

**New Hampshire Department of Revenue Administration  
45 Chenell Drive, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE  
TIR 2007-004 Date: August 7, 2007**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Customer Service at (603) 271-2191.

**LEGISLATIVE UPDATE**

The purpose of this information release is to provide taxpayers with an overview of the changes, enacted by the Legislature in the 2007 session, in tax laws administered by the Department. Unless otherwise stated, the effective date for these changes is July 1, 2007.

Copies of the actual legislation may be obtained from:  
[www.gencourt.state.nh.us/legislation/2007/hb0002.html](http://www.gencourt.state.nh.us/legislation/2007/hb0002.html)  
or the NH State Library, 20 Park Street, Concord, NH 03301

**Business Taxes**

Under Chapter 263, section 127, the definition of “business activity” for purposes of the Business Profits Tax has been modified to clarify that a substantial economic presence in the state is sufficient to constitute business activity.

The Community Reinvestment and Opportunity (CROP) Zones tax credit has been replaced with an Economic Revitalization Zone tax credit against the Business Enterprise Tax and the Business Profits Tax, under Chapter 263, sections 120 - 123. The Commissioner of Resources and Economic Development will designate economic revitalization zones on petition by the local governing body or town council. To be certified the zone must meet certain criteria. Business taxpayers within the Economic Revitalization Zone seeking the business tax credit must enter into agreements with the Commissioner of Resources and Economic Development reflecting certain commitments to the Economic Revitalization Zone. The program is prospectively repealed effective July 1, 2011.

Chapter 146 repeals certain adjustments made to gross income in determining gross business profits. These provisions are commonly referred to as the “dividends received deductions” and are found at RSA 77-A:4, IV, V, and VI. The repeal is effective August 17, 2007.

Chapter 271 establishes a research and development credit against New Hampshire business taxes. The state will make available up to \$1,000,000 in credits each fiscal year to be shared proportionately by qualified business organizations. The amount of credit available to a taxpayer shall not exceed \$50,000 for any fiscal year.

## **Tobacco Tax**

Chapter 263, sections 6 and 7, increases the tobacco tax by 28 cents on each pack of 20 cigarettes. The increase is 35 cents on each pack of 25 cigarettes. The increase does not affect other tobacco products. Tobacco licensees are required to inventory their unaffixed tobacco stamps and stamped cigarettes on the close of business June 30, 2007 and remit to the department the amount of the increased tax. See Technical Information Release (TIR 2007-002) for details.

Under Chapter 263, section 43, at the written request of a licensed wholesaler, the Commissioner of Revenue Administration may agree to place a lien on the property of the wholesaler in lieu of the required bond. The property on which the lien is placed must be of adequate value, marketability, and liquidity to protect the state's interest to at least the same degree as the bond.

Chapter 152, section 2, establishes an alternative procedure for the Commissioner to seize contraband tobacco products. Owners of such products may be afforded the opportunity to appeal the seizure through an administrative proceeding before the Department, rather than through a court proceeding. The effective date for this procedure is August 17, 2007.

## **Meals and Rental Tax**

Chapter 147 imposes a licensing and renewal fee of \$5.00 for Meals and Rentals licenses. The legislation also provides that licenses shall expire on June 30 in each odd-numbered year. The fee shall be waived for an original license, if the license is issued less than 6 months prior to a required renewal date. The legislation became effective July 1, 2007. The Department will have revised forms available on its web site by the end of July.

Chapter 17 exempts from the meals and rentals tax motor vehicles that are equipped with modifications suitable for the transport of passengers with physical disabilities that require a wheelchair or other special adaptations. The Department will adopt rules in the near future regarding the criteria for the exemption. In the interim, those seeking the exemption for certain vehicles should submit a written request for exemption to the Commissioner. Such request must contain the name, address, and meals and rentals license number of the operator and, for each vehicle for which exemption is sought, the vehicle identification number (VIN) and a description of the adaptations made to the vehicle.

## **Real Estate Transfer Tax**

Chapter 146, section 1, IV repeals the exemption from real estate transfer tax for transfers of title pursuant to merger, consolidation, or reorganization of 2 or more tax exempt organizations, which over the 3 fiscal years preceding the transfer, on average, a majority of their collective program service revenues received from third parties had been received from federal, state, and/or local governmental sources. The repeal takes effect August 17, 2007.

## **Communications Services Tax**

Under Chapter 263, section 78, the exemption of the first \$12 of the monthly gross charge for a residential customer's telephone exchange access and exchange service has been repealed. See Technical Information Release (TIR 2007-003) for details.

## **Administrative Matters**

Chapter 152, section 1 authorizes the Commissioner of Revenue to issue demands for records for purposes of Interest and Dividends Taxes. This provision is effective August 17, 2007.

Chapter 216 clarifies the type of information utilities must file with the Department annually and changes the filing date from June 1 to May 1. The legislation also imposes penalties, of not less than \$250 or more than \$2,500, for failure to timely file information returns. The effective date is August 24, 2007.

Chapter 150 allows the Department to disregard overpayments of taxes of \$10 or less, unless the taxpayer has requested a refund; establishes that bankruptcy filings do not affect the validity of liens properly filed by the Department; and establishes a 12-year statute of limitations on the collection of assessments. The effective date is August 17, 2007.

Chapter 182 expands the rulemaking authority of the Commissioner of Revenue regarding property tax exemptions, deferrals and credits. The legislation also eliminates late penalties for municipalities filing reports with the Department. These provisions are effective April 1, 2007.

***Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 45 Chenell Drive, Concord, NH 03301 or by contacting them at (603) 271-2318.***