



TWIST-Q – 2018 Summary of developments

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 2018 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.

There have been a plethora of changes in state laws and guidance this year related to federal tax reform. As such, we have a new section of the *TWIST-Q* checklist for 2018 bills addressing state tax conformity to the Internal Revenue Code. Please note that many of the conformity bills are quite complex. Certain states decoupled from many federal provisions. In the checklist, we will note when the state has addressed or decoupled from key corporate federal provisions. However, in light of the complexity of these conformity bills, it is likely best to review the conformity legislation for a thorough understanding of all the provisions from which the state has decoupled or addressed.

Rate changes	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, 2019, the corporate income tax rate is reduced from 6.0 percent to 5.75 percent. An additional corporate rate reduction to 5.5 percent applies to tax years beginning on or after January 1, 2020, but only if a joint resolution is passed by both houses of the General Assembly and signed into law on or after January 13, 2020. The reduced rate (whether it is 5.75 percent or 5.5 percent) expires on the last moment of December 31, 2025. House Bill 918 (signed March 2, 2018).	GA				
The corporate income tax rate is reduced from 7.4 percent to 6.925 percent effective for tax years beginning on or after January 1, 2018. House Bill 463 (signed March 12, 2018).	ID				

Rate changes	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, 2021, on the first \$100,000 of taxable income the corporate income tax rate is reduced to 5.5 percent. On taxable income between \$100,000 and \$250,000, the rate is 9.0 percent, and on taxable income of \$250,000 or more, the rate is 9.8 percent. Senate File 2417 (signed May 30, 2018).	IA				
Effective for tax years beginning on or after January 1, 2021, the corporate AMT is repealed. Senate File 2417 (signed May 30, 2018).	IA				
Effective for tax years beginning on or after January 1, 2018, the corporate income tax rate is a flat 5.0 percent. House Bill 366 (enacted April 13, 2018).	KY				
The corporate rate structure for tax years beginning after December 31, 2017 is the following: 3.5 percent on income not over \$350,000, 7.93 percent on income not over \$1,050,000, 8.33 percent on income not over \$3,500,000 and 8.93 percent on income of \$3,500,000 or more. Previously, the 8.93 percent rate applied to income of \$250,000 or more. Senate Paper 612 (enacted Sept. 12, 2018).	ME				
The alternative minimum tax imposed on corporations is repealed effective for tax years beginning on or after January 1, 2018. Senate Paper 612 (enacted Sept. 12, 2018).	ME				
For all tax years beginning on or after January 1, 2020, the corporate income tax rate is reduced from 6.25 percent to 4.0 percent. Senate Bill 884 (signed June 1, 2018).	MO				

Rate changes	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>For all tax years beginning in a calendar year in which there is a reduction in the rate of tax imposed under the corporate income tax law, there shall be a corresponding and proportional reduction in the rate of franchise tax imposed on banks, thrifts, and credit institutions. Missouri's corporate income tax rate is scheduled to drop 36 percent from 6.25 percent to 4.0 percent for all tax years beginning on or after January 1, 2020. Thus, the current 7.0 percent franchise tax rate applicable to banks, thrifts and credit institutions should likewise be reduced by 36 percent to 4.48 percent beginning for the same period. Senate Bill 769 (signed July 5, 2018).</p>	MO				
<p>As a result of combined unrestricted general and education trust fund revenues of \$4.64 billion being collected during the biennium that ended June 30, 2017, for taxable periods ending on or after December 31, 2018, the Business Profits Tax rate is reduced to 7.9 percent and the Business Enterprise Tax rate is reduced to 0.675 percent. Additional, non-contingent rate reductions enacted in 2017 apply to later years. Technical Information Release 2018-001 (Jan. 5, 2018).</p>	NH				
<p>Corporation Business Tax taxpayers, except public utilities, having allocated taxable New Jersey net income in excess of \$1 million are subject to an additional 2.5 percent rate of tax for the privilege periods beginning on or after January 1, 2018 through December 31, 2019. For privilege periods beginning on or after January 1, 2020 through December 31, 2021, the additional tax rate for taxpayers with allocated net taxable income in excess of \$1 million is 1.5 percent. Assembly Bill 4202 (enacted July 1, 2018).</p>	NJ				

Rate changes	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For privilege periods ending on and after July 31, 2019, the minimum tax of each member of a combined group filing a mandatory or elective New Jersey combined return is \$2,000 for each member. Assembly Bill 4495 (signed Oct. 4, 2018).	NJ				
To be considered a qualified New York manufacturer, a taxpayer had to establish that (1) it was a manufacturer; (2) it had property in New York that was described in New York Tax Law § 210(12)(b)(i)(A); and (3) either the adjusted basis of that property for federal income tax purposes was at least equal to \$1 million or all of its real and personal property was located in New York. Because the qualifying property (1) had to be used to manufacture goods and (2) goods did not include electricity, the property of a manufacturer principally engaged in the production of electricity did not meet the property requirements for a “Qualified New York manufacturer” entitled to benefit from a capital tax base cap for the tax years at issue. <i>Matter of Transcanada Facility USA, Inc.</i> (N.Y. Div. Tax App. June 7, 2018).	NY				
For tax years beginning on or after January 1, 2019 and before January 1, 2020, the New York MTA surcharge rate has increased from 28.6 percent to 28.9 percent. Emergency Rule 20 Sec. 9-1.2(e) (Nov. 13, 2018).	NY				
For tax years beginning on or after January 1, 2018, the corporate income tax is reduced from 5.0 percent to 4.95 percent. House Bill 293 (signed March 26, 2018).	UT				

Nexus	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A company with a single employee in the state, who wrote code for the company’s internal systems, was “transacting business” in Idaho and had corporate income tax nexus. Lack of contact with Idaho customers was not dispositive of whether the employee’s presence created nexus. Decision No. 0-704-071-680 (Idaho Tax. Comm. June 22, 2018).</p>	ID				
<p>Under Indiana law, for income tax purposes the sale of all software is treated as the sale of tangible personal property. As such, an S corporation did not have Indiana corporate income tax nexus as a result of soliciting a sale of custom software and transferring that software to an Indiana customer. However, if the company performed more than a minimal amount of services in Indiana, such as maintenance or support, Public Law 86-272 protection would likely be exceeded. Revenue Ruling No. 2018-01IT (Ind. Dep’t of Rev. Sept. 5, 2018).</p>	IN				
<p>A corporate owner of a single-member LLC leasing airplanes in Kentucky was doing business in Kentucky and had corporate income tax nexus. The corporation must include the LLC’s apportionment information in computing its Kentucky sales factor. KY-GIL-18-01 (Kentucky Dep’t of Revenue July 24, 2018).</p>	KY				
<p>A partnership does not become a taxable entity simply by virtue of having a nonresident corporate partner file a refund claim after previously agreeing to be subject to tax. The taxable entity is the corporate partner and the partnership has no independent tax liability of its own. <i>National Auto Dealers Exchange, L.P. v. Director, Division of Taxation</i> (N.J. Tax Ct. Feb. 26, 2018).</p>	NJ				

