



# This Week in State Tax (TWIST)

December 15, 2025



## Multistate: Just in time for the holidays; more guidance on state conformity to OB3

As we approach the end of 2025, states continue to roll out guidance addressing questions raised by the passage of the One Big, Beautiful Bill Act (OB3).

**Florida:** The Department of Revenue recently issued a Tax Information Publication (TIP) reminding taxpayers that the Florida corporation income tax is tied to the Internal Revenue Code (IRC) “as amended and in effect on January 1, 2025.” As such, the tax does not incorporate the changes in OB3, but the TIP indicates the state legislature will have an opportunity to consider amendments when it convenes in January 2026. The TIP specifically notes that Florida law has a state-specific addback schedule for assets subject to depreciation under section 168(k) as well as qualified improvement property defined in IRC section 168(e). Contact [Henry Parcinski](#) with questions on [TIP No. 25C01-01](#).

**New Jersey:** Guidance issued by the New Jersey Division of Taxation clarifies that, for purposes of deducting qualified New Jersey research expenditures and research payments, taxpayers must continue using the timing rules laid out in state law, without regard to the different timing method that applies federally under IRC sections 174 and 174A as modified by OB3. A taxpayer with a timing difference must account for the difference on its New Jersey corporation business tax return. The Division also clarified that the federal renaming of GILTI and FDII (to NCTI and FDDEI, respectively) will not affect the treatment of those concepts under New Jersey law. Any reference to GILTI or FDII in New Jersey guidance or regulations will continue to apply to NCTI or FDDEI. Contact [James Venere](#) or [Andrew Eskola](#) with questions about [TB-114](#) or [Federal Renaming for GILTI and FDII Under the One Big Beautiful Bill Act for Corporation Business Tax](#).

**Tennessee:** The Department of Revenue published guidance indicating that the Volunteer State is statutorily tied to the bonus depreciation regime under the Tax Cuts and Jobs Act (TCJA) and will therefore not conform to either the 100 percent bonus depreciation regime in IRC section 168(k) or the bonus depreciation for qualified production property provisions in IRC section 168(n) as laid out in OB3. Contact [Taylor Sorrells](#) with questions about [Notice 25-36](#).

**Texas:** The Comptroller of Public Accounts announced its intention to conform with changes to “bonus depreciation” included in OB3. The announcement follows a “fresh legal review” that determined that the depreciation provision of the Texas franchise tax law is not tied to the general franchise tax IRC conformity date of January 1, 2007. The announcement speaks only in terms of conforming to “bonus depreciation” and does not

Learn about us:



[kpmg.com](#)

The following information is not intended to be “written advice concerning one or more federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS011027-1AG



# This Week in State Tax (TWIST)

December 15, 2025



identify specifically whether this determination applies only to qualified property under IRC section 168(k) or may apply to other types of property such as qualified production property under IRC section 168(n). This policy will apply beginning with the 2026 franchise tax report (i.e., reports that include activity from 2025) and cover qualifying fixed assets acquired after January 19, 2025. Contact [Jeffrey Benson](#) or [Karey Barton](#) with questions about [Dec. 1, 2025 Tx. Comp. of Public Accounts Announcement](#).

Learn about us:



[kpmg.com](https://kpmg.com)

The following information is not intended to be "written advice concerning one or more federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS011027-1AG