



2025 TWIST-Q Year-End Checklist

This checklist includes the developments we reported in Quarters 1, 2, and 3 of 2025 as well as new developments for Quarter 4, which are in bold typeface. Additionally, there may be developments that occur or legislation that will be enacted after we release this checklist. Any developments marked with an asterisk (*) occurred or were enacted after the prior quarterly checklist was released but prior to the beginning of the current quarter and are considered events from the prior quarter. The checklist captures 2025 rate changes/developments, and we also have a comprehensive rate chart at the end for your use.

The most prominent themes this year were the continued reduction of corporate income tax rates in several states (including Georgia, Idaho, and Utah) and states decoupling from federal changes enacted as part of the One Big Beautiful Big Act (OB3). In addition, states continued to join the shifts towards market-based sourcing (Arkansas, Kansas) and single-sales-factor apportionment (Kansas).

Please stay tuned to [TWIST weekly](#) for other state and local corporate income and franchise developments that occur after this publication is released. To make sure you receive TWIST each week and TWIST-Q quarterly, as well as invitations to state tax-related webcasts and other publications, please [click here to sign up](#) (select State and Local Tax as your topic of interest).

Rate Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The 10 percent corporate income surtax is extended for an additional three years to tax years beginning before January 1, 2029. All other provisions of the surtax remain unchanged. House Bill 7287 (signed June 30, 2025).	CT				
The \$2.5 million cap on combined reporting, which is the amount of additional tax that can be imposed on a unitary group above what would have been imposed had each group member filed separately prior to the application of the surtax and available of credits, is removed for tax years beginning on or after January 1, 2025. House Bill 7287 (signed June 30, 2025).	CT				

Rate 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 on or after January 1, 2025, reduces the corporate income tax rate from 5.39 percent to 5.19 percent. The rate will be further reduced by 0.10 percent per year until it reaches 4.99 percent, but this reduction will be delayed in any year in which state revenue estimates fall below certain thresholds. House Bill 111 (signed April 15, 2025).	GA				
The Iowa Department of Revenue has announced that corporate tax rates will not change for tax years that begin in 2026 because revenue targets that would trigger a rate reduction were not met. Order 2025-02 (issued October 21, 2025).	IA				
Effective January 1, 2025, reduces the corporate income tax rate from 5.695 percent to 5.3 percent. House Bill 40 (signed March 6, 2025).	ID				
Automatic annual rate reductions will apply to the personal income, corporate income, and/or financial institution privilege taxes in any year when certain revenue requirements are met. Reductions will initially apply to the personal income tax until all personal rates are reduced to 4 percent. Afterwards, reductions will apply to the corporate income and financial institution privilege taxes until the maximum corporate income rate reaches 4 percent and the maximum privilege tax rate reaches 2.6 percent for banks and 2.62 percent for trust companies and loan associations. Senate Bill 269 (enacted April 10, 2025).	KS				
The top corporate income tax rate of 7.25 percent was not extended, and will revert back to 6.5 percent for tax years beginning on or after January 1, 2027. Assembly Bill 3009C (signed May 9, 2025).	NY				

Rate Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Metropolitan Commuter Transportation District rates and brackets have been restructured, with separate rate structures applying in each of two designated “zones”. Assembly Bill 3009C (signed May 9, 2025).	NY				
The receipts portion of the Philadelphia Business Income and Receipts Tax will be reduced from 1.415 mills to 1.410 mills in 2025, and be phased out entirely starting in 2038, and the net profits rate is being reduced from 5.81 percent to 5.71 in 2025, and eventually to 2.8 percent by 2038. The city is also eliminating an existing exclusion covering the first \$100,000 of taxable receipts received by a taxpayer for tax years after 2024. Bill No. 25019900. (signed June 13, 2025).	PA				
The City of Philadelphia will annually reduce the tax rate applicable to its Wages and Net Profits Tax. In 2025 these rates will be reduced from 3.44 percent to 3.43 percent (for nonresident taxpayers) and 2.25 percent to 2.24 percent (for resident taxpayers). By 2029, the rates will fall to 2.20 percent and 3.39 percent, respectively. Bill No. 25019500 (signed June 13, 2025).	PA				
The income and franchise corporate tax rates are lowered from 4.55 percent to 4.5 percent for taxable years beginning on or after January 1, 2025. House Bill 106 (signed March 26, 2025).	UT				

IRC Conformity	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 December 31, 2024, Arizona adopts the Code in effect on January 1, 2025. House Bill 2688 (signed February 28, 2025).	AZ				
For tax years beginning on or after January 1, 2025, California adopts the Internal Revenue Code (IRC) as of January 1, 2025. Senate Bill 711 (signed October 1, 2025). Note that California continues to decouple from numerous IRC provisions (see Tax Base section).	CA				
For tax years beginning after December 31, 2024, Hawaii adopts the Internal Revenue Code as amended as of December 31, 2024. Senate Bill 1464 (signed May 29, 2025).	HI				
Idaho has adopted the Code in effect on January 1, 2025. House Bill 3 (signed January 27, 2025).	ID				
For tax years beginning on or after January 1, 2024, Maine adopts the Internal Revenue Code as of December 31, 2024. Legislative Document 48 (signed July 1, 2025).	ME				
Michigan adopted the Internal Revenue Code defined to mean the IRC in effect on January 1, 2025. Note, however, most taxpayers avail themselves of an election to use the IRC in effect for the current tax year. House Bill 4961 (signed October 8, 2025).	MI				
Ohio has adopted the Code as it exists on the bill's effective date. House Bill 14 (signed March 7, 2025).	OH				

IRC Conformity	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 before January 1, 2025, Rhode Island taxpayers will be required to add to their taxable income “any amount of income, deduction or allowance” that would be subject to federal income tax but for the One Big Beautiful Bill Act (OB3) or any similar Congressional enactment. House Bill 5076A (effective without signature June 29, 2025).	RI				
South Carolina has adopted the Internal Revenue Code as amended through December 31, 2024, and provides that provisions extended by Congress during 2025 are also extended for South Carolina corporate income tax purposes. Senate Bill 507 (signed May 22, 2025).	SC				
South Dakota has adopted the Code in effect on January 1, 2025. House Bill 1028 (signed February 19, 2025).	SD				
Virginia has paused the state’s rolling conformity to the Internal Revenue Code. Virginia will not conform to any federal amendment that increases or decreases state revenue by any amount passed between January 1, 2025 and January 1, 2027. The limitation does not apply to federal tax extenders. Virginia will resume its use of rolling conformity on January 1, 2027. House Bill 1600 (signed May 2, 2025).	VA				
For tax years beginning on or after January 1, 2025, Vermont adopts Internal Revenue Code as amended through December 31, 2024. House Bill 493 (signed May 21, 2025).	VT				
West Virginia has adopted the Code as of January 1, 2025. House Bill 2025 (signed February 24, 2025).	WV				