Nexus	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A taxpayer that earned receipts from in-state customers had "income derived from sources" in Oregon and therefore was subject to the state's corporate income tax, despite lacking a physical presence in the state. <i>Capital One Auto Finance, Inc. v. Dep't of Revenue</i>. (Ore. Aug. 9, 2018).</p>	OR				
<p>Single-member LLCs wholly owned by a tax-exempt IRC section 401(a) pension trust are required to file franchise tax reports. Although the section 401(a) trust was not a taxable entity, the LLCs were legal entities separate from the trust, and the tax-exempt status of the trust did not extend to the LLCs. Private Letter Ruling No. 2017010155 (Tex. Comp. Public Accounts March 26, 2018).</p>	TX				
<p>A company's ongoing rights to software licensed to Texas customers did not create physical presence for franchise tax purposes. Despite the <i>Wayfair</i> decision, Texas continues to apply the physical presence requirement for franchise tax purposes, until further notice. Private Letter Ruling, No. 201809005L (Tex. Comptroller Sept. 7, 2018).</p>	TX				
<p>Under Vermont law, substantial nexus does not require physical presence. Income tax nexus is established when a foreign corporation intentionally or regularly exploits Vermont's market. Examples of activities that are considered to create Vermont income tax nexus include, but are not limited to, making loans to Vermont residents and using or selling intangible property in Vermont. Technical Bulletin No. TB-70 (March 1, 2018).</p>	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 from and after December 31, 2017, Arizona adopts the Internal Revenue Code of 1986 as amended and in effect on January 1, 2017. For tax years beginning from and after December 31, 2016 through December 31, 2017, Arizona adopts the Code as in effect on January 1, 2017, but includes Tax Cuts and Jobs Act provisions that are effective retroactively during taxable years beginning from and after December 31, 2016 through December 31, 2017. House Bill 2647 (signed April 5, 2018).	AZ				
Florida adopts the Internal Revenue Code of 1986 as amended and in effect on January 1, 2018. House Bill 7093 (signed March 23 2018).	FL				
For tax years beginning on or after January 1, 2017, Georgia adopts the Internal Revenue Code as of February 9, 2018, except for a number of specifically enumerated sections. IRC sections 118, and 163(j) apply as they were in effect before the enactment of the Tax Cuts and Jobs Act. House Bill 918 (signed March 2, 2018).	GA				
Hawaii adopts the Internal Revenue Code as amended as of February 9, 2018. However, many provisions are not operative for Hawaii purposes, including IRC section 250. Note that Subchapter N, which includes IRC sections 861 to 999, has historically not been operative for Hawaii tax purposes. Senate Bill 2821 (June 7, 2018).	HI				
For taxable years beginning on or after the first day of January 2018, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and in effect on the first day of January 2018. House Bill 463 (signed March 12, 2018).	ID				
Indiana adopts the Internal Revenue Code of 1986 as amended and in effect on February 11, 2018. House Bill 1316 (signed May 14, 2018).	IN				

IRC Conformity	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Iowa currently conforms to the Code as of January 1, 2015. For tax years beginning during the 2019 calendar year, Iowa adopts the Internal Revenue Code of 1986 as amended and in effect on March 24, 2018. For tax years beginning on or after January 1, 2020, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended. Senate File 2417 (signed May 30, 2018).	IA				
References to the "Internal Revenue Code" are revised to refer to the Code as amended through March 23, 2018. Senate Paper 612 (enacted Sept. 12, 2018).	ME				
The definition of "Internal Revenue Code" means the Internal Revenue Code of 1986 in effect on January 1, 2018 or at the option of the taxpayer, in effect for the tax year. Senate Bill 748 (signed Feb. 28, 2018).	MI				
Nebraska adopts the Internal Revenue Code of 1986 as it existed on April 11, 2018. Legislative Bill 1091 (signed April 11, 2018).	NE				
North Carolina adopts the Internal Revenue Code as of February 9, 2018. Senate Bill 99 (enacted June 12, 2018).	NC				
"Internal Revenue Code" means the federal Internal Revenue Code, as amended and in effect on December 31, 2017. Senate Bill 1529 (signed April 10, 2018).	OR				
South Carolina adopts the Internal Revenue Code of 1986, as amended through February 9, 2018. Historically, South Carolina has not adopted several sections of the Internal Revenue Code, including sections 944 through 989 relating to the taxation of foreign income. The conformity bill expands the list of sections that are not adopted by South Carolina, including but not limited to, section 250, section 163(j), and section 118(b)(2). House Bill 5341 (signed Oct. 3, 2018).	SC				

