



TWIST-Q

2021 Year-End Checklist

This checklist includes the developments we reported in Quarters 1, 2, and 3, as well as new developments for Quarter 4. New developments from Quarter 4 are in **bold typeface**. Please note that certain Quarter 4 items in bold are dated earlier. These items were released after our Quarter 3 checklist or were first made publicly available during Quarter 4. The checklist captures 2021 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. For purposes of this checklist, Paycheck Protection Program is abbreviated to "PPP", the "CARES Act" refers to the Coronavirus Aid, Relief, and Economic Security Act, and any reference to the "CAA" refers to the Consolidated Appropriations Act of 2020.

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 rate will be reduced to 5.7 percent for income exceeding \$25,000. For tax years beginning on or after January 1, 2024, the highest corporate rate will be reduced to 5.5 percent for income exceeding \$25,000 and for tax years beginning on or after January 1, 2025, the highest rate will be reduced to 5.3 percent on income exceeding \$25,000. However, the rate reductions will not occur if a "revenue shortfall" develops that necessitates a transfer of funds from the state's newly renamed Catastrophic Reserve Fund to provide for education and/or the effective operation of state government. House Bill 1001/Senate Bill 1 (signed Dec. 9, 2021).	AR				

Rate Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Due to the TABOR provisions, the income tax rate applicable to corporations, individuals, estates, and trusts will be reduced from 4.55 percent to 4.50 percent for the 2021 tax year. Gov. Polis Statement on Tax Rate Cut, Tax Refund, And Colorado's Recovering Economy (Sept. 2, 2021).	CO				
The ten percent corporate surtax is extended through tax years beginning prior to January 1, 2023. The surtax 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 combined returns are subject to the surtax regardless of income level. Senate Bill 1202 (signed June 23, 2021).	CT				
An automatic downward adjustment of the corporate income tax rate occurs if actual net collections for fiscal years ending June 30 of 2019, 2020, and 2021 exceeded "adjusted forecasted collections" for that year. The corporate income tax rate will be reduced to 3.535 percent for tax years beginning between January 1, 2021 and December 31, 2021. TIP No. 21C01-02 (Fla. Dep't of Rev. Sept. 14, 2021).	FL				
Idaho's corporate income tax rate is reduced from 6.925 percent to 6.5 percent effective January 1, 2021. House Bill 380 (signed May 10, 2021).	ID				
Effective January 1, 2022, the corporate income tax rate is 3.5 percent on taxable income up to \$50,000; 5.5 percent on taxable income above \$50,000 but not in excess of \$150,000; and 7.5 percent on taxable income in excess of \$150,000. House Bill 292 (signed June 16, 2021) effective contingent on voter approval of Constitutional Amendment 2 (approved Nov. 13, 2021).	LA				

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, 2025, the current 2.5 percent corporate income tax rate will be reduced to 2.25 percent. The rate will be reduced to 2 percent for tax years beginning on or after January 1, 2026; to 1 percent for tax years beginning on or after January 1, 2028, and to 0 percent for tax years beginning on or after January 1, 2030. Senate Bill 105 (signed Nov. 18, 2021).	NC				
For taxable years beginning on or after January 1, 2022, and before January 1, 2023, the rate applicable to taxable income in excess of \$100,000 is reduced from 7.81 percent to 7.5 percent. For taxable years beginning on or after January 1, 2023, the highest rate is further reduced to 7.25 percent on all taxable income in excess of \$100,000. The corporate income tax rate on the first \$100,000 of income remains at 5.58 percent. Legislative Bill 432 (signed May 26, 2021).	NE				
The Business Profits Tax rate is reduced from 7.7 percent to 7.6 percent for tax periods ending on or after December 31, 2022. House Bill 2 (signed June 25, 2021).	NH				
For tax years beginning on or after January 1, 2021 and before January 1, 2024, the rate applicable to entire net income increases from 6.5 percent to 7.25 percent if the taxpayer's business income base exceeds \$5 million. All income is subject to the 7.25 percent rate if the \$5 million income base is exceeded. Assembly Bill 3009/Senate Bill 2509 (signed April 19, 2021).	NY				
The New York corporate franchise tax MTA surcharge rate will remain 30.0 percent for tax years beginning on or after January 1, 2022 and before January 1, 2023. The surcharge rate will remain the same until the Commissioner of Taxation and Finance establishes a new rate. TSB-M-21(2)(C) (N.Y. Dep't of Tax. and Fin. Nov. 19, 2021).	NY				

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 after December 31, 2021, the corporate income tax rate is reduced from 6.0 percent to 4.0 percent. House Bill 2960 (signed May 21, 2021).	OK				
A taxpayer engaged in leasing and selling office equipment was primarily engaged in wholesale trade and was able to use the 0.5 percent franchise tax rate. Importantly, the taxpayer was "selling" equipment when it entered into its sales-type leases, although title to its equipment never passed to customers. <i>Hegar v. Xerox Corp.</i> (Tex. Ct. App. Aug. 31, 2021).	TX				
The constitutionality of the additional 1.2 percent B&O tax imposed on "specified financial institutions" has been upheld. <i>Washington Bankers Association v. Dep't of Revenue.</i> (Wash. Sept. 30, 2021).	WA				

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 from and after December 31, 2020, Arizona's connection to the Code has been updated to reflect the IRC as amended and in effect on March 11, 2021. For tax years beginning from and after December 31, 2019 through December 31, 2020, Arizona adopts the IRC as of January 1, 2020 including changes made by certain federal acts (i.e., the 2020 CARES Act, the CAA of 2021, and the American Rescue Plan Act of 2021). Senate Bill 1752 (signed April 14, 2021).	AZ				
Florida adopts the IRC as of January 1, 2021 applicable retroactively to January 1, 2021. House Bill 7059 (signed June 29, 2021).	FL				
Georgia updated its general conformity to the Internal Revenue Code for tax years beginning on or after January 1, 2021 to the Internal Revenue Code as of March 11, 2021. House Bill 7EX (signed Dec. 8, 2021).	GA				

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 after December 31, 2020, Hawaii generally adopts the IRC as amended as of December 31, 2020. For tax years beginning after December 31, 2019, Hawaii generally adopts the IRC as amended as of March 27, 2020. House Bill 1041 (signed June 25, 2021).	HI				
Under Idaho law, the term Internal Revenue Code means the Internal Revenue Code in effect on January 1, 2021, except that IRC section 461(1) applies as in effect on January 1, 2020. House Bill 58 (signed Feb. 18, 2021).	ID				
Applicable retroactively to January 1, 2021, Indiana adopts the IRC as in effect on March 31, 2021. Any change to the Code prior to March 31, 2021 that affects the computation of corporate taxable income applies to the same tax year for Indiana purposes as it does for federal purposes. House Bill 1001 (signed April 29, 2021).	IN				
Applicable to all taxable years beginning after December 31, 2020, an amendment to the IRC does not affect the determination of Maryland taxable income for any tax year that begins in the calendar year in which the amendment is enacted, or any tax year that precedes the calendar year in which the amendment is enacted. An exception to the general rule applies if the amendment's impact on Maryland income tax revenue is less than \$5 million for the fiscal year that begins during the calendar year in which the amendment is enacted, or any fiscal year that precedes the calendar year in which the amendment is enacted. House Bill 495 (enacted without signature May 30, 2021).	MD				
For tax years beginning on or after January 1, 2018, the "Code" means the United States Internal Revenue Code of 1986 and amendments to that Code as of December 31, 2020. House Paper 155 (signed March 17, 2021).	ME				