Nexus and P.L. 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>The Massachusetts Department of Revenue updated its regulation governing corporate nexus to provide that the following activities exceed the protections of P.L. 86-272: “in-state activities that are conducted by a vendor through an Internet website accessible by persons in the state may include activity that is not entirely ancillary to the solicitation of orders of tangible personal property, such as the placement of Internet cookies onto the computers or other electronic devices of in-state customers that gather customer search information used to adjust production schedules and inventory amounts, develop new products, or identify new items to offer for sale.” Amendment to 830 CMR 63.39.1 (promulgated October 10, 2025).</p>	MA				
<p>A New York state trial court upheld the New York Department of Taxation and Finance (DTF) “internet activities” regulation, which aligns with the Multistate Tax Commission’s (MTC) updated interpretation of Public Law 86-272. The MTC interpretation identifies certain internet activities as exceeding “solicitation”, and treats those activities as occurring in the state where the customer is located, thus disqualifying a business from P.L. 86-272 immunity if customers located in New York utilize those activities. The court found the rule a valid interpretation of P.L. 86-272, but ruled against retroactive application to periods before December 2023. <i>American Catalog Mailers Ass’n. v. Dep’t. of Tax. and Fin.</i> (Albany Cnty. Sup. Ct. April 25, 2025).</p>	NY				

Nexus and P.L. 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Oregon Tax Court recently ruled that a national broadcaster had economic nexus in Oregon through its affiliate stations, despite lacking physical presence in Oregon and executing contracts outside the state. The Tax Court found economic nexus because the taxpayer's programming was continuously present in Oregon, a portion of ad revenue was attributable to Oregon viewers, and affiliates used the taxpayer's intangible property (i.e., branding and programming) in Oregon. <i>NBCUniversal Enterprise, Inc. v. Dep't of Revenue</i> (Or. Tax Ct. Mar. 25, 2025).	OR				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Alabama has decoupled from the federal capitalization and amortization of research expenditures provided in IRC 174. Under the new law, an Alabama taxpayer may immediately deduct “research and experimental expenditures” without regard to the amortization method that took effect for federal purposes in tax year 2022, or may elect to use pre-TCJA methods. This provision is retroactive to all tax years beginning on or after January 1, 2024. House Bill 163 (signed May 31, 2025).	AL				
For tax years beginning on or after January 1, 2025, if a taxpayer chooses to deduct the unamortized amounts of domestic research and experimental (R&E) expenses fully or ratably under the OB3 provisions, the amounts deducted must be added back to the Alabama taxable income to the extent they were previously deducted on an Alabama tax return, as Alabama allowed taxpayers to elect to fully deduct R&E expenses incurred on or after January 1, 2024. Notice on Research and Experimental Expenditures (Ala. Dep’t of Rev., September 11, 2025).	AL				
A taxpayer was not entitled to nonrecognition of the gain from an involuntary conversion because the property it purchased was insufficiently similar to the property it lost. The taxpayers used compensation received for the destruction of their grapevines to purchase a citrus orchard. Because the citrus orchard included both fixtures and land, it was dissimilar to the grapevines (which were entirely fixtures). <i>Skouti v. Franchise Tax Board</i> (Cal. Ct. App. February 11, 2025).	CA				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Although California has updated its IRC conformity to the IRC as of January 1, 2025, it decouples from certain provisions of the IRC as of that date, including: IRC section 163(j) (business interest expense limitation), IRC section 174 (capitalization and amortization Research & Experimental expenditures), IRC section 168(k) (bonus depreciation), portions of IRC section 162(m) (American Rescue Plan Act limitations on deductions for executive pay), and IRC sections 250 and 951A (FDII (Foreign-Derived Intangible Income) and GILTI (Global Intangible Low-Taxed Income)). Senate Bill 711 (signed October 1, 2025).	CA				
For taxable years beginning on or after January 1, 2026 and before January 1, 2031, California specifically excludes from gross income payments made pursuant to IRC sections 6417 and 6418. Under IRC section 6417, eligible entities may elect to receive direct payments from the federal government for applicable credits, which are excluded from gross income for federal income tax (USFIT) purposes. In addition, under IRC section 6418 eligible entities may sell qualified tax credits to unrelated third parties; proceeds from such sales are excluded from gross income for USFIT purposes. Senate Bill 302 (signed October 1, 2025).	CA				
For tax years beginning on or after January 1, 2026, Colorado requires an addback for FDDEI (Foreign-Derived Deduction Eligible Income) deducted federally under IRC section 250(a)(1) (A). House Bill 1002 (signed August 28, 2025).	*CO				