IRC Conformity	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For bank tax purposes, South Dakota adopts the Internal Revenue Code as amended and in effect on January 1, 2018. House Bill 1049 (signed Feb. 5, 2018).	SD				
Virginia adopts the Internal Revenue Code as of February 9, 2018, but does not adopt any provisions of the Tax Cuts and Jobs Act that became effective on January 1, 2018 or thereafter. House Bill 154 and Senate Bill 230 (enacted Feb. 23 and 22, 2018).	VA				
Vermont conforms to the statutes of the United States relating to the federal income tax as in effect on December 31, 2017. House Bill 16 (enacted July 2, 2018).	VT				
All amendments made to the laws of the United States after December 31, 2016, but prior to January 1, 2018, shall be given effect in determining the taxes imposed under the corporation net income tax article. House Bill 4135 (signed Feb. 21, 2018).	WV				
For tax years beginning after December 31, 2017, for corporations, Internal Revenue Code means the Code as amended to December 31, 2017. Numerous provisions of the Tax Cuts and Jobs Act are not effective for Wisconsin purposes, including, but not limited to, sections 163(j), 951A, 250, and 965. Assembly Bill 259 (signed April 4, 2018).	WI				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>The Department has issued guidance providing that any taxpayer, or taxpayer filing as part of a federal consolidated group, that paid or accrued transition tax must remove the transition tax from the standard calculation of Alabama's federal income tax deduction. In the Department's view, transition tax is allowed as a component of the federal income tax deduction only if some portion of the IRC section 965 income remains in the Alabama tax base after related Alabama deductions are allowed. NOTICE: Additional Guidance for Corporate Taxpayers subject to the IRC Section 965 (Ala. Dep't of Revenue June 22, 2018).</p>	AL				
<p>Because Arkansas has adopted IRC Subchapter M in its entirety, excess inclusion income must be included and reported for Arkansas income tax purposes. Excess inclusion income should be recognized on a separate entity basis for Arkansas purposes, regardless of whether the taxpayer is filing separately or consolidated in Arkansas. Opinion 20171012 (Dec. 1, 2017).</p>	AR				
<p>Individual taxpayers did not qualify for deferral of gain under IRC section 1031 because they failed to prove that they identified replacement property within the time required by federal law. <i>Alicia Smith et al. v. FTB</i> (Cal. Ct. App. Oct. 12, 2018).</p>	CA				
<p>Any amounts included in income under IRC section 965 must also be included in the amount of federal taxable income reported on the taxpayer's corporate return. If a taxpayer subject to Colorado corporate income tax apportionment and allocation properly claims a federal deduction or federal credit for foreign taxes paid on IRC section 965 income, a corresponding portion of the income will be eligible for the foreign source income exclusion on the taxpayer's Colorado return. Supplemental Instructions for Colorado Income Tax Filing (Colorado Dep't of Revenue June 11, 2018).</p>	CO				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Enacted legislation addressing various aspects of federal tax reform, including adopting a new entity level tax imposed on pass-through entities. Please see accompanying TWIST-Q article for additional details.	CT				
Under Connecticut law, corporations are not allowed a deduction for expenses that are allowable as a deduction or credit under the Internal Revenue Code and are related to dividends subject to the state dividends-received deduction. Effective for income years commencing on or after January 1, 2017, expenses related to dividends will equal five percent of all dividends received by a company during an income year. Senate Bill 11 (signed May 31, 2018).	CT				
Because GILTI is treated in a manner similar to Subpart F income for federal tax purposes, Connecticut will treat GILTI as dividend income and will extend the 100 percent dividends-received deduction to GILTI. However, Connecticut requires taxpayers to add back expenses attributable to dividend income, defined to mean five percent of dividend income. Thus, the addback should equal five percent of the gross amount of GILTI prior to any corresponding federal deduction. Special Notice 2018(7) (Connecticut Dep't Revenue Services July 20, 2018).	CT				
A deduction is allowed for the amount of any contribution made by the state of Connecticut or its political subdivisions to the extent included in gross income under IRC section 118(b)(2). Senate Bill 11 (signed May 31, 2018).	CT				
For income years beginning on or after January 1, 2018, the deduction for business interest paid or accrued shall be determined under the Internal Revenue code except that the provisions of section 163(j) shall not apply. Senate Bill 11 (signed May 31, 2018).	CT				

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, 2018, corporations must add back 80 percent of deductions claimed under IRC section 179. Twenty-five percent of the disallowed section 179 deduction can be claimed as a deduction in each of the four subsequent tax years. Senate Bill 11 (signed May 31, 2018).	CT				
C-Corporations are allowed an exclusion for amounts included in income under IRC section 965. However, an addition must be made on the Georgia return for expenses that are directly attributable to the net amount after the section 965(c) deduction. Policy Bulletin IT 2018-01 (Georgia Dep't of Revenue June 26, 2018).	GA				
Income specified under IRC section 951A will be treated as Subpart F income that can be subtracted in computing Georgia taxable net income. The deduction under IRC section 250 applies, but only to the extent the income is included in Georgia taxable net income. House Bill 918 (signed March 2, 2018) and Senate Bill 328 (signed March 27, 2018).	GA				
No deduction under IRC section 245A or 965 is allowed to the extent the associated income has been subtracted as a foreign dividend. House Bill 918 (signed March 2, 2018).	GA				
Any federal limitations on the amount of net operating loss that can be used in a taxable year including, but not limited to, the 80 percent limitation, shall be applied to Georgia taxable net income. House Bill 918 (signed March 2, 2018).	GA				
Amounts deducted under IRC sections 250, 245a, and 965 are required to be added back. House Bill 463 (signed March 12, 2018).	ID				
Corporations must add back an amount equal to the deduction that was claimed for the taxable year under IRC section 250(a)(1)(B) (attributable to GILTI). House Bill 1316 (signed May 14, 2018).	IN				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A subtraction is allowed for any interest expense paid or accrued in the current taxable year, but not deducted as a result of the limitation imposed under IRC section 163(j)(1). An addition is required for any interest expense paid or accrued in a previous taxable year, but allowed as a deduction under IRC section 163 in the current taxable year. House Bill 1316 (signed May 14, 2018).	IN				
Taxpayers must subtract the amount included in gross income under IRC section 118(b)(2) for taxable years ending after December 22, 2017. House Bill 1316 (signed May 14, 2018).	IN				
The definition of “foreign source dividend” has been amended to include any amount that a taxpayer is required to include in its gross income for a taxable year under IRC sections 951 and 951A, and for taxable years beginning after December 25, 2016, any amounts required to be included in adjusted gross income after application of the addback for amounts included in income from line 1 of the IRC Section 965 Transition Tax Statement. House Bill 1316 (signed May 14, 2018).	IN				
An Indiana NOL may not be carried over for more than 20 taxable years after the taxable year of the loss and Indiana does not adopt the federal limitations on the use of NOLs. House Bill 1316 (signed May 14, 2018).	IN				
For tax years beginning before January 1, 2022, fifty percent of the federal income taxes paid or accrued during the tax year can be subtracted to the extent payment is for a tax year beginning prior to January 1, 2021. Senate File 2417 (signed May 30, 2018).	IA				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>For tax years beginning on or after January 1, 2018, GILTI is considered nontaxable income for Kentucky income tax purposes and the IRC section 250 deduction and any expenses related to GILTI must be added back. If the actual expenses cannot be determined, a Kentucky regulation provides for various estimation methods that may be used to calculate the amount of expenses related to the nontaxable income. Finally, because Kentucky excludes non-taxable income from the computation of the sales factor, GILTI will likewise be excluded from the sales factor. KY TAM-18-02.</p>	KY				
<p>The Department has issued guidance on the types of taxes that are based on gross or net income that will not be deductible when calculating Kentucky corporate income tax liability. KY-TAM-18-06 (KY Dep't of Rev. Nov. 1, 2018).</p>	KY				
<p>Kentucky adopts the 80 percent federal NOL limitation under IRC Sec 172(a) for NOLs generated after January 1, 2018 and the federal unlimited carryforward of NOLs generated after January 1, 2018. The state also adopts the section 163(j) limitations and the taxation of FDII. FAQs- Corporation Income Tax (KY Dep't of Rev.).</p>	KY				
<p>A deduction is allowed for any NOLs that are not able to be deducted for federal purposes due to the 80 percent federal limitation. A corresponding provision requires an add back for any NOLs deducted for federal purposes that were previously allowed as an NOL deduction for Maine purposes. Senate Paper 612 (enacted Sept. 12, 2018).</p>	ME				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A deduction is allowed for 50 percent of a taxpayer's apportionable Subpart F income, 80 percent of amounts included in income under IRC section 965, and 50 percent of the taxpayer's apportionable GILTI. Both the deductions for Subpart F income and GILTI are net of related expenses. Any Subpart F income deducted is also excluded from the apportionment factor. For GILTI, the amount included in the apportionment factor is 50 percent of the section 951A income included in federal gross income. An addition is required for any amounts deducted under section 965(c) and the GILTI deduction allowed under section 250(a)(1)(B). Senate Paper 612 (enacted Sept. 12, 2018).</p>	ME				
<p>Subject to voting stock ownership requirements, corporations with IRC section 965 income are eligible for a 95 percent dividends-received deduction. Section 965 income will be excluded from Massachusetts sales factor because the 5 percent included represents a disallowance of associated expenses. For the financial institutions excise tax, section 965 income may be included in the receipts factor. TIR 18-11: Treatment of Deemed Repatriated Income (Mass. Dep't of Rev. Oct. 4, 2018).</p>	MA				
<p>The gross amount of GILTI will be treated as a dividend received for Massachusetts corporate excise tax purposes. No deductions are allowed under IRC sections 245A, 250, or 965(c). House Bill 4930 (signed Oct. 23, 2018).</p>	MA				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A utility company was required to add back Indiana utility receipts tax (URT) when computing Massachusetts corporate excise because it was a tax “measured on or by income.” In the Tax Board’s view, the URT was similar to the types of taxes that were not deductible because it was imposed on receipts and imposed as a condition precedent to the privilege of doing business. <i>Bay State Gas Co. & Affiliates v. Commissioner of Rev.</i> (Mass. App. Tax Bd. Oct. 23, 2018).</p>	MA				
<p>The Department of Treasury has preliminarily concluded that GILTI will be deducted as a dividend from a foreign entity, similar to other Subpart F income, in determining the Michigan Corporate Income Tax Base. Notice: Corporate Income Tax Guidance on Federal “Tax Cuts and Jobs Act” (Mich. Dep’t of Treas. July 2, 2018).</p>	MI				
<p>A taxpayer did not qualify for the unreasonable exception to the related party interest expense add back requirement when the taxpayer did not formally guarantee its parent’s debt, the parent did not pay any tax on the interest income, and the interest rate was not at arm’s length. <i>Kraft Global Foods, Inc. v. Director, Div. of Taxation</i> (N.J. Tax Ct. May 17, 2018).</p>	NJ				
<p>For privilege periods beginning after December 31, 2016, an exclusion applies to 95 percent of dividends included in federal taxable income that were paid or deemed paid by 80 percent of more owned subsidiaries. For privilege periods beginning on and after January 1, 2017, for the purposes of computing entire net income, a taxpayer is not allowed any deduction, exemption, or credit allowed under IRC section 965. Assembly Bill 4202 (enacted July 1, 2018).</p>	NJ				