IRC Conformity	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Maine adopts the IRC as of April 30, 2021 (previously, December 31, 2020) for tax years beginning on or after January 1, 2021 and to any prior tax year as specifically provided by the IRC as of April 30, 2021, except that amendments to the IRC made by Section 9042 of the federal American Rescue Plan Act of 2021 do not apply to any tax year beginning after December 31, 2019 and before January 1, 2021. House Paper 156 (signed July 1, 2021).	ME				
North Carolina generally conforms to the Internal Revenue Code as enacted on April 1, 2021. Senate Bill 105 (signed Nov. 18, 2021).	NC				
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 April 1, 2021. House Bill 2457 (signed July 14, 2021).	OR				
The definition of the IRC has been updated to reflect the Code as amended through December 31, 2020. House Bill 4017 (signed May 18, 2021).	SC				
South Dakota adopts the Internal Revenue Code as amended and in effect on January 1, 2021. Senate Bill 40 (signed Feb. 1, 2021).	SD				
Virginia's general conformity to the Internal Revenue Code has been advanced to the Internal Revenue Code as of December 31, 2020. House Bill 1935 and Senate Bill 1146 (signed March 15, 2021).	VA				
For taxable years beginning on and after January 1, 2020, Vermont's conformity to the IRC is updated to December 31, 2020. For tax years beginning on and after January 1, 2021, the IRC means the Code as of March 31, 2021. House Bill 315 (enacted without signature April 17, 2021); House Bill 436 (signed June 8, 2021).	VT				

IRC Conformity	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For taxable years beginning after December 31, 2020, "Internal Revenue Code" means the federal Internal Revenue Code as amended to December 31, 2020, with numerous exceptions for specific provisions of previously enacted federal laws. For taxable years beginning after December 31, 2017, and before January 1, 2021, "Internal Revenue Code" means the federal Internal Revenue Code as amended to December 31, 2017 with certain exceptions. Assembly Bill 2 (signed Feb. 18, 2021).	WI				
All amendments made to the laws of the United States after December 31, 2019, but prior to January 1, 2021, shall be given effect in determining the taxes imposed by this article to the same extent those changes are allowed for federal income tax purposes, whether the changes are retroactive or prospective. House Bill 2359 (signed Feb. 24, 2021).	WV				
Nexus	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Under California law, a taxpayer is deemed to be "doing business" in the state if the taxpayer's property, payroll or sales exceed certain thresholds. For the 2021 tax year, the indexed threshold values are: sales \$637,252, property \$63,726, and payroll \$63,726. FTB Memorandum on Indexing, 2021 Tax Year.	CA				
In determining whether an employer has Connecticut nexus, the Department of Revenue Services may not consider the activities of employees who worked remotely in the state due to COVID-19. House Bill 6516 (signed March 4, 2021).	CT				

Nexus	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For the period January 1, 2021 through June 30, 2021, the presence of one or more employees in Maine, who commenced working remotely from Maine during the state of emergency and due to the COVID-19 pandemic, will not cause a corporation to establish, by itself, corporate income tax nexus. Important Notice to Maine Income Taxpayers (Me. Rev. Services Jan. 1, 2021).	ME				
For tax years beginning on or after January 1, 2022, a corporation has nexus with Maine if: (1) that corporation is organized or commercially domiciled in Maine, or (2) the corporation is organized or commercially domiciled outside of Maine and the corporation's property or payroll in Maine exceeds \$250,000, or the corporation's sales into the state exceed \$500,000. If the corporation has 25 percent of its property, payroll or sales into the state, the corporation likewise has Maine nexus. House Paper 891 (signed June 11, 2021).	ME				
For taxable periods ending on or after December 31, 2022, the minimum gross business income required for filing a Business Profits Tax return has been increased from \$50,000 to \$92,000. Senate Bill 101 (signed Aug. 10, 2021).	NH				
A corporate taxpayer's activity of picking up rejected produce orders after they had been accepted by customers was not ancillary to the sale of produce and was not protected under P.L. 86-272. However, for most of the tax years at issue, this activity was de minimis and therefore did not cause the taxpayer to lose protection under P.L. 86-272. <i>Procacci Bros. Sales Corp. v. Dir. Div. of Taxation</i> (N.J. Tax Ct. May 27, 2021).	NJ				

Nexus	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The presence in Oregon of a teleworking employee will not be treated by the Department of Revenue as a relevant factor when making a nexus determination for an employer, if the employee in question would otherwise have been, absent the COVID-19 pandemic, regularly based outside Oregon between March 8, 2020, and the later of: (1) the expiration date of Oregon Executive Order 20-67; (2) the date of expiry of an emergency declaration, a stay at home or similar government order related to COVID-19 and issued by the state government for the employee's assigned work location; or (3) December 31, 2021. The previous end date for this policy was December 31, 2020. Tax Relief Options (Ore. Dep't of Rev. March 15, 2021).	OR				
A marketplace seller should include receipts from sales made through a marketplace in determining whether the seller meets the substantial nexus threshold for Tennessee excise and franchise tax and business tax purposes. However, any sales made through a marketplace facilitator that is registered with the Department and collecting Tennessee sales tax are not considered in determining whether the marketplace seller meets the sales and use tax economic nexus thresholds. Sales Tax Collection by Marketplace Sellers (Tenn. Dep't of Rev. March 8, 2021).	TN				
A taxpayer that solicited business in Texas, had sales to Texas customers, and had a single employee physically located in Texas engaged in customer service back office activities, had franchise tax and sales tax nexus for pre-Wayfair years. Tex. Det. 202109034H (Sept. 8, 2021).	TX				

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 beginning after December 31, 2017, all amounts included in income under IRC section 951A can be subtracted to the extent such amount is not deducted in determining federal taxable income. An addition is required for all expenses deducted on the taxpayer's federal tax return for the taxable year that are attributable, directly or indirectly, to such subtracted amount. House Bill 170 (signed Feb. 12, 2021). ¹	AL				
Credits, advanced refund amounts, qualified disaster relief payments, subsidies, grants, and other amounts received as a result of federal COVID-19 relief bills will not be subject to Alabama individual and corporate income taxes and the Financial Institutions Excise Tax. This includes cancellation of indebtedness income associated with PPP loans forgiven under section 1106 (i) of the CARES Act. Expenses paid with forgiven PPP loans will be deductible to the same extent the expenses are deductible in calculating federal income tax. House Bill 170 (signed Feb. 12, 2021).	AL				
Effective for contributions made on or after December 23, 2017, a deduction is allowed for any contribution by Alabama or a political subdivision thereof that is included in a corporation's federal taxable income under IRC section 118(b)(2). House Bill 170 (signed Feb. 12, 2021).	AL				

¹ Although the subtraction for GILTI is retroactive, House Bill 170 provides that no "refunds shall be granted or paid for tax years ending before January 1, 2020 related to the provisions of this act."