Tax Base	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, 2026, Colorado amends the existing subtraction modification for IRC section 78 deemed dividends by removing the exclusion from the subtraction for IRC section 78 deemed dividends from a corporation incorporated in a listed jurisdiction, as defined under Colorado law. House Bill 1002 (signed August 28, 2025).	*CO				
An exemption to the 50 percent cap on net operating loss (NOL) usage has been eliminated. Under prior law, a taxpayer that elected on its 2025 return to forfeit 50 percent of its outstanding pre-2015 NOLs was permitted to deduct pre-2015 NOLs without regard for the cap. A combined group that made this election is permitted to reclaim the NOLs it waived on its 2015 return. House Bill 7287 (signed June 30, 2025).	CT				
The District of Columbia has changed the timing of the combined reporting deduction. The deduction will now be available for the first seven tax years beginning after December 31, 2029. It was previously available for the first seven tax years beginning with the 15th year of a group's combined filing. Other aspects of the deduction remain unchanged. D.C. Bill 26-0340 (signed September 3, 2025), Bill 26-0457 (enacted without mayor's signature December 3, 2025), Bill 26-0458 (pending signature).	DC				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The District of Columbia will decouple from many provisions of the One Big Beautiful Bill Act (OB3), including IRC section 168(k) (bonus depreciation), IRC section 168(n) (bonus depreciation for qualified production property), IRC section 174A (full expensing of domestic Research & Experimental expenditures), and the amendments to IRC section 163(j) (business interest expense limitation). This legislation was passed in two bills. The first bill decouples on an emergency basis for a 90-day period, and the second bill makes this decoupling permanent. Bill B26-0457 (enacted without mayor's signature December 3, 2025) & Bill B26-0458 (pending signature).	DC				
Delaware decouples from certain provisions of OB3, including the changes made to IRC section 168(k) (bonus depreciation) for property acquired and placed in service between January 19, 2025 and January 1, 2031, IRC section 168(n) (bonus depreciation for qualified production property) for property placed in service before January 1, 2031, and the transitional rules under IRC section 174A (the acceleration of unamortized amounts of R&E expenses from tax years 2022-2024). These decoupling provisions for corporations apply retroactively to tax years beginning on or after January 1, 2022. House Bill 255 (signed November 19, 2025).	DE				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Department of Revenue guidance provides that because federal references to “Global Intangible Low-Taxed Income” (GILTI) were changed to “Net Controlled Foreign Corporation Tested Income” (NCTI) under OB3, Iowa’s subtraction modification for GILTI will not extend to the NCTI effective January 1, 2026. However, Iowa will conform to changes affecting FDII/ FDEEI. A taxpayer’s Iowa filing method may warrant re-computation of NCTI and FDEEI. Iowa Dep’t of Revenue’s GILTI/NCTI and FDII/FDDEI Guidance (published November 4, 2025).	IA				
Illinois has expanded the corporate income tax base to include 50 percent of global intangible low-taxed income that was included for federal purposes under IRC 951A (before the related IRC 250 deduction). This change will apply to tax years ending on or after December 31, 2025. House Bill 2755 (signed June 1, 2025).	IL				
Illinois now requires that any federal reduction of a unitary group’s deductible interest expenses caused by the IRC 163(j) limitation be applied to expense deductions claimed by group members included in the Illinois combined report before applying the reduction to group members excluded from the Illinois combined report. Additionally, there will no longer be an exemption to the related party addback statute for payments to entities that are subject to tax in a foreign country or state. Agreements with arm’s-length rates and terms are exempted from the addback provision only if the recipient will pay the interest received to another unrelated person (i.e., as a conduit) or if the taxpayer establishes by clear and convincing evidence that the resulting adjustment would be unreasonable. This change will apply to tax years ending on or after December 31, 2025. House Bill 2755 (signed June 1, 2025).	IL				

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The Illinois legislature updated statutory language to conform with the OB3 provision replacing GILTI with NCTI. Recall, that Illinois law only permits a corporation to deduct 50 percent of its GILTI or NCTI, and thus taxes 50 percent of GILTI/NCTI. Senate Bill 1911 (signed December 12, 2025).	IL				
A bill passed by the Illinois legislature would require an addition for amounts deducted from federal taxable income under IRC section 168(n) (bonus depreciation for qualified production property). Senate Bill 1911 (signed December 12, 2025).	IL				
The Indiana Department of Revenue determined that a treaty-protected foreign taxpayer was required to include its distributive share of income earned by a U.S. partnership that it used as a toll manufacturer. Although the taxpayer was exempt from taxation on its own profit/loss, income it received from its ownership interest in the partnership was required to be included in federal taxable income, and consequently in Indiana corporate adjusted gross income. Furthermore, the Indiana apportionment percentage should be based entirely on the partnership's receipts; the taxpayer's treaty-protected income was not included in the calculation. Revenue Ruling 2024-02CCP (Ind. Dep't of Rev., January 3, 2025).	IN				
The Indiana Department of Revenue updated its income tax bulletin addressing the tax treatment of government obligations. Indiana taxes interest earned from an obligation of the state of Indiana (or a political subdivision) that was acquired after December 31, 2011. The updated bulletin provides new guidance on determining when an obligation was acquired under various circumstances. Income Tax Information Bulletin #19 (Ind Dep't of Rev., January 2025).	IN				

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<p>Because conforming to the OB3 amendments to IRC Sections 174 and 174A (R&E expense deduction), Section 168(n) (Bonus depreciation for qualified production property), and Section 163(j) (Business interest deduction limitation) will each individually impact Maryland revenue by greater than \$5 million, Maryland will decouple from these provisions beginning with tax year 2025 and any prior tax year. However, Maryland will conform to the OB3 amendments to IRC Sections 174 and 174A, 168(n), and 163(j) beginning tax year 2026 unless the state legislature enacts decoupling provisions. Maryland will immediately conform to the amendments to Sections 179 Expensing, GILTI, and FDII. 60 Day Report on One Big Beautiful Bill, Md. Bureau of Revenue Estimates (September 5, 2025).</p>	MD				