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, 2018, an addback for interest and intangible expenses paid to foreign related members will not be required if the foreign related member's income received from the transaction is taxed at a rate equal to or greater than three percentage points of the rate of tax applied by New Jersey. Assembly Bill 4202 (enacted July 1, 2018).	NJ				
For privilege periods beginning after December 31, 2017, the interest deduction limitation in IRC section 163(j) is applied on a pro-rata basis to interest paid to both related and unrelated parties, regardless of whether the related parties are subject to the state's related party interest addback rules. Assembly Bill 4202 (enacted July 1, 2018).	NJ				
If the adoption of mandatory unitary combined reporting results in an aggregate increase to the members' net deferred tax liability, or an aggregate decrease to the members' deferred tax assets, or an aggregate change from a net deferred tax asset to a net deferred tax liability, the combined group is entitled to a new deduction to offset the increase in the net deferred tax liability or decrease in the net deferred tax assets. Assembly Bill 4202 (signed July 1, 2018).	NJ				
For privilege periods beginning on or after January 1, 2018, a Corporation Business taxpayer is allowed a deduction "in the amount of the full value of the deduction" claimed under IRC section 250, to the extent the corresponding FDII and GILTI "amounts of income" were not "excluded or exempted." Assembly Bill 4495 (signed Oct. 4, 2018).	NJ				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A taxpayer filing a consolidated return in New Mexico was not allowed a dividends-received deduction for dividends and Subpart F income received from more than 50 percent owned controlled foreign corporations. The Department's failure to allow such a deduction did not discriminate against foreign commerce when the Department employed the so-called Detroit formula to provide factor relief. <i>In re General Electric Company & Subsidiaries</i> (N.M. Tax. & Rev. Dep't Apr. 6, 2018).	NM				
For New York State and City purposes, entire net income shall be determined without the amount of any federal deduction allowed pursuant to IRC section 250(a)(1)(A). IRC section 250(a)(1)(A) allows a deduction for 37.5 percent of the FDII of a domestic corporation. Assembly Bill 9509C and Senate Bill 7509C (signed April 12, 2018).	NY				
The definition of "exempt CFC income" has been revised to specifically include amounts required to be included in the taxpayer's federal gross income under IRC section 951(a) by reason of IRC section 965(a) without regard to IRC section 965(c) that are received from a corporation not included in a combined report with the taxpayer. For New York State and City purposes, entire net income shall be determined without the amount of any federal deduction allowed pursuant to IRC section 965(c). Assembly Bill 9509C and Senate Bill 7509C (signed April 12, 2018).	NY				
A deduction is allowed for amounts included in federal taxable income under IRC sections 951A or 965, net of related expenses. Any amounts deducted under IRC sections 965(c) or 250 must be added back. Senate Bill 99 (enacted June 12, 2018).	NC				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>An addback is required for the amount of gain that would be included for federal income tax purposes without regard to IRC section 1400Z-2(b). An addback is also required for the amount of gain that would be included in the taxpayer's federal taxable income but for the step-up in basis under IRC section 1400Z-2(c). Senate Bill 99 (enacted June 12, 2018).</p>	NC				
<p>North Dakota will treat section 965 income as Subpart F income. As such, IRC section 965(a) income will be included in the North Dakota tax base and the section 965(c) deduction must be added back to North Dakota taxable income. If a worldwide combined return is filed and the controlled foreign corporation to which the 965 income is attributed is included in the group, the 965 inclusion is eliminated as an intercompany dividend. For groups filing a water's-edge combined return, 70 percent of the section 965 income is deductible as a foreign dividend. Notice: North Dakota Tax Treatment of International Tax Provisions (N.D. St. Tax Comm.)</p>	ND				
<p>North Dakota will treat GILTI as a foreign dividend comparable to Subpart F income. The GILTI deduction under section 250 must be added back as a deduction for dividends received. If a worldwide combined return is filed and the controlled foreign corporation to which the GILTI is attributed is included in the group, the GILTI is eliminated as an intercompany dividend. For groups filing a water's-edge combined return, 70 percent of GILTI is deductible as a foreign dividend and 30 percent of the GILTI is included in the sales factor. There is no add back required for the section 250 deduction for FDII because it does not relate to a deduction for dividends received. Notice: North Dakota Tax Treatment of International Tax Provisions (N.D. St. Tax Comm.).</p>	ND				

