the 2.5 personal property replacement income tax rate. ILCS Chapter 35 § 5/201(d).

- f. Indiana has adopted a phased approach to corporate income tax rate reduction (occurring from 2012 through 2021), with each reduction applicable as of July 1, as outlined within Ind. Code § 6-3-2-1(b). This chart includes an average of the tax rates to achieve a calendar year tax rate approach. For a fiscal year taxpayer, adjustments should be made for the appropriate number of months that apply to each tax rate. Specifically, the rates applicable in 2021 are:
- 5.25 percent, after June 30, 2020, and before July 1, 2021.
 - 4.9 percent, after June 30, 2021.
- g. Effective beginning in tax year 2023, Iowa's highest marginal corporate income tax rate is reduced from 9.8 percent to 8.4 percent. Iowa Department of Revenue Order 2002-03 (Sept. 27, 2022).
- h. The tax rate for Kansas includes the 3 percent surtax, which is imposed on taxable income over \$50,000. Kan. Stat. Ann. § 79-32,110(c)(2).
- i. The tax rate for New Hampshire does not include the Business Enterprise Tax. N.H. Rev. Stat. Ann. § 77-E:2.
- j. For privilege periods beginning on or after January 1, 2018 through December 31, 2023, corporations, except for public utilities, with allocated income of \$1 million or more are subject to a 2.5 percent surtax that is imposed on allocated net income and is in addition to the corporation business tax, which is imposed at a rate of 9 percent. However, if the federal corporate income tax rate imposed pursuant to section 11 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.11) is increased to a rate of at least 35 percent of taxable income, the imposition of the surtax shall be suspended following the conclusion of a taxpayer's privilege period corresponding with the increase to the federal corporate income tax rate. N.J. Rev. Stat. § 54:10A-5.41.
- k. For tax years beginning on or after January 1, 2021 and before January 1, 2024, taxpayers with an entire net income base of over \$5 million will be subject to a 7.25 percent rate in New York. All income is subject to the 7.25 percent tax rate if the \$5 million income base is exceeded. Taxpayers with an income base of \$5 million or less continue to apply a tax rate of 6.5 percent.
- Note:** The listed tax rate for New York does not include the MTA surcharge, which is 30 percent for the 2021, 2022, and 2023 tax years. NYCRR 9-1.2.
- l. A 6.60 percent tax rate applies to the first \$1 million of Oregon taxable income. Or. Rev. Stat. § 317.061.
- m. Effective beginning in tax year 2023, Pennsylvania's corporate net income tax rate is reduced from 9.99 percent to 8.99 percent, with further reductions of an additional 0.5 percent each year until the tax rate reaches 4.99 percent for tax year 2031 onward. Pa. Stat. Ann. § 7402(b).
- n. Effective beginning in tax year 2022, Utah's corporate income tax rate is reduced from 4.95 percent to 4.85 percent.

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