2017 Business Tax Law Changes

The purpose of this Technical Information Release (TIR) is to provide taxpayers and tax practitioners with a convenient reference guide to several of the major Business Profits Tax (BPT) and Business Enterprise Tax (BET) (collectively “Business Tax”) law changes that were made during the 2017 Legislative Session by the New Hampshire General Court. This TIR is for informational purposes only and is intended to provide a summary or synopsis of enacted legislation. It is not intended to be relied upon as full and complete text or as a substitute for the actual state law. Please refer to the applicable statute and rules to determine how this information applies to specific persons or situations.

BUSINESS TAX RATE REDUCTIONS

House Bill 517 (Chapter 156, Sections 213-217, Laws of 2017) reduces the rate of the RSA 77-A BPT and the RSA 77-E BET.

For taxable periods ending on or after December 31, 2019, HB 517 reduces the BPT rate to 7.7% and the BET rate to .6%.

For taxable periods ending on or after December 31, 2021, HB 517 reduces the BPT rate to 7.5% and the BET rate to .5%.

Pursuant to existing law, for taxable periods ending on or after December 31, 2018, the BPT rate is reduced to 7.9% and the BET rate is reduced to .675%, contingent upon combined unrestricted general and education trust fund revenues of $4.64 billion being collected during the biennium ending June 30, 2017 as reported in the audited comprehensive annual financial report performed pursuant to RSA 21-I:8, II(a). On or about December 31, 2017, the Legislative Budget Assistant will report on whether revenue collections have met the threshold. The Department will issue an additional Technical Information Release at that time advising taxpayers of the applicable BPT and BET rate for taxable periods ending on or after December 31, 2018. However, based upon preliminary unaudited revenue figures, the $4.64 billion dollar threshold set forth in RSA 77-A:2, IV and RSA 77-E:2, IV appears likely to have been met.

For taxable periods ending on or after December 31, 2016, the BPT rate is 8.2% and the BET rate is .72%.
INTERNAL REVENUE CODE § 179 DEDUCTION

House Bill 517 (Chapter 156, Section 218, Laws of 2017) amends RSA 77-A:3-a to provide that a taxpayer may calculate expense deductions pursuant to Internal Revenue Code (IRC) § 179 not to exceed $500,000 for property placed in service on or after January 1, 2018. For property placed in service from January 1, 2017 through December 31, 2017, the maximum IRC § 179 deduction is $100,000. For property placed in service prior to January 1, 2017, the maximum IRC § 179 deduction is $25,000.

INTERNAL REVENUE CODE CONFORMITY

House Bill 517 (Chapter 156, Section 229, Laws of 2017) amends RSA 77-A:1, XX to conform the BPT to the IRC of 1986 in effect on December 31, 2016 for taxable periods beginning on or after January 1, 2018, subject to the adjustments required pursuant to RSA 77-A:3-b. To determine the IRC applicable to taxable periods beginning prior to January 1, 2018, please reference RSA 77-A:1, XX.

Additional information about the BPT can be obtained by referencing RSA 77-A and N.H. Code of Admin. Rules, Rev 300 and additional information about the BET can be obtained by referencing RSA 77-E and N.H. Code of Admin. Rules, Rev 2400, which can both be accessed on the Department’s website.

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, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5000.