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<p>Pursuant to legislation adopted in July 2025, the Governor of Maine has directed that the state will decouple from OB3 changes to IRC sections 174 and portions of 174A (full expensing of domestic Research & Experimental expenditures), IRC section 168(n) (bonus depreciation for qualified production property), and IRC section 168(k) (bonus depreciation). However, Maine will conform to IRC section 165(h) (qualified disaster loss), IRC section 168(b) (qualified farm property), IRC section 179 (immediate expensing of certain property), IRC section 163(j) (business interest expense limitation), and the portions of IRC section 174A (Research & Experimental expenditures related to small business amended returns). These determinations will apply for the 2025 tax year. Determination and Direction of the Gov. of the State of Maine (October 1, 2025).</p>	ME				
<p>For tax years beginning after December 31, 2024, Michigan taxable income of a corporation is to be computed as if IRC section 168(k) (bonus depreciation), IRC section 168(n) (bonus depreciation for qualified production property), and IRC section 174A (full expensing of domestic Research & Experimental expenditures) were not in effect. Additionally, IRC section 163(j) (business interest expense limitation), IRC section 174 (full expensing of domestic Research & Experimental expenditures), and IRC section 179 (immediate expensing of certain property) must be applied as those provisions existed on December 31, 2024. Michigan also decouples from the transitional rules related to the treatment of research and experimental expenses included in OB3. House Bill 4961 (signed October 8, 2025).</p>	MI				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Under a recent superior court ruling, a capital loss carryback generated by one member of a combined group can be used to offset capital gains earned by a different group member. Previously, regulations required each group member to compute its net income separately before summing to reach the group's total net income. The court found that the clear underlying purpose of the statute was to treat the combined group as one business organization. <i>Hologic, Inc. v. Stepp</i> (N.H. Sup. Ct. February 21, 2025).	NH				
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. N.J. TB-114 (revised November 25, 2025).	NJ				
Guidance issued by the New Jersey Division of Taxation clarifies 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. Federal Renaming for GILTI and FDII Under the One Big Beautiful Bill Act for Corporation Business Tax (published December 4, 2025).	NJ				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A taxpayer was required to include a deemed royalty payment in its Pennsylvania net income. The taxpayer performed an F reorg by transferring stock in a domestic subsidiary to a wholly owned foreign subsidiary then converting the domestic subsidiary into an LLC. I.R.C. § 367(d) required the taxpayer to include a deemed royalty payment from the subsidiary on its federal return. The taxpayer argued that inclusion of the deemed royalty on a state tax return would violate the foreign commerce clause under the U.S. Supreme Court’s holding in Kraft General Foods. The Board of Finance and Revenue rejected this argument because the taxpayer had “not proven it was entitled to this deduction or that the royalties lacked any connection to Pennsylvania.” Decision 2403677 (Pa. Bd. of Fin. & Rev. 2025).	PA				
A taxpayer was required to recharacterize a portion of its cost of goods sold as disallowed related party intangible expenses. The taxpayer purchased finished goods from a foreign manufacturing subsidiary for U.S. distribution. The manufacturer paid royalties to a second foreign subsidiary for use of intellectual property in the manufacturing process. The taxpayer deducted its payments to the manufacturer as cost of goods sold, arguing that that all relevant transactions were conducted at arm’s length pursuant to transfer pricing studies. The Board of Finance and Revenue ruled that the taxpayer had “not sufficiently proven the types of transactions [it] engaged in served an economic purpose” or that “tax avoidance was not the principal purpose of its arrangements.” Decision 2403677 (Pa. Bd. of Fin. & Rev. 2025).	PA				

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Pennsylvania decouples from IRC section 163(j) (business interest expense limitation) by adopting the version in effect on Dec. 31, 2024 (i.e., continuing to conform to the TCJA version of IRC 163(j)). Pennsylvania will also decouple from IRC section 168(n) (bonus depreciation for qualified production property) by adopting a state addition modification for amounts deducted under IRC section 168(n) on the federal return and a subtraction modification equal to the depreciation deduction that would have been allowed under IRC sections 167 and 168 without IRC section 168(n). House Bill 416 (signed November 12, 2025).	PA				
Pennsylvania will require that the deductions made under IRC sections 174/174A and 59(e) be added back to federal taxable income. Pennsylvania then requires a subtraction modification of 20 percent for all R&E expenses, including foreign R&E in the current tax year and the succeeding tax years until the R&E expenses are fully deducted (effectively spreading the deduction over a five-year period). For taxpayers that elect under the IRC section 174A transitional rule to accelerate unamortized domestic R&E expenses from tax years 2022 through 2024 for federal purposes, Pennsylvania will require an addback of any deduction claimed under IRC § 481 relating to those R&E expenses. House Bill 416 (signed November 12, 2025).	PA				

Tax Base	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, 2025, Rhode Island will decouple from the OB3 changes to IRC sections 174 and 174A. Thus, state corporate taxpayers must amortize domestic R&E expenses, even when fully expensed at the federal level. Certain small business taxpayers that elect to accelerate domestic R&E expenses incurred in tax years 2022 through 2024 on an amended return, must also file a respective Rhode Island amended return showing an add back of the federal deduction. Rhode Island also decouples from the federal election to accelerate expensing for unamortized amounts, incurred in tax years 2022 through 2024, in 2025 or ratably over a taxpayer's 2025 and 2026 tax years. R.I. Adv. Notice 2025-18 (R.I. Dep't of Rev., September 12, 2025).	RI				
Rhode Island will not conform to the OB3 changes to IRC section 163(j) (business interest expense limitation), IRC section 174A (full expensing of domestic Research & Experimental expenditures), IRC section 179 (immediate expensing of certain property), IRC section 181 (deduction for qualified sound recording equipment), or qualified opportunity zone designations. Rhode Island will require taxpayers to make addition modifications to their state taxable income if such deductions were taken federally on a taxpayer's 2025 return. R.I. Adv. Notice 2025-20 (October 2, 2025).	RI				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Tennessee Department of Revenue published guidance indicating that Tennessee 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 or the bonus depreciation for qualified production property provisions of OB3. Tenn. Notice 25-36 (issued December 2025).	TN				
The Comptroller of Public Accounts ruled that at least a portion of a “printing as a service” (PaaS) business line was properly classified as sales of a service, meaning that the taxpayer could not include the service-related PaaS expenses in its cost of goods sold (COGS) deduction or its service-related PaaS receipts in the rate determination. Because the taxpayer had not provided sufficient documentation to carve out any portion of its PaaS expenses or receipts as related to the sale of tangible personal property, the taxpayer was required to use the 30 percent of total revenue deduction (the most favorable deduction after removing PaaS expenses from COGS) and the standard tax rate when computing franchise tax due. Tex. Comptroller of Pub. Accounts No. 202412006H (issued November 26, 2024).	TX				
Texas has enacted legislation which allows rebate payments made by a registered securities market facilitator to a broker or dealer, as a part of a securities transaction, to be excluded from total revenue for Texas Franchise purposes. The legislation applies only to reports originally due on or after January 1, 2026. Senate Bill 1058 (signed May 13, 2025).	TX				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
New guidance from the state Comptroller clarifies that any arrangement that qualifies as a sales-type lease under Financial Accounting Standard 13 will be treated as a “sale” for purposes of determining both the character of the taxpayer’s primary business and its cost of goods sold. A sales-type lease under FAS 13 generally means a lease that meets certain criteria, including that the collectability of the minimum lease payments must be reasonably predictable and no important uncertainties can surround the amount of reimbursable costs yet to be incurred by the lessor. Tex. Compt. STAR Document 202507015M (released July 31, 2025).	TX				
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 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. Tx. Comp. of Public Accounts Announcement (published December 1, 2025).	TX				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Arkansas Supreme Court recently held that interest expenses incurred by an Arkansas company that was acquired as part of a leveraged buyout were allocable nonbusiness expenses. The court focused on the isolated nature of the transaction, distinguishing between the taxpayer's previous borrowing—which was used to fund expansions of its business—from the singular instance of taking on debt to finance a leveraged buyout. Because the latter activity occurred only once, it could not be considered part of the taxpayer's regular trade or business. The taxpayer was permitted to allocate all expenses to Arkansas and deduct them from Arkansas income even after deducting an apportioned share of the expenses in other states in which it did business. <i>Hudson v. Murphy Oil USA, Inc.</i> (Ark. December 12, 2024).	AR				
Arkansas has updated its definition of "apportionable income" to be consistent with the latest recommendations of the Multistate Tax Commission. This change appears to limit the effects of the recent Arkansas Supreme Court decision in <i>Hudson v. Murphy Oil.</i> , where an Arkansas taxpayer was permitted to allocate the entirety of an expense that was outside the regular course of its trade or business entirely to Arkansas, its commercial domicile. Such a method would likely be disallowed under the new definition of apportionable income. Act 719 (signed April 18, 2025).	AR				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Arkansas now computes the sales factor using only receipts from transactions and activity in the regular course of business, effective for tax years beginning on or after January 1, 2026. Act 719 (signed April 18, 2025).	AR				
Arkansas has adopted market-based sourcing for sales of services and other sales of other than tangible personal property, effective for tax years beginning on or after January 1, 2026. If a taxpayer that is principally engaged in various specified communications services, then it may elect to continue using income-producing activity sourcing through tax years beginning before December 31, 2035. Act 719 (signed April 18, 2025).	AR				
For tax years beginning on or after January 1, 2026, amended regulations establish a presumption that the benefit of a service is in the state if the services involve real property located in the state, tangible personal property located in the state, intangible property used in the state, or individuals physically present in the state. The service provider must maintain books and records in the normal course of business to substantiate the sourcing. Should the benefit of the service not be capable of substantiation by the company's books and records, then methods for reasonable approximation have also been provided. Cal. Code. Regs. 25136-2 (effective October 1, 2025).	CA				

