

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION
SUMMARY OF CHANGES & COMMON PROBLEM AREAS**E-FILE**

Access e-file at www.revenue.nh.gov to make your Business Profits Tax, Business Enterprise Tax, Meals and Rentals Tax or Interest and Dividends Tax estimates, extensions, return, and tax notice payments on-line.

NEW SCHEDULE FOR COMBINED FILERS

NH-1120-WE, Schedule IA has been removed and Schedule I has been updated.

NO EXTENSION OF TIME TO PAY TAX

An extension of time to file your return is not an extension of time to pay the tax due. An automatic 7 month extension of time to file your return will be granted, however, interest will be applied and penalties shall be assessed if 100% of the tax determined to be due has not been paid by the due date of the tax. If the calculation on your extension indicates no additional balance due, please do not file an Application for Extension.

Access e-file or use Form BT-EXT for Business Taxes if you need to make an additional payment in order to have paid 100% of the tax due by the original due date.

When you calculate the tax on your return during the extension period, if the tax balance due is greater than zero, then you did not pay 100% of the tax by the original due date and interest will be applied and penalties shall be assessed. Do not file a request for an extension if no money is due.

To request an abatement of any penalties that may be assessed, please attach a letter and any supporting documentation (e.g. work papers for said calculation, change of status, etc.) to the front of the return when filed. As long as 100% of the tax due has been paid by the original due date, you have an automatic 7 month extension of time to file the return.

Even if you have filed a Federal and/or State extension, it is not necessary to attach a copy to your return.

BT SUMMARY STEP 2 - BPT QUESTIONS MUST BE ANSWERED

Failure to answer questions in STEP 2 of the BT-Summary may result in inquiries from the Department which **MAY** generate late filing penalties.

BUSINESS TAX RATES

Effective for all tax years ending on or after July 1, 2001, the business profits tax rate is **8.5%**, and the business enterprise tax rate is **0.75%**.

BUSINESS ENTERPRISE TAX FILING THRESHOLDS

The filing threshold for the Business Enterprise Tax is gross business receipts in excess of **\$150,000** or an enterprise value tax base in excess of **\$75,000**.

BUSINESS PROFITS TAX FILING THRESHOLDS

The filing threshold for Business Profits Tax is gross business income in excess of **\$50,000** from business activity **everywhere**.

INTEREST RATES

Annually the calendar year interest rates are established by RSA 21-J:28. Effective **January 1, 2005** through **December 31, 2005**, the State of New Hampshire interest rates, applicable on taxes administered by the Department of Revenue Administration, will be 6% for underpayments and 3% for overpayments. Interest is calculated on the balance of the tax due from the original due date of the tax to the date the tax is paid.

PERIOD	INTEREST RATE FOR UNDERPAYMENT OF TAX	INTEREST RATE FOR OVERPAYMENT OF TAX
1/1/2005 - 12/31/2005	6%	3%
1/1/2004 - 12/31/2004	7%	4%
1/1/2003 - 12/31/2003	8%	5%
1/1/2002 - 12/31/2002	9%	6%
1/1/2001 - 12/31/2001	11%	8%
1/1/1999 - 12/31/2000	10%	7%
1/1/1998 - 12/31/1998	11%	8%
PRIOR TO 1/1/1998	15%	10%

REPORTING CHANGES MADE BY THE INTERNAL REVENUE SERVICE (IRS)

To report changes made by the Internal Revenue Service (IRS) taxpayers must file the appropriate Report of Change (ROC) Form for each taxable period included in the Revenue Agents Report as finally determined. Forms may be obtained by accessing the forms page of our web site at www.revenue.nh.gov or by contacting the forms line at (603) 271-2192. You may contact the Department at (603) 271-3400 with any questions.

SINGLE MEMBER LIMITED LIABILITY COMPANIES (SMLLC)

Form DP-200, SMLLC Request for Department Identification Number, must be filed 30 days prior to filing any other tax related document.

REQUIRED FEDERAL TAX RETURN and/or SCHEDULES

Be sure to include all required federal forms with your NH return, and check the appropriate boxes in STEP 2, Return Type.

SEQUENCING

All state forms which are required to be filed with the return have a sequencing number in the upper right-hand corner. Please place the forms that you are required to file in sequential order when assembling your return.

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 (Continued)

COMMON FILING ERRORS**BET-CORP:**

Failure to reconcile. * If Federal special depreciation or bonus depreciation is taken, reconcile using Schedule R. * Failure to report estimate or extension payments and credit carryover on the return. * Taxpayer must report estimate or extension payments and credit carryover payments as previously reported. * Attachments not in order. * Form number sequence not followed for business return.