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<p>The Secretary of Revenue published a notice stating that the Pennsylvania Supreme Court held unconstitutional all or a part of the Pennsylvania corporate net income tax net loss deduction limitations. This notice made effective enhanced NOL percentage limitations—35 percent for tax year 2018 and 40 percent for tax year 2019 and beyond. Notice of Pennsylvania Supreme Court Decision Concerning Constitutionality of Corporate Net Income Tax Net Loss Deduction (Jan. 27, 2018).</p>	PA				
<p>For property placed in service after September 27, 2017, a corporate taxpayer is required to add back federal bonus depreciation, but is then entitled to a depreciation deduction equal to the depreciation on the property for the taxable year as determined in accordance with Internal Revenue Code sections 167 and 168 without the application of Internal Revenue Code section 168(k). This applies for tax years beginning on or after January 1, 2017. Senate Bill 1056 (signed June 28, 2018).</p>	PA				
<p>For tax years beginning after December 31, 2018 and thereafter the limitation on the use of NOLs is 40 percent of taxable income. Pa. Stat. Ann. 72 §7401(3)(4)(c)(2)(B).</p>	PA				
<p>Net 965 Income is includible in income and no dividends-received deduction applies if the Net 965 Income is attributable to a foreign corporation subsidiary that is not a member of the combined group due to the water's-edge rules. If the foreign corporation is a member of the unitary combined group, the Net 965 Income is eliminated as an intercompany item only to the extent such Net 965 Income is attributable to accumulated deferred foreign income earned by the foreign corporation subsidiary during periods in which it was a combined group member. If the section Net 965 Income is received from a non-unitary foreign subsidiary, then a dividends-received deduction applies based on ownership of the foreign subsidiary. 280-RICR-20-25-15 (effective July 22, 2018).</p>	RI				

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, 2020, IRC section 163(j) shall be applied as it existed before the enactment of the Tax Cuts and Jobs Act. Senate Bill 2119 (signed May 21, 2018).	TN				
For tax periods beginning on or after January 1, 2017, a corporate taxpayer is allowed a deduction from net earnings and losses for any amount that the taxpayer would have excluded from federal taxable income as a result of applying IRC section 118 as it existed immediately before enactment of P.L. 115-97. Senate Bill 2119 (signed May 21, 2018).	TN				
A telecommunications provider was not allowed to deduct as costs of goods sold electricity used to generate and transmit its telecom products. In the court's view, the taxpayer's products were services, not goods, and there was no specific provision of law allowing the COGS deduction that applied to the taxpayer. <i>NTS Communications, Inc. v. Hegar</i> (Tex. Ct. App. June 7, 2018).	TX				
A bank was not allowed to deduct net operating losses in computing South Carolina's bank tax. <i>Synovus Bank v. S.C. Dep't of Rev.</i> (S.C. Admin. Law Ct. Oct. 22, 2018).	SC				
For the last taxable year of a taxpayer beginning on or before December 31, 2017, "unadjusted income" includes deferred foreign income described in IRC section 965(a). House Bill 2002 (signed July 21, 2018).	UT				
For tax years beginning on or after January 1, 2018, the three-year NOL carryback provision is repealed and an unlimited NOL carryforward period applies. Also, the amount of NOLs that can be carried forward each year can only offset 80 percent of Utah taxable income. House Bill 2003 (signed July 21, 2018).	UT				

Tax base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Utah Tax Commissioner could not use his discretionary authority to allocate deductions where the relevant transactions were arm's length under federal transfer pricing regulations. Utah's IRC section 482 equivalent contained language similar to the federal law, which, in the court's view, evidenced an intent to adopt the federal interpretations of section 482. <i>Utah Tax Commission v. See's Candies</i> (Utah Oct. 5, 2018).	UT				

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 an interest in an LLC was treated as business income for Colorado corporate income tax purposes because the LLC was formed to further the taxpayer's regular business of manufacturing aerospace products. Private Letter Ruling 17-009 (Dec. 29, 2017).	CO				

Apportionment developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Nonresident corporate owners of SMLLCs must include the SMLLCs' factors in computing the combined group's apportionment formula. <i>Bunzl Distribution, Inc. v. FTB</i> (Cal. App. Sept. 28, 2018).	CA				
A taxpayer that derived more than 50 percent of its gross income from mortgage servicing activities was not a financial corporation because its income was not attributable to dealings in money or moneyed capital in substantial competition with business of national banks. Chief Counsel Ruling 2018-01 (Cal. Franchise Tax Bd. Nov. 2, 2018).	CA				