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 beginning on or after January 1, 2021, if a taxpayer or a taxpayer's federal consolidated group does not have a federal IRC section 163(j) limitation reported on its return for the tax year, the taxpayer will not be subject to an Alabama 163(j) limitation. If the business interest expense deduction of the taxpayer or the taxpayer's federal consolidated group is limited under IRC section 163(j), then the taxpayer shall compute the business expense deduction for Alabama purposes on a separate entity basis, or a consolidated group basis if the taxpayer is filing an Alabama consolidated return. House Bill 170 (signed Feb. 12, 2021).	AL				
For tax years beginning on or after January 1, 2019, the income tax laws are amended to conform to the federal tax treatment of cancellation of indebtedness income associated with PPP loans forgiven under section 1106 (i) of the CARES Act and other COVID-19 relief as clarified by CAA. Expenses paid with forgiven PPP loans will be deductible to the same extent the expenses are deductible in calculating federal income tax. House Bill 1361 (signed March 2, 2021).	AR				
Following the acquisition of one corporation by another, carryover losses will be allowed only if the corporation going out of existence earns sufficient profits apportionable to Arkansas in the post-merger period to absorb the carryover losses claimed by the surviving corporation. This limitation is determined by multiplying the proportion of merged assets contained within the succeeding corporation by the taxpayer's total multistate income or the total income apportioned to Arkansas. Admin. Decision No. 21-070 (Ark. Dep't of Fin. and Admin. Apr. 27, 2021).	AR				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
In computing an Arkansas NOL, taxpayers are required to add back all nontaxable income. Partnership income not directly allocated to Arkansas is excluded in computing a corporation's Arkansas gross income. As this income is not subject to Arkansas taxation, it is required to be added back in computing the state NOL. Admin. Decision Dkt. No. 21-313 (Ark. Dep't of Fin. and Admin. Apr. 26, 2021).	AR				
Under Arkansas law, income not taxable is required to be added back in computing the state NOL. Although Arkansas does not adopt IRC section 965, section 965 income is treated as nontaxable income required to be added back in computing the Arkansas NOL. Admin. Decision Dkt. No. 21-461 (Ark. Dep't of Fin. And Admin. July 30, 2021).	AR				
Gross income excludes all forgiven PPP loans for taxable years beginning on or after January 1, 2019. Unless the taxpayer is an "ineligible entity," expenses paid for with forgiven loan amounts can be deducted. "Ineligible entities" are certain publicly traded companies and companies that did not experience at least a 25 percent reduction in gross receipts (as determined under the CAA). Assembly Bill 80 (signed April 29, 2021).	CA				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For income tax years beginning on or after January 1, 2021 but before January 1, 2022, a corporation is allowed a subtraction that is computed by summing (1) the amount that application of the retroactive provisions of the CARES Act would have reduced a taxpayer's Colorado taxable income for each tax year ending before March 27, 2020; and (2) the amount the taxpayer was required to add back due to Colorado decoupling from the CARES Act changes to IRC section 163(j), multiplied by the apportionment factor for the year. For 2021, the subtraction is limited to the lesser of the taxpayer's Colorado taxable income or \$300,000. Unused amounts may be carried forward. House Bill 21-1002 (signed Jan. 21, 2021).	CO				
For taxpayers that took 100 percent bonus depreciation on Qualified Improvement Property (QIP) in 2018 or 2019 for federal purposes, no depreciation will be taken on the 2020 federal or Colorado return. However, such taxpayers will be allowed to "catch up" when they compute their House Bill 21-1002 subtraction. For tax years ending on and after March 27, 2020, Colorado conforms to the federal treatment of QIP, so any QIP placed in service in 2020 will be treated the same for federal and Colorado purposes. CARES Act Tax Law Changes and Colorado Impact (Colo. Dep't of Rev. Aug. 2021).	CO				
A new provision requires a taxpayer's federal taxable income to be adjusted by eliminating "any deduction for a net operating loss carryforward calculated in accordance with the provisions of the Internal Revenue Code, provided however that the deduction may not exceed the amount claimed on the federal return filed for the taxable year in which the taxpayer was included as a party." House Bill 171 (signed July 30, 2021).	DE				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Delaware Division of Revenue's longstanding practice of limiting a corporate taxpayer's NOLs to the amount of NOLs claimed on the taxpayer's federal consolidated return was not supported by the statute for the tax years at issue. <i>Director of Revenue v. Verisign, Inc.</i> (Del. Nov. 29, 2021).	DE				
For tax years beginning after December 31, 2018 and before January 1, 2021, an addition is required for the amount by which the taxpayer's interest expense deduction increased due to the CARES Act changes to IRC section 163(j). The change to the IRC allowing a 100 percent deduction for business meals does not apply for Florida corporate income tax purposes. The change to the depreciable life of certain qualified improvement property from 39 years to 15 years is not adopted in Florida. House Bill 7059 (signed June 29, 2021).	FL				
Florida adopts the CARES Act's temporary suspension of the 80 percent NOL limitation but does not conform to the five-year NOL carryback provisions. For taxable years beginning after December 31, 2020, a Florida NOL deduction may be taken as follows: first, any carryover(s) generated in a taxable year beginning before January 1, 2018, is applied against Florida tentative apportioned adjusted federal income. Any carryover generated in a taxable year beginning after December 31, 2017, is applied against 80 percent of the remaining Florida tentative adjusted federal income. TIP No. 21C01-01R (Fla. Dep't of Rev. Aug. 13, 2021).	FL				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Florida does not allow a deduction for expenses upon which federal credits are claimed unless specifically authorized by law. While a deduction is allowed for wages and salaries paid in Florida when a federal deduction is not allowed under IRC section 280C(a), deductions are not allowed with respect to other federal credits. TIP No. 21C01-01R (Fla. Dep't of Rev. Aug. 13, 2021).	FL				
Hawaii adopts now-obsolete federal Revenue Ruling 2020-27 for income tax purposes. Recipients of Paycheck Protection Program (PPP) loan proceeds cannot take deductions for expenses that are paid with forgiven loan amounts. Deductions are not allowed even if the PPP loan forgiveness is not expected until a future taxable year. Taxpayers that do not have a reasonable expectation of forgiveness may claim deductions for expenses paid. Tax Info. Release No. 2021-03 (Haw. Dep't of Tax. May 10, 2021).	HI				
For qualified property placed in service on or after January 1, 2021, Iowa conforms to federal 100 percent bonus depreciation. Further, a provision in the law that decoupled from IRC section 163(j) only if Iowa decoupled from bonus depreciation was eliminated. Therefore, Iowa conforms to bonus depreciation and remains decoupled from IRC section 163(j). Senate File 619 (signed June 16, 2021).	IA				
For the 2019 tax year only, Iowa conformed to IRC section 163(j). Beginning with the 2020 tax year, Iowa decouples from the limitation. If a taxpayer has disallowed interest carryforwards from 2019, that 2019 carryforward amount will be deducted in full on the 2020 Iowa return (regardless of whether the carried forward amounts would be deductible on the 2020 federal return). Form 2020 IA 163A Interest Expense Carryforward Adjustments.	IA				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For tax years ending on or after December 31, 2021 and prior to December 31, 2024, for corporations (other than S Corporations), including combined filing groups, no NOL carryover deduction can exceed \$100,000 for any taxable year. In determining the 12-year NOL carryforward period, no tax year for which NOL utilization is limited to \$100,000 will be counted. Senate Bill 2017 (signed June 17, 2021).	IL				
For tax years ending on after June 30, 2021, corporations are required to add back an amount equal to the deduction allowed under IRC section 250(a)(1)(B)(i). An addback is also required for an amount equal to the deductions allowed under IRC sections 243(e) and 245A(a). In computing the foreign dividends-received deduction for tax years ending on or after June 30, 2021, the term "dividend" does not include any amount treated as a dividend under IRC section 1248, and the dividends-received deduction does not apply to dividends for which a deduction is permitted under IRC section 245(a). Senate Bill 2017 (signed June 17, 2021).	IL				
For tax years ending on or after December 31, 2021, the subtraction modification for assets on which 100 percent bonus depreciation was taken is adjusted to equal the depreciation that would have been computed for federal purposes had the taxpayer elected out of bonus depreciation under IRC section 168(k)(7). Senate Bill 2017 (signed June 17, 2021).	IL				
For any taxable year ending on or after December 31, 2021, and for any net loss incurred in a taxable year prior to a taxable year ending on or after December 31, 2021, for which the statute of limitation for utilization of the net loss has not expired, the loss will be allowed as a net operating loss carryover to each of the 20 taxable years following the taxable year of the loss. House Bill 1769 (signed Nov. 16, 2021).	IL				

