

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

17-0523

HB 531-FN, *increasing the minimum gross business income required for filing a business profits tax return.*

House Ways & Means

This proposed bill amends RSA 77-A:6, I and I-a to increase the minimum gross business income threshold for filing the Business Profits Tax (BPT) return from \$50,000 to gross business income in excess of \$100,000 applicable to taxable periods beginning on or after December 1, 2017 and effective 60 days after passage.

The estimated fiscal impact of this proposed bill is an indeterminable decrease in revenue. Currently, the Department does not have a line on the BPT return for a taxpayer to report their gross business income. However, gross business receipts are reported on the Business Enterprise Tax (BET) return and are defined similarly to gross business income. When analyzing the tax year 2015 data for taxpayers that reported gross business receipts of less than \$100,001 on their BET return, the number of filers was minimal. The minimum fiscal impact using the taxpayer reported data on the BET return would be a \$1,427,898 reduction in revenue. This dollar amount does not fully capture all taxpayers who would be affected, because taxpayers who are not required to file a BET return would not be included in this analysis.

The proposed legislation lists an applicability date of taxable periods beginning on or after December 1, 2017. The Department would recommend an applicability date that impacts “taxable periods ending on or after December 31st.” Approximately 90% of taxpayers use a calendar year as their tax year, so adopting the above applicability date ensures that a tax law change will impact the vast majority of taxpayers equally.