Apportionment 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, 2026, amended regulations provide that notwithstanding the general sourcing rules for sales of services, professional service providers that sell services to over 250 customers must use customer billing addresses to source the receipts, except when more than 5 percent of the providers receipts are derived from a single customer. Cal. Code. Regs. 25136-2 (effective October 1, 2025).	CA				
For tax years beginning on or after January 1, 2026, amended regulations provide that sales of asset management services are sourced to where the benefit of the asset management services is received at the domiciles of the investors. The location of the receipt of the benefit of the service are assigned to California in proportion to the average value of interest in the assets belonging to investors and owners domiciled in California. If the taxpayer does not know the average value of interest in the assets held by the asset's investors or beneficial owners domiciled in this state, the receipts are sourced to California to the extent the average value of interest in the assets held by the asset's investors or beneficial owners domiciled in this state is reasonably estimated to be in California. Cal. Code. Regs. 25136-2 (effective October 1, 2025).	CA				
Banking, financial, and savings and loan activities are no longer "qualified business activities" that entitle a taxpayer to use of the three-factor apportionment method. Accordingly, any taxpayer that generates a majority of its gross receipts from such activities will be required to use the default (single sales factor) apportionment method for years beginning on or after January 1, 2025. Senate Bill 132 (signed June 27, 2025).	CA				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A Florida circuit court held that because credit card interest payments mailed by Florida customers were received at a mailing address outside of Florida, and electronic payments were received in a bank account outside of Florida, this interest income was not received in Florida under the financial organization sourcing statutes. However, the interest income derived from payments made at the Taxpayer's Florida locations (i.e., ATMs) was received in Florida. Since the Taxpayer's Interchange Income should have been treated as interest and was received in bank accounts outside of Florida, the income was correctly sourced outside of Florida. Even if the income was classified as service income, it would not be sourced to Florida because the Taxpayer has no direct relationship with the Florida merchants. <i>Capital One Bank, N.A. v. Fl. Dep't of Revenue</i> (Fla. Cir. Ct. October 17, 2025).</p>	FL				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A circuit court judge upheld Florida’s “revenue miles” approach to apportioning airline income against a Commerce Clause challenge. Florida apportions income of an airline based on the percentage of its revenue miles that occur within a “box” that includes most of the Florida landmass plus an approximately equal-sized area of open water. The taxpayer argued that this approach was internally inconsistent because another state applying an identical rule might draw a box overlapping with Florida’s, resulting in double-taxation of miles flown within the overlapping area. The judge determined that no other state could adopt a perfectly identical rule (because it would be unable to include the Florida landmass in its box) and the effect of a similar rule was speculative; that, in practice, airlines are taxed on a disproportionately low share of their Florida activity; and that alternative apportionment provisions protect against an unreasonable level of Florida taxation. <i>JetBlue Airways Co. v. Fl. Dep’t of Revenue</i> (Fla. Cir. Cit. Sep. 1, 2025).</p>	FL				
<p>Illinois is changing from a Joyce apportionment method to a Finnigan approach. Under the new provision, a unitary group will be required to include the sales of each of its members (without regard to whether the member has individual Illinois nexus) when computing its sales factor. House Bill 2755 (signed June 1, 2025).</p>	IL				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Kansas will move to a single sales factor apportionment formula based on receipts starting in tax year 2027. Any taxpayer that previously made an irrevocable election to use a two-factor apportionment formula is eligible to revoke that election and adopt the new method starting in 2027. Publicly traded companies will be eligible for a deferred tax impact deduction based on the effects of the change on their deferred tax position. House Bill 2231 (signed April 24, 2025).	KS				
Kansas has adopted market-based sourcing for sales of services and other sales of other than tangible personal property, effective tax year 2027. However, any communications service provider may continue to source its sales under the previously existing "income producing activity/cost of performance" rule. House Bill 2231 (signed April 24, 2025).	KS				
A Massachusetts appellate court upheld the taxation of a nonresident on gains from selling stock in a company he founded while residing in Massachusetts. The court ruled that nonresident gains from stock sales could be Massachusetts-source if "related to the taxpayer's compensation for services." The taxpayer's expectation of future stock value and payout from his work provided evidence that the gain was derived from employment. <i>Welch v. Comm'r of Revenue</i> (Mass. App. Ct. Apr. 3, 2025).	MA				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Massachusetts Appellate Tax Board ruled that a shoe company qualified as a manufacturer required to use single sales factor apportionment. The Board stated that the creation of blueprints or other design sheets is an “essential and integral part of a total manufacturing process,” and because there was no evidence to dispute that the taxpayer derived a substantial part of its income from the sale of footwear that it helped manufacture, it was engaged in manufacturing in substantial part. <i>Skechers USA, Inc. v. Comm’r of Revenue</i> , No. C344671 (Mass. App. Tax Bd. May 5, 2025).	MA				
An electricity generator making wholesale sales of power was required to source its receipts to Michigan—the state in which it “delivers” electricity to its distributor via a substation—rather than to the locations of the ultimate consumers of the electricity. The Tax Tribunal analyzed the transaction to determine that the distributor was properly identified as the purchaser because title passed to the distributor; and that the ultimate destination governed under the terms of the contract was the Michigan substation. <i>CMS Energy Co. v. Department of Treasury</i> (Mich. Tax Trib. February 13, 2025).	MI				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Minnesota Supreme Court ruled that the Commissioner of Revenue was justified in requiring a method of alternative apportionment that excluded a taxpayer's receipts from foreign currency hedging transactions from its sales factor. In the court's view, receipts from these transactions were qualitatively different from those arising from the taxpayer's principal business, and that including these amounts (which represented 70 percent of the taxpayer's gross receipts, but only 5 percent of its profits) in the sales factor would create a quantitative distortion. <i>E. I. duPont de Nemours & Co. v. Comm'r of Revenue</i> (Minn. August 27, 2025).	*MN				
The Minnesota Supreme Court ruled that the Commissioner of Revenue properly required a provider of pharmacy benefits management services to look-through its direct customer and source receipts based on the location of the underlying plan members. The court concluded that under Minnesota's sourcing rules that look to where the service is received, the plain meaning of "received" does not limit the term to exclude indirect beneficiaries. The court also limited its previous holding in <i>Lutheran Brotherhood Research Corp.</i> (in which it rejected a look-through approach for sourcing receipts of a mutual fund service provider) by noting that the taxpayer in that case was subject to different version of the sourcing rule (i.e., where the benefit of the service was consumed). <i>Humana MarketPoint, Inc. v. Comm'r of Revenue</i> (Minn. September 24, 2025).	*MN				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A hedge fund was required to apportion management and performance fees using the Business Allocation Percentage of the year in which the fees were earned, rather than the year in which they were included in income. The Tax Appeals Tribunal ruled that the statute clearly requires that deferred fees and appreciation be treated as ordinary income, which requires them to be apportioned based on the year the income was earned. Because the taxpayers' business was carried on entirely within New York during the years in which the fees were earned, the Tax Tribunal determined that the fees must be entirely allocated to New York. <i>Matter of Techar and Matter of Frascella</i> (N.Y. Tax App. Trib. December 12, 2024.)	NY				
A broker-dealer was required to source receipts based on the location of the funds with which it did business (not the approximate locations of the underlying investors in those funds.) The Tax Appeals Tribunal determined that, under the sourcing rules for the years at issue, looking through the institutional intermediaries to underlying investors was not a permitted sourcing method. The Tribunal rejected an ALJ's conclusion that sourcing based on the intermediary funds would be impermissibly distortive, holding that there is no constitutional violation when the receipts are applied per the statute in the case of this taxpayer. <i>Matter of Jefferies Group</i> (N.Y. Tax. App. Trib. February 20, 2025).	NY				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Virginia Department of Taxation clarified its treatment of non-unitary pass-through entity income in light of the 2024 decision <i>Dep't of Taxation v. FJ Management, Inc.</i> , in which an appellate court disallowed use of a blended apportionment fraction because the corporate taxpayer and the PTE in which it held an interest did not have a unitary business relationship with one another. The bulletin provides that the amount of pass-through income of a non-unitary entity on which a corporate partner can be taxed is equal to its distributive share of such income apportioned to Virginia at the entity-level based solely on the pass-through entity's own apportionment factors. Va. Tax Bulletin 25-5 (issued October 28, 2025).	VA				