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 beginning after December 31, 2020, a subtraction is allowed for 100 percent of GILTI included in income under IRC section 951A before the deduction allowed under IRC section 250(a)(1)(B). Senate Bill 250 (veto overridden May 3, 2021).	KS				
Effective for tax years beginning after December 31, 2020, Kansas effectively decouples from IRC section 163(j) by allowing a subtraction for the amount disallowed as a deduction under IRC section 163(j) as in effect on January 1, 2018. Senate Bill 250 (veto overridden May 3, 2021).	KS				
Effective for tax years beginning after December 31, 2020, a subtraction applies to the amount allowed as a deduction pursuant to IRC section 274 for meal expenditures to the extent such expense was allowed and in effect on December 31, 2017; IRC section 118, which requires corporations to include in income certain contributions from state and local governments, is applied as in effect on December 21, 2017; and, a subtraction applies to the amount disallowed as a deduction for FDIC premiums pursuant to IRC section 162(r) as in effect on January 1, 2018. Senate Bill 50 (veto overridden May 3, 2021).	KS				
For NOLs incurred in tax years beginning after December 31, 2017, a deduction is allowed in the same manner that it is allowed under the IRC, except that NOLs cannot be carried back. NOLs were previously allowed to be carried forward for 10 years, so the indefinite NOL carryforward allowed under federal law now applies in Kansas. Senate Bill 50 (veto overridden May 3, 2021).	KS				

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For all taxable years commencing after December 31, 2020, a subtraction applies for the amount disallowed as a deduction pursuant to IRC section 162(r) as in effect on January 1, 2018. Only Privilege Tax taxpayers may take this deduction. Public Notice 21-16 (Kan. Dep't of Rev. July 1, 2021).	KS				
A new deduction applies for tax years commencing after December 31, 2022 related to net interest income received from qualified agricultural real estate loans attributed to Kansas and the net interest income received from single family residence loans attributed to Kansas to the extent such interest is included in the Kansas taxable income of a corporation. The deduction is available to national banking associations, state banks, trust companies, and savings and loan associations, and will be claimed on Privilege Tax Form K-130. Public Notice 21-18 (Kan. Dep't of Rev. July 13, 2021).	KS				
For tax years ending on or after March 27, 2020 but before January 1, 2022, expenses paid with PPP loans are not considered deductions directly or indirectly related to income exempt from taxation. House Bill 278 (signed March 16, 2021).	KY				
For all NOLs claimed on any return filed on or after January 1, 2022, net operating losses relating to loss years on or after January 1, 2001 may be carried forward indefinitely. Senate Bill 36 (signed June 24, 2021).	LA				
Effective for tax years beginning on or after January 1, 2022, the federal income tax deduction for corporations is repealed. House Bill 292 (signed June 16, 2021) effective contingent on voter approval of Constitutional Amendment 2 (approved Nov. 13, 2021).	LA				

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, 2019 and before January 1, 2021, an addition is required for the amount by which the taxpayer's federal business interest deduction exceeds 30 percent of adjusted taxable income. A subtraction applies for tax years beginning on or after January 1, 2021 for an amount equal to the value of any prior year addition that limited the interest expense deduction to 30 percent of adjusted taxable income. This subtraction applies only to the extent that Maine taxable income is not reduced below zero and no more than 25 percent of the amount is used as a modification in any given year. House Paper 155 (signed March 17, 2021).	ME				
For taxable years beginning after January 1, 2019 and before January 1, 2020, an addition is required for the difference between a corporate taxpayer's charitable contribution deduction as determined under IRC section 170 with and without application of Section 2205 of the CARES Act. The amount by which federal taxable income was increased due to the addition can be deducted for tax years beginning after January 1, 2020 and before January 1, 2025 House Paper 155 (signed March 17, 2021).	ME				
A statute allowing a deduction for an amount equal to the NOL carry forward disallowed as a result of the IRC section 172(a)(2) limitation has been repealed effective retroactively to tax years beginning on or after January 1, 2018. As such, Maine conforms fully to the IRC treatment of NOL carryforwards under the TCJA, as amended by the CARES Act. House Paper 155 (signed March 17, 2021).	ME				