Apportionment developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A taxpayer should include its distributive share of an LLC's gross sales in its Colorado apportionment factor. On disposition of the LLC, the gain is sourced under the rules for sales of intangible property to the taxpayer's commercial domicile. However, because all of the business activities associated with the gain occurred in Illinois, sourcing the gain to commercial domicile (Colorado) would produce incongruous results and not fairly represent the taxpayer's activity in Colorado. As such, the gain should be excluded from the taxpayer's Colorado apportionment factor. Private Letter Ruling 17-009 (Dec. 29, 2017).</p>	CO				
<p>Effective for income tax years commencing on or after January 1, 2019, Colorado's income tax laws substantially conform to the Multistate Tax Compact's division of income provisions, which were amended a few years ago to adopt definitional changes and market-based sourcing rules for service and intangible receipts. House Bill 1185 (signed June 4, 2018).</p>	CO				
<p>For tax periods beginning after December 31, 2017 and before January 1, 2019, the sales factor is triple-weighted. Del. Code Ann. § 1903(b)(6).</p>	DE				
<p>Effective for all tax years beginning on or after January 1, 2018, a single-receipts factor formula is used by most corporations to apportion income to Kentucky and receipts from sales other than sales of tangible personal property are sourced to Kentucky if the taxpayer's market for the sale is in the state. Service receipts will be sourced if and to the extent the service is delivered to a location in Kentucky. If the taxpayer is not taxable in a state to which a receipt is assigned, or the state of assignment cannot be determined or reasonably approximated, that receipt will be eliminated from the denominator of the receipts factor entirely. House Bill 366 (enacted Apr. 13, 2018).</p>	KY				

Apportionment developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>An exception from the single-receipts factor apportionment and market-based sourcing requirements applies to providers of communications services, cable services, or internet access. Furthermore, transportation companies and freight forwarders continue to apportion their income using miles-based formulas. Corporations may continue to elect to apportion business income from the sale of management, distribution, or administration services to or on behalf of regulated investment companies based on the extent that shareholders are domiciled in Kentucky. House Bill 487 (enacted Apr. 27, 2018).</p>	KY				
<p>Effective for tax years beginning after December 31, 2017, Maryland will require most corporations to begin phasing in a single sales factor apportionment formula. For the tax year beginning after December 31, 2017 and before January 1, 2019, the sales factor is triple-weighted and the denominator is five. For the tax year beginning after December 31, 2018 and before January 1, 2020, the sales factor is weighted four times and the denominator is six. For the tax year beginning after December 31, 2019 and before January 1, 2021, the sales factor is weighted five times and the denominator is seven. For the tax year beginning after December 31, 2020 and before January 1, 2022, the sales factor is weighted six times and the denominator is eight. For the tax year beginning after December 31, 2021, a 100 percent sales factor will be used. House Bill 1794 and Senate Bill 1090 (signed Apr. 24, 2018).</p>	MD				

Apportionment developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
A taxpayer that outsourced all of its manufacturing was nevertheless a “manufacturer” required to use single-sales factor apportionment because its activities throughout the process of design to ultimate production constituted transformation of raw materials into a new product. Also, the taxpayer’s employees physically interacted with the products throughout the production process and their feedback resulted in substantial modifications to the products. <i>Decker’s Outdoor Corp. v. Commissioner of Revenue</i> (Mass. App. Tax Bd. June 18, 2018).	MA				
Receipts from services provided by a law firm were sourced based on where the client received the service, rather than the location where the services were performed. For the law firm taxpayer, this meant that receipts from services performed by attorneys in Detroit for an out-of- city client were not included in the Detroit sales factor numerator. <i>Honigman, Miller, Schwartz, and Cohn, LLP v. City of Detroit</i> . (Mich. App. Jan. 18, 2018).	MI				
A prior Minnesota Supreme Court decision did not preclude the Commissioner from exercising her “plain statutory authority” to rebut the presumption that the statutory apportionment method produced fair and correct results. The Commissioner presented substantial evidence to show that the taxpayers’ use of the statutory method did not fairly reflect their taxable net income allocable to Minnesota and that the Commissioner’s alternative method did so. <i>Assoc. Bank. v. Commissioner of Revenue</i> (Minn. July 5, 2018).	MN				
For tax years beginning on or after January 1, 2020, all taxpayers, other than certain special industries, must use a single-receipts factor formula and market based sourcing to apportion their income to Missouri. Currently, taxpayers can elect between three different formulas. Senate Bill 884 (signed June 1, 2018).	MO				

Apportionment developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For privilege periods beginning after December 31, 2016 and before January 1, 2019 only, tax liability on the 5 percent dividend inclusion is determined using the lower of either the taxpayer's "three-year average allocation factor" from the 2014 – 2016 tax returns, or 3.5 percent. This calculation applies to both "paid and deemed paid dividends" included in taxable income. Assembly Bill 4495 (signed Oct. 4, 2018).	NJ				
Effective for privilege periods ending on or after July 31, 2019, service receipts will be sourced to New Jersey if the benefit of the service is received at a location in the state. If the benefit of the service is received both at a location within and outside of New Jersey, the portion of the sale attributed to New Jersey is based on the percentage of the total value of the benefit of the service received at a location in New Jersey or a reasonable approximation to the total value of the benefit of the service received in all locations both within and outside New Jersey. Assembly Bill 4202 (enacted July 1, 2018); Assembly Bill 4495 (signed Oct. 4, 2018)	NJ				
For taxable years beginning on or after January 1, 2018, a 100 percent sales factor is utilized. NYC Admin. Code § 11-654(3)(a)(10)(ix).	NY (City)				

Apportionment developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Receipts from intangible property are sourced to North Carolina to the extent the intangible property is used within the state. Previously, such receipts were sourced to North Carolina if the receipts were received from sources in the state. For receipts from sales of services, income-producing activity means an activity directly performed by the taxpayer or its agents for the ultimate purpose of generating the sale of the service. Service receipts are attributed to North Carolina in proportion to the income-producing activities performed in North Carolina to the total income-producing activities performed everywhere that generate the sale of service. Senate Bill 99 (enacted June 12, 2018).	NC				
Receipts from intangible property are sourced to North Carolina if they are received from sources within the state. A bill enacted in June 2018 (Senate Bill 99) revised the treatment to source such receipts to North Carolina to the extent the intangible property was used in the state. Senate Bill 335 (enacted June 26, 2018).	NC				
For tax years beginning on or after January 1, 2018, single-sales factor apportionment applies. N.C. Gen. Stat. § 105-130.4(i).	NC				
Effective for tax years beginning on or after January 1, 2018, corporations are required to use market-based sourcing rules for sales other than sales of tangible personal property. Oregon Administrative Rule 150-314-0435 provides guidance on the market sourcing provisions. OAR 150-314-0435 (effective Jan. 1, 2018).	OR				