Filing Methods	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Colorado has expanded its definition of “listed jurisdiction” to include Hong Kong, the Republic of Ireland, Liechtenstein, the Netherlands, and Singapore. Colorado has a rebuttable presumption that a C corporation incorporated in a listed jurisdiction is incorporated in such jurisdiction for purposes of tax avoidance, and must be included on a combined report with its domestic unitary affiliates. House Bill 1002 (signed August 28, 2025).	CO				
Updated regulations permit a taxpayer who files a federal consolidated return to elect to file a Georgia consolidated return without requesting permission from the Department of Revenue. This election is available for any tax year beginning on or after January 1, 2023. An election is irrevocable for a period of five years. A taxpayer who was previously granted permission to file a consolidated return may continue to do so under the existing authorization, use the new provisions to elect into consolidated return treatment, or cease filing consolidated returns. Ga. Comp. R. & Regs. § 560-7-3-.13 (amended Feb. 25, 2025).	GA				

Filing Methods	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
An Illinois circuit court judge did not permit exclusion of a member of the unitary group as an 80/20 company. The taxpayer centralized various foreign activities, including the secondment of expatriate employees to foreign host companies, under a single disregarded entity, which was placed below a domestic subsidiary in the taxpayer's organizational structure. The taxpayer included compensation paid to employees of the disregarded entity in foreign payroll when determining whether the domestic subsidiary would be considered an 80/20 corporation. The circuit court held that the disregarded entity was formed for the purpose of tax benefits and that expatriate compensation charged to the disregarded entity did not reflect substantive foreign business activities conducted by the domestic subsidiary. This ruling was later upheld by an appellate court. <i>PepsiCo v. Department of Revenue</i> (Ill. Cir. Ct. January 9, 2025), <i>aff'd</i> No. 1-23-0913 (Ill. Ct. App. March 19, 2025).	IL				
A real estate investment company was not required to include an indirect subsidiary that functioned as a passive, part-owner of an out-of-state shopping mall on its New York combined return. The taxpayer's interactions with the subsidiary did not meet the "substantial intercorporate transactions" threshold, and there was no unitary business after the taxpayer otherwise left the retail property business. <i>In the Matter of Lendlease Americas Holdings, Inc.</i> (N.Y. Tax App. Trib. January 23, 2025).	NY				