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For each tax year beginning on or after January 1, 2021, an addition is required for an amount equal to the increase in deductions allowed for federal income tax purposes related to the provisions in the CAA that temporarily allows 100 percent of certain business meals to be deducted. House Paper 155 (signed March 17, 2021).	ME				
For tax years beginning on or after January 1, 2020, taxpayers must add back the deductions for both FDII and GILTI claimed under IRC section 250(a). Previously, an addition was required only for the deduction claimed under IRC section 250(a)(1) (B) related to GILTI. House Paper 155 (signed March 17, 2021).	ME				
Although Minnesota continues to conform to the IRC as in effect on December 31, 2018, Minnesota adopts the provisions of the CARES Act and the CAA that collectively provide forgiven PPP loans will be excluded from income and businesses that received PPP loan forgiveness may deduct their associated expenses. House File 9 (signed July 1, 2021).	MN				
For taxpayers that added back interest expense for 2019 and 2020 due to North Carolina decoupling from the CARES Act 163(j) provisions, a subtraction is allowed for 20 percent of the CARES Act section 163(j) addition modification for each of the first five taxable years beginning with the 2021 tax year. Senate Bill 105 (signed Nov. 18, 2021).	NC				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Subpart F income is generally not a dividend or deemed dividend under Nebraska law. However, because certain Subpart F inclusions are specifically deemed to be dividends under the Internal Revenue Code, these inclusions will be treated as deemed dividends for Nebraska purposes. These include: IRC section 964(e)(4) gains on the sale or exchange by a Controlled Foreign Corporation of stock in another foreign corporation; IRC section 245A(e) (2) hybrid dividends; and IRC section 954(c)(1)(A) Foreign Personal Holding Company dividends. Any deduction for Subpart F income claimed as a dividend or deemed dividend other than those specifically designated will be disallowed. Revenue Ruling No. 24-21-1 (Neb. Dep't of Rev. Feb. 17, 2021).	NE				
For tax years ending after March 3, 2020, in determining gross business profits, no amount shall be included in the gross business income of the eligible recipient by reason of forgiveness of indebtedness issued or created under the federal PPP. Senate Bill 3 (signed June 10, 2021).	NH				
Only the amount of NOL carryovers that could have absorbed income during NOL suspension periods are entitled to an extension of the carryover period. In other words, if there was no income to absorb the NOL during the suspension period, the carryover period is not extended. <i>Fifth Third Equipment Finance Co. v. Dir., Div. of Taxation</i> (N.J. Tax Ct. Feb. 23, 2021).	NJ				
Reversing the tax court, an appellate court held that unless a royalty recipient pays Corporation Business Tax (CBT) on the entire royalty deduction amount, the royalty payor will not receive a full deduction for the royalty payment. In the court's view, there is nothing unreasonable about allowing an exception only to the extent the related party paid New Jersey CBT on the royalty income. <i>Lorillard Tobacco Co. v. Division of Taxation</i> (N.J. Super. Sep. 21, 2021).	NJ				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Application of the <i>Nextel</i> decision severing the flat dollar NOL limitation prospectively did not violate the state's uniformity clause, or any other constitutional provisions. Because the 2014 law was not unconstitutional and was valid, in toto, until 2017, a taxpayer that applied the percentage cap taxpayer paid the correct amount of tax and was not entitled to a refund. <i>Alcatel-Lucent USA Inc. v. Pennsylvania</i> (Pa. Commw. Ct. Sept. 13, 2021).	PA				
If the amount of PPP loan forgiveness exceeds \$250,000, the incremental amount above \$250,000 must be included in income for Rhode Island corporate income, bank excise and personal income tax purposes. Interest and penalty on the portion of the forgiven PPP loan for 2020 that is taxable will be waived provided that the tax on that portion is paid in full by the taxpayer on or before March 31, 2022. House Bill 6122 (signed July 6, 2021).	RI				
For tax years beginning after 2017, South Carolina does not adopt IRC section 163(j). Accordingly, any IRC section 163(j) carryforwards are disallowed for tax years beginning after December 31, 2017. South Carolina Revenue Ruling No. 21-2 (S.C. Dep't of Rev. Jan. 26, 2021).	SC				
South Carolina does not adopt (1) the provisions of the CARES Act that temporarily suspend the 80 percent limitation on the use of NOLs generated in 2018, 2019 and 2020, (2) the CARES Act provision that modifies the charitable contribution limitation for corporations from 10 percent to 25 percent of taxable income for 2020, or (3) the provisions of the CAA that temporarily allow 100 percent deduction for business meals. House Bill 4017 (signed May 18, 2021).	SC				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Effective retroactively to the last tax year beginning on or before December 31, 2017 and tax years beginning on or after January 1, 2018, amounts included in income under IRC sections 965(a) and 951A are eligible for the state's 50 percent foreign dividends received deduction. Further, the computation of Utah unadjusted income starts with federal taxable income before NOLs and special deductions, which include deductions under IRC section 250 or section 965(c). House Bill 39 (signed March 22, 2021).	UT				
For corporations, Virginia decouples from the CARES Act changes (1) suspending the 80 percent limitation on NOLs and allowing NOL carrybacks; and (2) temporarily enhancing the amount of business interest that can be deducted under IRC section 163(j). House Bill 1935 and Senate Bill 1146 (signed March 15, 2021).	VA				
For tax years beginning on and after January 1, 2020, but before January 1, 2021, an addback of expenses paid with forgiven PPP loans is required to the extent the expenses exceed \$100,000. House Bill 1935 and Senate Bill 1146 (signed March 15, 2021).	VA				
For the 2020 and 2021 tax years, forgiven PPP loans are not taxable in Vermont, and ordinary deductible business expenses paid using forgiven PPP loans are also deductible. House Bill 315 (enacted without signature April 17, 2021); House Bill 436 (signed June 8, 2021).	VT				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Because the Department of Revenue was prohibited from advancing a position contrary to guidance in its Publication 119, cash distributions from a foreign partnership, which had elected to be treated as a corporation for federal income tax purposes, were eligible for the Wisconsin dividends-received deduction for tax years at issue. Publication 119 was amended in 2019 to remove the language stating that “[i]f an LLC is classified as a corporation, an LLC interest is treated in the same manner as stock.” <i>Wisconsin Dep’t of Rev. v. Deere & Company</i> (Wis. Ct. App. Feb. 25, 2021).	WI				
Wisconsin adopted sections 276(a) and (b) and 278(a) of Division N of Public Law 116-260, addressing the tax treatment of income and expenses relating to the original and subsequent PPP. Taxpayers may exclude from income the forgiveness of debt on PPP loan proceeds and deduct expenses paid with PPP loan proceeds that are otherwise deductible. Assembly Bill 2 (signed February 18, 2021).	WI				

Allocable or Apportionable Income	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Gain from the sale of the right to market an oncology drug in the U.S. and Canada was operational (business) income because the taxpayer continued to be engaged in the business of selling other oncology drugs and retained rights to sell the drug in other global markets. As such, the so-called liquidation exception to the functional test for business income did not apply. <i>Elan Pharm., Inc. v. Dir., Div. of Taxation</i> (N.J. Super. Jan. 26, 2021).	NJ				