Apportionment developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>A government contractor taxpayer that was prohibited by federal law from disclosing its contract contents to anyone without proper security clearance was unable to demonstrate that certain receipts were related to the sale of intangibles, as opposed to services. In the Comptroller’s view, the taxpayer had not established by a preponderance of evidence that franchise taxes were erroneously collected or paid and it was not entitled to a refund. Hearing No. 201712005H (Dec. 6, 2017).</p>	TX				
<p>A court rejected the Comptroller’s attempt to apply market-based sourcing to a taxpayer’s receipts. Under Texas law, if services are performed both inside and outside Texas, then the receipts are attributed to Texas in proportion to the <i>fair value</i> of the services that are rendered in Texas. Credible witnesses testified that the taxpayer performed approximately 0.36 percent and 0.20 percent of the fair value of its services in Texas for the two tax years at issue. <i>Sirius XM Radio, Inc. v. Hegar</i> (Dist. Ct. Travis County Aug. 3, 2018).</p>	TX				
<p>A satellite television service provider’s receipts from providing television programming to South Carolina subscribers was included in the taxpayer’s South Carolina sales factor numerator. South Carolina’s sourcing statute does not explicitly adopt a costs of performance approach, but provides a flexible standard depending on the income-producing activity for a given industry. <i>Dish DBS Corp. v. S.C. Dep’t of Rev.</i> (S.C. Ct. App. Oct. 31, 2018).</p>	SC				

Filing methods	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, 2019, members of a unitary business group must elect to file a unitary combined report or make a 96-month binding election to file a consolidated return with all affiliated group members included. House Bill 487 (enacted Apr. 27, 2018).	KY				
Revised guidance explains the tests for determining if a unitary business group exists. Revenue Administrative Bulletin 2018-12 (Michigan Dep't of Treas. May 23, 2018).	MI				
For returns filed on or after August 28, 2018, all transactions between affiliated group members filing a Missouri consolidated return are eliminated. Senate Bill 884 (signed June 1, 2018).	MO				
On or after August 28, 2018, in computing the Missouri sales factor, intercompany sales and business transactions between corporations that file a consolidated report shall be excluded. Senate Bill 773 (signed July 5, 2018).	MO				
Effective for privilege periods ending on or after July 31, 2019, New Jersey adopts mandatory unitary combined reporting. The default method is water's-edge combined reporting, but groups can make a worldwide or affiliated group election. Assembly Bill 4202 (enacted July 1, 2018); Assembly Bill 4495 (signed Oct. 4, 2018).	NJ				

Administrative	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The Department of Revenue has rescinded all previous Revenue Bulletins and Policy Positions published by the Department. The documents, which were last published by the Department during the late 2000's, do not represent the Department's official position on any tax matter, and the Department does not consider them binding. Revenue Bulletin 18-01 (Feb. 28, 2018).	CO				

Administrative	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Although there was no statutory requirement for the tax years at issue to file an amended return, a regulatory requirement that a taxpayer do so was a proper implementation of the law and did not impose unreasonable or irrelevant requirements on taxpayers. Although the taxpayer had communicated with the Department about its refund claim, it did not file an amended return until after the statute of limitations expired and therefore its refund claim was time-barred. New Mexico Decision & Order 18-05 (Feb. 15, 2018).	NM				
For tax years ending after January 1, 2017, if a taxpayer elects to make installment payments of tax due pursuant to IRC section 965(h), such election may also apply to the payment of Oklahoma income tax attributable to the income upon which such installment payments are based. House Bill 3715 (signed May 7, 2018).	OK				
Utah allows taxpayers to elect to pay tax on IRC section 965 income in a manner similar to the election under IRC section 965(h). House Bill 2002 (signed July 21, 2018).	UT				

Amnesty	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
Until January 15, 2019, taxpayers can claim amnesty for state tax liabilities, both known and unknown, due on or after February 1, 2009 and prior to September 1, 2017. A non-waivable five percent penalty will be imposed, in addition to all other penalties or interest authorized by law, on any state tax liability that is eligible to be satisfied during the amnesty period, but is not so satisfied. Assembly Bill 3438 (enacted July 1, 2018).	NJ				

Franchise Tax	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
For purposes of determining whether a company is a holding company because it receives 80 percent of its gross income from corporations in which it owns directly or indirectly more than 50 percent, the recipient corporation's income would include income items from a disregarded LLC because the LLC does not file a separate federal or state tax return, and these amounts of gross income are included in the Federal Form 1120 (as calculated on a separate entity basis for North Carolina purposes). Directive CD- 18-1 (March 6, 2018).	NC				
Effective beginning with Oklahoma franchise tax returns that would otherwise have been due July 1, 2018, if a taxpayer owed the maximum Oklahoma franchise tax on its Form 200 in the preceding tax year, it must file and pay its Oklahoma franchise tax by May 1 of each year, and penalties will be imposed if the tax is not paid before June 1. Okla. Stat. tit. 68 § 1208(D).	OK				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
The sale of stock in a IRC section 338(h)(10) transaction is treated as a disposition of the assets held by the target for purposes of these credits. As such, certain credits previously taken by the target corporation with respect to those assets were subject to credit recapture provisions. However, the transaction will qualify as an acquisition of qualifying property by the target, and therefore the target may be allowed new Investment Tax Credit. Letter Ruling 18-1 (Massachusetts Dep't of Revenue Feb. 23, 2018).	MA				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740-10?	Other/ Comments
<p>In determining the Minnesota R&D credit, the Minnesota base amount is computed using federal gross receipts in the denominator of the fixed-base percentage. Furthermore, the state definition of "base amount" incorporates the federal minimum base amount provisions. However, Minnesota did not incorporate the federal election to use an alternative simplified credit. <i>General Mills, Inc. v. Commissioner</i> (Minn. Tax Ct. Aug. 17, 2018).</p>	MN				
<p>For privilege periods beginning on or after January 1, 2018, New Jersey has rolling conformity to the Internal Revenue Code for research credit purposes, and the state research credit is not refundable. Assembly Bill 4202 (enacted July 1, 2018).</p>	NJ				
<p>A new regulation explains the corporate tax credit allowed taxpayers that, as a result of Oregon's tax haven inclusion provisions, previously paid Oregon tax on income reported under IRC section 965 as post-1986 deferred foreign income. ORS 150-317-0651 (effective July 1, 2018).</p>	OR				

2017-2019 State Corporate Income Tax Rate Chart^(a)