BET-PROP:

Taxpayer fails to sign the return. * Both taxpayers, if filing a joint return, must sign the return on the appropriate lines. * Failure to complete BT-Summary, Step Two. * Taxpayer must check yes or no for BET and BPT filing requirements. * Failure to include all Federal Schedules. The return is incomplete unless all appropriate schedules are included. * Failure to apportion. Apportionment is required when business is conducted both within and without NH via Schedule E. * Failure to reconcile. If Federal Special Depreciation or Bonus Depreciation is taken, reconcile using Schedule R. * Failure to submit a complete amended return. All amended returns must include all appropriate schedules. * Proprietorship returns should not be filed jointly when only one spouse has a business. * Failure to report estimate or extension payments and credit carryover on the return. * Taxpayer must report estimate or extension payments and credit carryover payments as previously reported.

INTEREST AND DIVIDENDS:

Taxpayer fails to sign the return. Both taxpayers, if filing a joint return, must sign the return on the appropriate lines. * Failure to code income on Line 4. Nontaxable income must be coded on Page 2, Line 4 on Interest & Dividend tax return. * Failure to include page 2. Both pages 1 and 2 of the return must be filed to be considered complete. * Failure to provide correct identification numbers. Taxpayers must provide complete and correct identification numbers. * Failure to report estimate or extension payments and credit carryover on the return. Taxpayer must report estimate or extension payments and credit carryover payments as previously reported.

SIGNATURE(S) MUST BE IN INK

Please sign your return in ink. If required, your spouse and/or paid preparer must also sign the return in ink.

CONSISTENT ORDER

On all jointly filed documents, order of names and social security numbers should be consistent from year to year.

PAYMENT

- a) Please make sure that the check amount equals the balance due amount shown on the form.
- b) Complete the check and sign it.
- c) **DO NOT** submit your check remittance stubs.
- d) Enclose, but **DO NOT** staple or tape, your payment with the document you are submitting.

AVAILABILITY OF FORMS

Copies of the state tax forms may be obtained from our web site at www.revenue.nh.gov or by visiting any of the 21 Depository Libraries located throughout the State or from our forms line at (603) 271-2192.

The New Hampshire State Publication Depository Library program, established by RSA 202-B, guarantees that information published by state agencies, including tax forms, laws and rules, are available to all citizens of the state through local libraries. Libraries participating in the Depository program, where copies can be made for a fee, are:

Bedford Public Library, Bedford
 Dartmouth College, Baker Library, Hanover
 Fiske Free Library, Claremont
 Keene State College, W.E. Mason Library, Keene
 Laconia Public Library, Laconia
 Littleton Public Library, Littleton
 Nashua Public Library, Nashua
 New Hampshire State Library, Concord
 Peterborough Town Library, Peterborough
 Portsmouth Public Library, Portsmouth
 University of New Hampshire, Dimond Library, Durham

Concord Public Library, Concord
 Derry Public Library, Derry
 Franklin Public Library, Franklin
 Kelley Library, Salem
 Law Library, Supreme Court, Concord
 Manchester City Library, Manchester
 New England College, Shapiro Library, Henniker
 New Hampshire Technical College, Berlin
 Plymouth State College, Herbert Lamson Library, Plymouth
 St. Anselm College, Geisel Library, Manchester

DEPRECIATION AND RECONCILIATION

President George W. Bush signed PL 107-147, the "Job Creation and Worker Assistance Act," also known as the Economic Stimulus package. Under the law, there was a change to federal corporate filing for 2001- 2004 calendar year returns which included bonus depreciation of the cost of capital assets placed in service between September 10, 2001 and January 1, 2005 or January 1, 2006, for certain assets.

At this time, the New Hampshire Legislature has not changed the current business tax laws to conform with the federal tax law changes. The Internal Revenue Code (IRC) reference remains the Code **in effect on December 31, 2000**. Therefore, if these changes are used on your federal filing, business taxpayers must recalculate their New Hampshire gross business profits. Since, under current New Hampshire law, the bonus depreciation and the additional IRC Section 179 expense is not allowable, business taxpayers will have to adjust the taxable income reported on their federal return before reporting their gross business profits on their New Hampshire business tax return. The adjustment will require the removal of the federal depreciation and IRC Section 179 expense authorized under the "Job Creation and Worker Assistance Act" and only allow depreciation and IRC Section 179 expense as provided under the IRC in effect on December 31, 2000.

Schedule R has been provided in this booklet for each business entity type to assist businesses in recalculating their New Hampshire Gross Business Profits. The completed Schedule R should be filed with the corresponding NH Business Tax return.