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 on or after January 1, 2021, corporations will apportion their income to Alabama using single-sales factor apportionment. Further, the throwback rule that applies to sales attributed to a state where a taxpayer is not taxable, and sales made to the U.S. Government that originate in Alabama, is also repealed. House Bill 170 (signed Feb. 12, 2021).	AL				
Taxpayers are not required to prepare 2020 tax returns in accordance with the proposed changes to CCR section 25136-2, which address sourcing of sales of other than tangible personal property. Applicability Date of Proposed Revisions to California Code of Regulations, Title 18, Section 25136-2 (Cal. Franchise Tax Bd. Apr. 15, 2021).	CA				
A complaint alleging that Proposition 39, which was approved by voters in November 2012, should be invalidated because it violates the state's constitutional single-subject rule for initiative measures has been dismissed by a trial court. Recall, Proposition 39 mandated that most corporate taxpayers use single-sales factor apportionment and the corresponding market-based sourcing rules, but it also created a special apportionment rule for cable companies and created a fund for clean energy projects. <i>One Technologies LLC. v. FTB</i> (Cal. Super. Ct. Nov. 10, 2021).	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, House Bill 1311 (signed June 23, 2021).	CO				
For purposes of applying the state's apportionment statute and regulations, bitcoin is treated as intangible personal property, but it is not included under the more limited definition of patents, trademarks, copyrights, or other similar items. GIL-IT-21-004 (Ill. Dep't of Rev. Aug. 31, 2021).	IL				
A pharmacy benefit management company was providing services, not selling tangible personal property, and was therefore required to use the income-producing activity test that applied to sales of other than tangible personal property for the tax year at issue. <i>Express Scripts, Inc. v. Indiana Dep't of State Rev.</i> (Ind. Tax Ct. May 14, 2021).	IN				
For the tax year at issue, receipts from federal patent infringement litigation were attributed to Massachusetts because the receipts related to the taxpayer's enforcement of legal rights and the taxpayer was commercially domiciled in Massachusetts. <i>SynQuor, Inc. v. Comm'r of Rev.</i> (Mass. Ct. App. Jan. 27, 2021).	MA				
A group of related corporations that each owned less than 20 percent of a limited partnership were required under an alternative formula to use the single sales factor apportionment formula applicable to manufacturing corporations. The limited partnership's primary business was designing, manufacturing, distributing, and selling medical devices. <i>Lafayette Pharma, Inc. v. Comptroller of Maryland</i> (Md. Ct. Spec. App. May 6, 2021).	MD				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For the tax year beginning after December 31, 2021, a 100 percent sales factor applies. Md. Code Ann. Tax-Gen. § 10-402(d)(2).	MD				
Gain related to the sale of stock treated as an asset sale under IRC section 338(h)(10) was not included in the sales factor in computing Michigan Business Tax (MBT) liability. In the court's view, an IRC section 338(h)(10) asset sale was not a "sale" as defined in the MBT law, which referred to sales of inventory and stock in trade, and appeared to capture sales of less than a taxpayer's entire business. <i>Vectron Infrastructure Services Corp. v. Treasury</i> (Mich. Ct. Claims May 25, 2021).	MI				
A taxpayer's market for a service is in Missouri if and to the extent the ultimate beneficiary of the service is in Missouri. A recently finalized regulation effective for tax years beginning on or after January 1, 2020 provides guidance and examples for determining the ultimate beneficiary of a service. 12 CSR 10-2.076 Allocation and Apportionment (Mo. Dep't of Rev. effective March 30, 2021).	MO				
Effective for tax years beginning after June 30, 2021, income is apportioned to Montana through the use of a double weighted sales factor formula. Senate Bill 376 (signed May 11, 2021).	MT				
The Department of Revenue will no longer follow a 2011 ruling holding that gain from the sale of an out-of-state taxpayer's minority limited partnership interest was nonapportionable income allocable to the taxpayer's state of commercial domicile. The definition of apportionable income was revised in 2017 and, as such, the 2011 ruling no longer correctly applies the law and will not be followed for transactions occurring after December 31, 2020. Important Notice: Corporate Tax – Secretary Announces that New Statute Abrogated Prior Final Agency Decision (N.C. Dep't of Rev. Dec. 31, 2020).	NC				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Receipts from providing asset management services to businesses are sourced based on where the customer principally manages the contract. If the place of customer contract management is not reasonably determinable, the receipts should be sourced to the customer's place of order; or, if the customer's place of order is not reasonably determinable, to the customer's billing address. However, if the taxpayer derives more than 5 percent of its receipts from sales of all services from a business customer, the taxpayer must identify the state where the contract of sale is principally managed by the customer. Receipts from providing asset management services to individuals are sourced to the individual's state of primary residence or, if that cannot reasonably be identified, billing address. CPLR-2021-01 (N.C. Dep't of Rev. Aug. 13, 2021).	NC				
For tax periods ending on or after December 31, 2022, a business organization's gross receipts will be apportioned using the sales factor only. N.H. Rev. Stat. Ann. § 77-A:3(I)(b).	NH				
In determining where a service was performed or what portion of the service was performed in New York City, the activities and compensation of all employees who contributed to the performance of services provided to clients, including salespeople, IT staff, consulting managers, as well as core consultants, were counted. The court rejected the taxpayer's position that only the locations and amounts paid to consultants and research managers who provided services directly to clients should be counted. <i>Gerson Lehrman Grp., Inc. v. New York City Tax App. Trib.</i> (N.Y. App. Div. Apr. 6, 2021).	NYC				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For taxpayers engaged in broadcasting sales, a taxpayer's market for sales is in Oregon if the taxpayer's audience or subscribers are in Oregon. The numerator of the sales factor will include sales determined using third-party ratings information where available, and a taxpayer with sales from broadcasting will make actual information from the taxpayer's books, papers, records or memoranda available to the Department of Revenue to determine the taxpayer's audience or subscribers. The denominator of the sales factor will generally include the total gross receipts derived by the taxpayer from transactions in the regular course of the taxpayer's trade or business, including receipts from real or tangible personal property. Senate Bill 136 (signed May 21, 2021).	OR				
Subpart F income that remains in the tax base after the dividends received deduction constitutes gross receipts for apportionment purposes. However, the Subpart F and dividend income included in the tax base may be excluded from the receipts factor under a provision that excludes receipts from holding intangible assets. An exception to the exclusion applies if the receipts are derived from the taxpayer's primary business activity, which requires an analysis of the whether the primary business activity of the subsidiary that generated the Subpart F or dividend income and the Parent are the same. <i>Oracle Corp. and Subs. v. Dep't of Rev.</i> (Ore. Tax Ct. Oct. 6, 2021).	OR				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The rules for sourcing receipts to Texas have been revised, and various types of businesses, particularly those engaged in service industries, will be affected by the rule changes. Many of the changes are “expositions of existing Comptroller policy” and therefore do not apply prospectively only. Rule § 3.591 <i>Margin; Apportionment</i> (effective Jan. 24, 2021).	TX				
The Texas Supreme Court will review a case holding that receipts from providing satellite radio services were performed where the “receipts-producing end-product act” associated with service occurred, which was where the customer’s car radio was located. <i>Hegar v. Sirius XM Radio, Inc.</i> (review granted Sept. 3, 2021).	TX				
Under Texas law, gross proceeds (rather than net proceeds) from sales of securities that are treated as inventory under the Internal Revenue Code are included in the seller’s apportionment factor. A taxpayer that elected to treat certain securities similar to inventory securities for federal income tax purposes could not include gross proceeds from sales of such securities in its apportionment calculation. In the court’s view, only gross proceeds from sales of securities that have the unique characteristics of inventory securities are included in the factor. CITGO Petroleum Corp. v. Hegar (Tex. Ct. App. Oct. 14, 2021).	TX				