State		Rate		
		2017	2018	2019
Alabama		6.50%	6.50%	6.50%
Alaska		9.40%	9.40%	9.40%
Arizona		4.90%	4.90%	4.90%
Arkansas		6.50%	6.50%	6.50%
California		8.84%	8.84%	8.84%
Colorado		4.63%	4.63%	4.63%
Connecticut	[b]	9.00%	8.25%	7.50%
Delaware		8.70%	8.70%	8.70%
District of Columbia	[c]	9.00%	8.25%	8.25%
Florida	[d]	5.50%	5.50%	5.50%
Georgia	[e]	6.00%	6.00%	5.75%
Hawaii		6.40%	6.40%	6.40%
Idaho	[f]	7.40%	6.925%	6.925%
Illinois		8.625%	9.50%	9.50%
Indiana	[g]	6.125%	5.875%	5.625%
Iowa		12.00%	12.00%	12.00%
Kansas	[h]	7.00%	7.00%	7.00%
Kentucky	[i]	6.00%	5.00%	5.00%
Louisiana		8.00%	8.00%	8.00%
Maine	[j]	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		6.25%	6.25%	6.25%
Montana		6.75%	6.75%	6.75%
Nebraska		7.81%	7.81%	7.81%
Nevada				
New Hampshire	[k]	8.20%	7.90%	7.70%
New Jersey	[l]	9.00%	11.50%	11.50%
New Mexico	[m]	6.20%	5.90%	5.90%
New York	[n]	6.50%	6.50%	6.50%

State		Rate		
		2017	2018	2019
North Carolina	[o]	3.00%	3.00%	2.50%
North Dakota		4.31%	4.31%	4.31%
Ohio				
Oklahoma		6.00%	6.00%	6.00%
Oregon	[p]	7.60%	7.60%	7.60%
Pennsylvania		9.99%	9.99%	9.99%
Rhode Island		7.00%	7.00%	7.00%
South Carolina		5.00%	5.00%	5.00%
South Dakota				
Texas	[q]	0.75%	0.75%	0.75%
Tennessee		6.50%	6.50%	6.50%
Utah	[r]	5.00%	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%. 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%. N.D. Cent. Code § 57-38.4-02(3)."

[b] The listed tax rate for Connecticut includes a surcharge of 20% for tax year 2017 and a surcharge of 10% for tax year 2018. 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. The surcharge

does not apply for tax years beginning on or after January 1, 2019. Conn. Gen. Stat. § 12-214(b)(6)(A), (b)(7)(A), (b)(8)(A).

- [c] The tax rate for the District of Columbia is reduced from 9.0% to 8.25% for tax years ending after December 31, 2017. D.C. Code Ann. § 47-1807.02(a)(7), (a)(8).
- [d] Florida has enacted a contingent, unspecified corporate and financial institution rate reduction for tax year 2019 that is based on tax collections for FY 2018-2019 exceeding forecasted amounts. Affected taxpayers (if any) shall be identified and issued refunds by March 15, 2020. Fla. Stat. § 220.1105.
- [e] The tax rate for Georgia is reduced from 6.0 percent to 5.75 percent, effective for tax years beginning on or after January 1, 2019. An additional corporate rate reduction to 5.5 percent applies to tax years beginning on or after January 1, 2020, but only if a joint resolution is passed by both houses of the General Assembly and signed into law on or after January 13, 2020. The reduced rate (whether it is 5.75 percent or 5.5 percent) expires on December 31, 2025. Ga. Code Ann. § 48-7-21(a).
- [f] The tax rate for Idaho is reduced from 7.4% to 6.925% for tax years beginning on or after January 1, 2018. Idaho Code § 63-3025(1).
- [g] "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 2017-2019 are:
 - 6.25% after June 30, 2016, and before July 1, 2017.
 - 6.0%, after June 30, 2017, and before July 1, 2018.
 - 5.75%, after June 30, 2018, and before July 1, 2019.
 - 5.5%, after June 30, 2019, and before July 1, 2020."
- [h] The tax rate for Kansas includes the 3% surtax. Kan. Stat. Ann. § 79-32,110(c)(2).
- [i] Kentucky has modified its tax structure (previously graduated rates, the highest of which was 6.0%) to a flat 5.0% tax rate for tax years beginning on or after January 1, 2018. Ky. Rev. Stat. Ann. § 141.040(2).
- [j] Maine has modified its tax structure (previously 8.93% rate applied to income of \$250,000 or more). For tax years beginning after December 31, 2017 as follows: 3.5% on income not over \$350,000, 7.93% on income not over \$1,050,000, 8.33% on income not over \$3,500,000 and 8.93% on income of \$3,500,000 or more. Me. Rev. Stat. Ann. § 5200(1-A).
- [k] The tax rate for New Hampshire does not include the Business Enterprise Tax. N.H. Rev. Stat. Ann. § 77-E:2. The Business Profits Tax is reduced from 8.2% to 7.9% for tax years ending on or after December 31, 2018 and further reduced to 7.7% for tax years ending on or after December 31, 2019, as a result of combined unrestricted general and education trust fund revenues of \$4.64 billion being collected during the biennium that ended June 30, 2017. Technical Information Release 2018-001 (Jan. 5, 2018).
- [l] The tax rate for New Jersey for the privilege periods beginning on or after January 1, 2018 through December 31, 2019 includes an additional 2.5 percent tax applied to allocated New Jersey net income in excess of \$1 million. For privilege periods beginning on or after January 1, 2020 through December 31, 2021, the surtax rate is 1.5 percent. N.J. Rev. Stat. § 54:10A-5.41.

- [m] The highest marginal tax rate for New Mexico (on net income greater than \$500,000) is reduced from 6.2% to 5.9% for tax years beginning on or after January 1, 2018. NMSA 1978 § 7-2A-5(F).
- [n] This chart includes the tax rate on entire net income without the MTA surcharge (note that the MTA surcharge rate has increased from 28.6% to 28.9% for tax years beginning on or after January 1, 2019 and before January 1, 2020).
- [o] The tax rate for North Carolina is reduced from 3.0% to 2.5% for tax years beginning on or after January 1, 2019. N.C. Gen. Stat. § 105-130.3.
- [p] A 6.60% rate applies to the first \$1 million of Oregon taxable income. Or. Rev. Stat. § 317.061.
- [q] The Texas franchise tax (margin tax) is an annual business tax imposed on entities with more than approximately \$1 million of total revenue (adjusted for inflation, e.g., \$1,130,000 for reports due during 2018 and 2019). The Texas margin tax base is computed by deducting from Total Revenue one of the following three items, depending on the taxpayer's business: costs of goods sold, compensation paid, or 30 percent of total revenue. Taxpayers that are primarily engaged in retail or wholesale trade are subject to tax at one-half of the Texas margin tax rate applied to other taxpayers (i.e., 0.375%). Differing tax rates apply to taxpayers that are permitted to utilize the EZ Computation. Tex. Tax Code Ann. §§ 171.002, 171.0022, 171.0023.
- [r] The tax rate for Utah is reduced from 5.0% to 4.95% for tax years beginning on or after January 1, 2018. Utah Code Ann. § 59-7-104(2).

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