Filing Methods	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
New York now requires partnerships to report any federal adjustments for the reviewed year to the state within 90 days; and partners are required to pay any additional tax due within 180 days after the final federal determination or the filing of an administrative adjustment request—unless the partners elect to have the payment made at the partnership level. These provisions are effective immediately, but adjustments with a final determination date or administrative adjustment request occurring before May 9, 2025 must be reported to the state within one year of that date. No interest will accrue on these adjustments. Assembly Bill 3009C (signed May 9, 2025).	NY				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
California now reduces the credit percentages for the Alternative Simplified Credit and completely decouples from the Alternative Incremental Research Credit under IRC section 41. Senate Bill 711 (signed October 1, 2025).	CA				
The eligibility of a battery energy storage facility for the High Impact Business Credit has been expanded to include facilities constructed in designated enterprise zones. A “new battery energy storage facility” is a newly constructed facility, expansion or replacement that stores electricity using battery devices and other means. Pub. Act. 103-1066 (signed February 20, 2025).	IL				
Updates to the Illinois income tax regulations push back the sunset date for various tax credits (in accordance with bills passed by the state legislature.) For corporate income tax purposes, the most notable change is a delay in the sunset date for the Research and Development Credit from January 1, 2027 to January 1, 2032. Ill. Admin. Code tit. 86, § 100.2160(a) (effective January 1, 2025).	IL				
Louisiana repealed the inventory tax credit for C-corporations effective July 1, 2026. A parallel constitutional amendment that would have encouraged localities to eliminate or reduce inventory taxes was defeated by voters. As a result, with no further legislative changes, local governments will not have the ability to eliminate or reduce the inventory tax, and C-corporations will not be able to claim the inventory tax credit against their income or franchise taxes beginning on July 1, 2026. Act 5 (signed June 19, 2024).	LA				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Massachusetts Department of Revenue (Department) issued a Technical Information Release to assist financial institutions seeking to file amended returns to claim the state research credit in light of a recent court decision. The Department intends to promulgate a regulation that permits a financial institution affected by the decision to elect into an “alternative simplified method” on the resulting amended returns. Mass. Tech. Info. Release 25-3 (issued May 9, 2025).	MA				
New Research and Development Credits have been established for tax years beginning on or after January 1, 2025. For a large business (one with at least 250 employees), the credit is 3 percent of qualifying expenses (defined under I.R.C. § 41(b)) for research conducted in Michigan up to the base amount (the average amount incurred during the three preceding calendar years) and 10 percent of qualifying expenses above the base amount. The credit amount must not exceed \$2 million per tax year. House Bill 5100 (signed December 31, 2024).	MI				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Next New Jersey Manufacturing Program offers transferable tax credits for certain qualifying costs for eligible projects equal to the lesser of 0.1 percent of the total capital investment per new full-time job; 25 percent of the total capital investment; or \$150 million. A qualifying business facility must be located in New Jersey and used primarily for the production or assembly of goods; production of clean energy components; or on-site product research and development. Qualifying costs include, among other things, site preparation, construction or repair of buildings and structures, and capital leases of furnishings and equipment. A project must satisfy wage and other standards and must involve a minimum capital investment of \$10 million and the creation of at least 20 new full-time New Jersey jobs. A business that previously received a similar tax credit for the same project is ineligible. The program will run through 2029. Assembly Bill 5687 (signed August 13, 2025).	NJ				
A South Carolina appellate court ruled that the statutory \$5 million limit on the South Carolina investment credit is an annual limitation and not a lifetime cap. <i>Duke Energy Corp. v. S.C. Dep't of Revenue</i> (S.C. Ct. App. Mar. 26, 2025).	SC				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>Texas has extended and modified the franchise tax credit for certain research and development (R&D) expenses. The rate at which such expenses are credited is increased to a new general rate of 8.722 percent of the difference between the amount of qualified research expenses incurred in the current period and 50 percent of the average amount of qualified research expenses from the three most recent tax periods. Additionally, certain taxable entities that do not owe any franchise tax for the period can claim and receive a refund in the amount of the credit it would have received had it owed tax. Finally, the definition of a “qualified research expense” is now tied specifically to the portion of the amount reported on line 48 of federal Form 6765 for the tax year in question attributable to research conducted in Texas. The new version of the R&D credit will be effective starting January 1, 2026. Senate Bill 2206 (signed June 22, 2025).</p>	TX				

Administrative Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The North Carolina Supreme Court ruled that the statute governing the Office of Administrative Hearings (OAH) prohibits the OAH from exercising subject-matter jurisdiction over constitutional “as-applied” challenges. Although the OAH cannot consider these claims, the statutory scheme still requires a taxpayer to file its constitutional claim with the OAH and wait for the OAH to dismiss the matter prior to bringing it in civil court. <i>N.C. Dep’t of Rev. v. Philip Morris USA, Inc.</i> (N.C. Aug. 22, 2025).	*NC				
Corporate taxpayers receiving income from an interest in a non-unitary pass-through entity must report the income as “allocated dividend income,” check the box on Line 3(i) of Form 500A, and include a statement listing the name and FEIN of each such entity apportioned on a non-blended basis. These changes apply to returns filed for tax years 2025 and later; a taxpayer may elect to apply these changes to earlier returns. <i>Va. Tax Bulletin 25-5</i> (issued October 28, 2025).	VA				
Effective starting September 1, 2025, the Washington Department of Revenue’s voluntary disclosure program will be expanded to include a previously registered business that closed its registration prior to the statutory period for which it now seeks a voluntary disclosure agreement (i.e., currently January 1, 2021 for most taxes). Previously, only a business that had never been registered with the Department was eligible to participate. In exchange for coming forward voluntarily, the state limits the “look back” period to four years plus the current year and waives penalties which total up to 39 percent of the underlying tax liability. <i>WA Voluntary Disclosure Program</i> (updated September 2025).	WA				