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 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 where in which the taxpayer is not taxable is repealed. Senate Bill 2026 (signed April 9, 2021).	WV				

Filing Methodologies	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Legislation providing that domestic corporations with no property and payroll or de minimis property or payroll can be included in a Colorado combined group will be applied for tax periods beginning on or after September 1, 2019. "De minimis" means less than \$100,000 of property and payroll, combined. Rule 39-22-303-1. and Rule 39-22-303(11) (f) (Colo. Dep't of Rev. March 2, 2021).	CO				
Effective for tax years beginning on or after January 1, 2022, a combined group will include any C-corporation member that is incorporated in a foreign jurisdiction for the purpose of tax avoidance. Taxpayers that are incorporated in certain enumerated jurisdictions are presumed to be incorporated in a foreign jurisdiction for purposes of tax avoidance unless the taxpayer can prove to the satisfaction of the Executive Director that its operations in the foreign jurisdiction have economic substance. House Bill 1311 (signed June 23, 2021).	CO				

Filing Methodologies	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A unitary business group does not include the income of those members whose business activity outside of the United States makes up 80 percent or more of the member's total business activity measured by means of the property and payroll factors. Applying a substance over form analysis, the Tribunal concluded that an entity was not the true employer of certain expatriated employees and therefore did not meet the test for being an excluded 80/20 company. <i>Pepsico, Inc. and Affiliates v. Illinois Dep't of Revenue</i> (Ill. Tax. Trib. May 4, 2021).	IL				
Certain companies constitute a single company for purposes of the gross premiums tax, and therefore Indiana will treat the companies as one filer not subject to Indiana adjusted gross income tax. Rev. Ruling No. IT 21-01 (Ind. Dep't of Rev. Feb. 23, 2021).	IN				
Because the definition of an affiliated group was retroactively revised to include certain non-U.S. entities, the Division of Taxation will allow a change to the combined group's filing method used on the 2019 return when the 2020 Corporation Business Tax return is filed. No retroactive changes will be permitted with respect to elections made for the 2019 privilege periods. TB-89(R) (N.J. Div. of Tax. Jan. 13, 2021).	NJ				
Since non-U.S. corporation members of the New Jersey combined group that use International Financial Reporting Standards (IFRS) would have substantial difficulty converting to U.S. GAAP merely for New Jersey Corporation Business Tax purposes, the Division of Taxation will accept IFRS as an acceptable accounting method that "reasonably approximates income" if that is the only method of accounting the specific entity uses. TB-101 (N.J. Div. of Tax. Feb. 8, 2021).	NJ				

Filing Methodologies	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A Corporate Activity Tax (CAT) unitary group shall designate a single member as reporting entity to register, file and pay taxes on behalf of the unitary group. The unitary group may change the reporting entity only when the entity no longer has substantial nexus with this state, is no longer a member of the unitary group or as otherwise permitted or required by the Department of Revenue in rule, at which time the unitary group taxpayer shall designate another entity as the reporting entity. Senate Bill 164 (signed July 19, 2021).	OR				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The cap on the amount of R&D tax credits corporations may claim is increased from 50.01 percent to 70 percent of their annual tax liability phased in over two years. For income year 2022, R&D tax credits may be claimed up to 60 percent of the corporation's tax liability. For income year 2023 and thereafter, R&D tax credits may be claimed up to 70 percent of the corporation's tax liability. R&D tax credits earned in income year 2021 and thereafter may be carried forward for 15 years. Senate Bill 1202 (signed June 23, 2021).	CT				
A taxpayer did not hold its equipment rental fleet out for sale in the ordinary course of business so that it was considered inventory qualifying for the credit for property taxes paid. While renting items while they are waiting to be sold does not disqualify them as inventory for purposes of the credit, the taxpayer at issue generally only sold equipment at the end of its useful life. <i>Herc Rentals, Inc. v. Robinson</i> . (La. Bd. Tax App. Jan. 13, 2021).	LA				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A revised rule provides guidance on the franchise tax R&D credit and addresses the disconnect between federal and state law that exists because Texas adopts the Internal Revenue Code as of December 31, 2011 for purposes R&D tax credit. The revised rule clarifies that federal regulations adopted after that date are applied for Texas purposes only to the extent that the federal regulation is made to apply to the 2011 federal tax year. The changes appear to be applied retroactively, as well as prospectively. 34 TAC §3.599 (Tex. Comp. Oct. 24, 2021).	TX				
The research and development expenses tax credit and the major research and development expenses tax credit can be applied against the bank franchise tax for taxable years beginning on and after January 1, 2021 and before January 1, 2025. Previously the credits were available only against the individual and corporate income tax. House Bill 1916 (signed March 11, 2021).	VA				
For tax years beginning after December 31, 2020, up to 15 percent (increased from 10 percent) of the Wisconsin research expense credit is refundable. Assembly Bill 68 (signed July 8, 2021).	WI				

Administrative	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A penalty was imposed on a taxpayer for not filing an amended corporate return electronically and although the amended return resulted in a taxpayer refund, the penalty was based on the taxpayer's overall liability for the tax year. <i>In the Matter of Costco Wholesale Corp. & Subs</i>, (Office of Admin. Hearings Sept. 29, 2021).	AK				
For tax years beginning after December 31, 2019, financial institution excise taxpayers have been required to make quarterly estimated payments. Taxpayers that suspect that their financial institution has been or may be billed for underpaying the 2020 estimated tax payments, are advised to file a Request for Waiver of Penalty (Form PWR). Form PWR may be included with 2020 Financial Institution Excise Tax returns that have not yet been filed, because of the extended due date, as well as 2021 returns. The Department will waive both penalties and interest resulting from underpayments of estimated tax payments that were not attributable to an intentional disregard of the law. Notice ALDOR Reminds Financial Institutions to Avoid Underpaying Excise Tax (Ala. Dep't of Rev. Aug. 5, 2021).	AL				
The Arkansas income tax return deadline is extended to one month after the due date of the federal income tax return effective for tax years beginning on or after January 1, 2021. Act 629 (signed April 13, 2021).	AR				
For tax years beginning from and after December 31, 2020, the due date for a corporate or exempt organization income tax return that has been extended is seven months after the initial due date of the return. Small business corporations, as defined in Arizona law, do not qualify for the enhanced extension. Senate Bill 1350 (signed April 5, 2021).	AZ				

Administrative	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A tax amnesty program will be held from November 1, 2021 to January 31, 2022. Under the program, qualifying taxpayers may receive an abatement of penalties and 75 percent of any interest owed for the affected taxable period. Senate Bill 1202 (signed June 23, 2021).	CT				
For any tax year commencing after December 31, 2019, the due date of the Kansas corporate income tax return is not later than one month after the due date of the federal corporate income tax return, including any applicable extensions. Senate Bill 50 (veto overridden May 3, 2021).	KS				
Federal Schedule UTP is one of the items that is required to be submitted as part of a full and complete New Jersey return if the taxpayer filed the schedule for Federal purposes. TB-98(R) (N.J. Div. of Tax. Aug 20, 2021).	NJ				
For purposes of the one percent business profits tax on businesses with gross receipts over \$5 million that became effective January 1, 2021, the Portland Metro area will not assess penalties if estimated tax payments and withholdings are not made in 2021. The first annual tax returns are due April 15, 2022. Metro Supportive Housing Services Program Tax Information and FAQs (Jan. 2021).	OR				
For CAT purposes, a new definition of "tax year," defines that term to mean a taxpayer's annual accounting period for federal income tax purposes. As such fiscal year filers may use their federal tax year as the tax year for the CAT. To facilitate the change, fiscal year taxpayers will need to file a short-year return covering the period from January 1, 2021 to the last day of the taxpayer's fiscal year that ends in 2021. Senate Bill 164 (signed July 19, 2021).	OR				

Administrative	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For tax years beginning after December 31, 2020, the deadline for filing corporate net income tax returns has been modified from 30 days after the due date of the federal return to the 15th day of the month following the due date of the federal return. House Bill 766 (signed April 22, 2021).	PA				
For tax years beginning on or after January 1, 2021, taxpayers may request an extension of seven months to file a franchise and excise tax return. Previously, extension requests for franchise and excise tax returns were limited to six months. House Bill 1011 (signed May 26, 2021).	TN				
A statutory provision imposing a \$10,000 penalty on taxpayers that failed to file the combined informational reports that were due on July 1, 2021, or that filed reports with material omissions, has been eliminated. House Bill 7001 (signed Aug. 10, 2021).	VA				

Franchise Tax Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The phase-out of the capital tax, which was scheduled to be completed by 2024, has been slowed down. For income tax years commencing prior to January 1, 2024, the tax will be imposed at a rate of 3.1 mills (\$.0031) on each dollar of capital. Thereafter, the rate will be reduced each year until the tax is phased out for income years commencing on or after January 1, 2028. Senate Bill 1202 (signed June 23, 2021).	CT				
The Illinois franchise tax imposed on paid-in capital was scheduled to be fully phased out by gradually increasing the amount of tax liability considered exempt through 2024. The phase-out is reversed with the exemption level remaining at only \$1,000 through 2024 and beyond. House Bill 2017 (signed June 17, 2021).	IL				

Franchise Tax Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
No franchise tax will be due on the first \$300,000 of taxable capital for all taxpayers beginning January 1, 2023. The corporation franchise tax rate is reduced from \$3 per \$1,000 of taxable capital above \$300,000 to \$2.75 per \$1,000 of taxable capital above \$300,000. Senate Bill 161 (signed June 16, 2021) effective contingent on voter approval of Constitutional Amendment 2 (approved Nov. 13, 2021).	LA				
Effective for tax years beginning on or after January 1, 2023 and applicable to the calculation of franchise tax reported on the 2022 return, the franchise tax is determined solely by measuring a corporation's net worth. The alternative bases of 55 percent of the corporation's appraised value, or the corporation's actual investment in tangible property in the state are eliminated. Senate Bill 105 (signed Nov. 18, 2021).	NC				
The Business Enterprise Tax rate is reduced from 0.6 percent to 0.55 for tax periods ending on or after December 31, 2022. House Bill 2 (signed June 25, 2021).	NH				
The tax on business capital that was phased out for tax years beginning after 2020 is reinstated. For tax years beginning on or after January 1, 2021, and prior to January 1, 2024, the business capital tax is imposed at a 0.1875 percent rate. Assembly Bill 3009/Senate Bill 2509 (signed April 19, 2021).	NY				

2020-2022 State Corporate Income Tax Rate Chart[a]

		Rate		
State		2020	2021	2022
Alabama		6.50%	6.50%	6.50%
Alaska		9.40%	9.40%	9.40%
Arizona		4.90%	4.90%	4.90%
Arkansas		6.50%	6.20%	5.90%
California		8.84%	8.84%	8.84%
Colorado	[b]	4.55%	4.50%	4.55%
Connecticut	[c]	8.25%	8.25%	8.25%
Delaware		8.70%	8.70%	8.70%
District of Columbia		8.25%	8.25%	8.25%
Florida	[d]	4.458%	3.535%	5.500%
Georgia		5.75%	5.75%	5.75%
Hawaii		6.40%	6.40%	6.40%
Idaho		6.925%	6.500%	6.500%
Illinois	[e]	9.50%	9.50%	9.50%
Indiana	[f]	5.375%	5.075%	4.900%
Iowa		12.00%	9.80%	9.80%
Kansas	[g]	7.00%	7.00%	7.00%
Kentucky		5.00%	5.00%	5.00%
Louisiana		8.00%	8.00%	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		6.75%	6.75%	6.75%
Nebraska		7.81%	7.81%	7.50%
Nevada				
New Hampshire	[h]	7.70%	7.70%	7.60%
New Jersey	[i]	11.50%	11.50%	11.50%
New Mexico		5.90%	5.90%	5.90%
New York	[j]	6.50%	7.25%	7.25%
North Carolina		2.50%	2.50%	2.50%
North Dakota		4.31%	4.31%	4.31%
Ohio				
Oklahoma		6.00%	6.00%	4.00%
Oregon	[k]	7.60%	7.60%	7.60%
Pennsylvania		9.99%	9.99%	9.99%

		Rate		
State		2020	2021	2022
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		4.95%	4.95%	4.95%
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] Effective for the 2021 tax year, Colorado's income tax rate is reduced from 4.55% to 4.5%.
- [c] The listed tax rate for Connecticut includes 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 unitary combined returns are subject to the surcharge regardless of income level. Conn. Gen. Stat. § 12 – 214(b)(6) (A), (b)(7)(A), (b)(8)(A).
- [d] 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 will revert to 5.5 percent. Florida Tax Information Publication No. 21C01-02 (Sept. 14, 2021).
- [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 from 2020-2021 are:
- 5.25 percent, after June 30, 2020, and before July 1, 2021.
 - 4.9 percent, after June 30, 2021.
- [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] The tax rate for New Hampshire does not include the Business Enterprise Tax. N.H. Rev. Stat. Ann. § 77-E:2.
- [i] 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 imposed pursuant to this section 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.
- [j] 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 and 2022 tax years. NYCRR 9-1.2.
- [k] A 6.60 percent tax rate applies to the first \$1 million of Oregon taxable income. Or. Rev. Stat. § 317.061.

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