2024-2026 State Corporate Income Tax Rate Chart[*]
As of December 9, 2025

State		2024	2025	2026
Alabama		6.50%	6.50%	6.50%
Alaska		9.40%	9.40%	9.40%
Arizona		4.90%	4.90%	4.90%
Arkansas		4.30%	4.30%	4.30%
California		8.84%	8.84%	8.84%
Colorado	[a]	4.25%	4.40%	4.40%
Connecticut	[b]	8.25%	8.25%	8.25%
Delaware		8.70%	8.70%	8.70%
District of Columbia		8.25%	8.25%	8.25%
Florida		5.50%	5.50%	5.50%
Georgia	[c]	5.39%	5.19%	5.19%
Hawaii		6.40%	6.40%	6.40%
Idaho	[d]	5.695%	5.30%	5.30%
Illinois	[e]	9.50%	9.50%	9.50%
Indiana		4.90%	4.90%	4.90%
Iowa	[f]	7.10%	7.10%	7.10%
Kansas	[g]	6.50%	6.50%	6.50%
Kentucky		5.00%	5.00%	5.00%
Louisiana	[h]	7.50%	5.50%	5.50%
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	[i]	Separate: 6.75% Combined: 7.00%	Separate: 6.75% Combined: 7.00%	Separate: 6.75% Combined: 7.00%
Nebraska	[j]	5.84%	5.20%	4.55%
Nevada				
New Hampshire	[k]	7.50%	7.50%	7.50%
New Jersey	[l]	11.50%	11.50%	11.50%
New Mexico	[m]	5.90%	5.90%	5.90%
New York	[n]	7.25%	7.25%	7.25%
North Carolina	[o]	2.50%	2.25%	2.00%
North Dakota	[p]	Separate: 4.31% Combined: 7.81%	Separate: 4.31% Combined: 7.81%	Separate: 4.31% Combined: 7.81%
Ohio				
Oklahoma		4.00%	4.00%	4.00%
Oregon	[q]	7.60%	7.60%	7.60%
Pennsylvania	[r]	8.49%	7.99%	7.49%

State		2024	2025	2026
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	[s]	4.55%	4.50%	4.50%
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

[*] 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)."
- [a] The state income tax rate was temporarily reduced to 4.25 percent for income tax year beginning on January 1, 2024. Colo. Rev. Stat. § 39-22-627(1)(c).
- [b] The listed tax rate for Connecticut includes a surcharge of 10 percent that is extended through tax years beginning before January 1, 2029. 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)(4)(A)
- [c] On and after January 1, 2025, the tax rate imposed on corporations is the same as for individuals of 5.19 percent. For tax years beginning on or after January 1, 2026, the tax rate is further reduced by 10% and will continue to reduce by 10 percent per year until the rate reaches 4.99%, provided certain conditions are met. Ga. Code Ann. § 48-7-21(a) (as amended by House Bill 111, signed April 15, 2025); Ga. Code Ann. § 48-7-20(a.1)(1). As of this publication, the Department of Revenue has not certified whether the specified conditions were met for 2026.
- [d] Effective for tax years beginning on or after January 1, 2025, the tax rate of 5.3 percent applies. Idaho Code § 63-3025(1) (as amended by House Bill 40, signed March 6, 2025).
- [e] The tax rate for Illinois includes the 2.5 personal property replacement income tax rate. ILCS Chapter 35 § 5/201(d).

- [f] For tax years beginning on or after January 1, 2024, the tax rate for taxable income of \$250,000 or more is 7.1 percent. Iowa Code § 422.33(b)(1). For tax years beginning on or after January 1, 2026, the rate will remain unchanged because net corporate income tax receipts in fiscal year 2025 did not exceed \$700 million. Order 2025-02 (Iowa Dep’t of Rev. Oct. 21, 2025).
- [g] 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).
- [h] For tax years beginning on or after January 1, 2025, the tax paid by every corporation shall be computed at a rate of 5.5%. La. Rev. Stat. Ann. § 47:287.12.
- [i] In Montana, the tax rate for water’s edge combined filers is 7 percent. Mont. Code Ann. § 15-31-121(2).
- [j] The tax rate for Nebraska is 5.20 percent beginning on or after January 1, 2025. For tax years beginning on or after January 1, 2026, the rate is 4.55 percent. For tax years beginning on or after January 1, 2027, the rate is 3.99 percent on all taxable income. Neb. Rev. Stat § 77-2734.02.
- [k] The tax rate for New Hampshire does not include the Business Enterprise Tax. N.H. Rev. Stat. Ann. § 77-E:2.
- [l] 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 were subject to a 2.5 percent surtax imposed on allocated net income and is in addition to the corporation business tax, which is imposed at a rate of 9 percent. N.J. Rev. Stat. § 54:10A-5.41. For privilege periods beginning on and after January 1, 2024 through December 31, 2028, a 2.5 percent Corporate Transit fee is imposed on corporation business tax payers that have New Jersey allocated taxable net income in excess of \$10 million. N.J. Rev. Stat. § 54:10A-5.41a.
- [m] For tax years effective before January 1, 2025, New Mexico applies a graduated corporate income tax rate with the highest rate being 5.9 percent. For tax years effective on or after January 1, 2025, New Mexico applies a flat rate of 5.9 percent. NMSA 1978 § 7-2A-5.
- [n] For tax years beginning on or after January 1, 2021 and before January 1, 2027, taxpayers with an entire net income base of over \$5 million are 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. N.Y. Tax Law § 210(1)(a)(iv).

Note: The listed tax rate for New York does not include the MTA surcharge, which is 30 percent.

- [o] For tax years beginning on or after January 1, 2026, North Carolina’s corporate income tax rate will be reduced to 2 percent and again to 1 percent for tax years beginning on or after January 1, 2028. The rate will be 0 percent for tax years beginning on or after January 1, 2030. N.C. Gen. Stat. § 105.130.3.
- [p] 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).
- [q] A 6.60 percent tax rate applies to the first \$1 million of Oregon taxable income. Or. Rev. Stat. § 317.061.
- [r] 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).
- [s] For taxable years beginning on or after January 1, 2025, the corporate tax rate is 4.5 percent. Utah Code § 59-7-104(2) (as amended by House Bill 106, signed March 26, 2025)

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