2024 TWIST-Q Year-End Checklist

This checklist includes the developments we reported in Quarters 1, 2, and 3, as well as new developments for Quarter 4, which are in bold typeface. The checklist captures 2024 rate changes/developments and we also have a comprehensive rate chart at the end of the checklist for your use. Please stay tuned to TWIST weekly for other state and local corporate income and franchise developments that occur after this publication is released.

Rate Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
The highest corporate rate applied to net income exceeding $11,000 has been reduced from 4.8 percent to 4.3 percent effective for tax years beginning on or after January 1, 2024. Senate Bill 1 (signed June 19, 2024).	AR				
The corporate income tax rate for income tax year 2024 is temporarily reduced from 4.40 percent to 4.25 percent. Senate Bill 24-228 (signed May 14, 2024).	CO				
The corporate income tax rate for the 2024 tax year is reduced from 5.75 percent to 5.39 percent after the enactment of legislation that will permanently match the corporate income tax rate to the individual income tax rate in effect for the corresponding year. Future individual income tax rate reductions will be phased in through 2028 if revenue targets are met. House Bill 1023 (signed April 18, 2024).	GA				

Rate Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
The corporate income tax rate is reduced from 5.8 percent to 5.695 percent effective January 1, 2024. House Bill 1 (signed March 29, 2024).	ID				
The Iowa corporate income tax rates will remain unchanged for tax years beginning on or after January 1, 2025, because net corporate income tax receipts for fiscal year 2024 did not exceed $700 million. Thus, for corporate income between $0 and $100,000, a rate of 5.5 percent will continue to apply, and for corporate income exceeding $100,000, the 2024 rate of 7.1 percent will continue to apply. Order 2024-01 (issued October 15, 2024).	**IA**				
The Louisiana corporate income tax rate will be reduced to 5.5 percent for tax years beginning on or after January 1, 2025. House Bill 2 (signed December 5, 2024).	**LA**				
The Louisiana corporate franchise tax will be repealed for periods beginning on or after January 1, 2026. House Bill 3 (signed December 5, 2024).	**LA**				
For privilege periods beginning on or after January 1, 2024 through December 31, 2028, New Jersey adopts a temporary 2.5 percent "Corporate Transit" fee (surtax) imposed on corporation business tax taxpayers that have New Jersey allocated taxable net income in excess of $10 million. Assembly Bill 4704 (signed June 28, 2024).	NJ				
Effective January 1, 2025, a flat 5.9 percent rate applies to a corporation's taxable income. Currently, a 4.8 percent rate applies to taxable income not over $500,000 and the 5.9 percent rate applies to taxable income over $500,000. House Bill 252 (signed March 6, 2024).	NM				

Rate Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
A company was a "qualified New York Manufacturer", or QNYM, eligible for a lower corporate franchise tax rate although it used property in New York (as required for QNYM status) through a contractor who performed the work in accordance with the taxpayer's objectives and requirements. The Division had asserted that because the taxpayer had no employees present in the state, it did not use property in New York. *Matter of E & J Gallo Winery* (N.Y. Div. Tax App. February 15, 2024).	NY				
Each member of a combined group, tested separately, must meet the test for being a Qualified Emerging Technology Company or QETC for the combined group to be considered a QETC. *Matter of Charter Communications, Inc.* (N.Y. Tax App. Trib. January 25, 2024).	NY				
For tax years beginning on or after January 1, 2024, the corporate income tax rate is reduced from 4.65 percent to 4.55 percent. Senate Bill 69 (signed March 14, 2024).	UT				
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, 2023, "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended, in effect on January 1, 2024, including those provisions that became effective during 2023 with the specific adoption of all retroactive effective dates, but excluding any changes to the code enacted after January 1, 2024. House Bill 2379 (signed March 18, 2024).	AZ				
Effective retroactively to January 1, 2024, Florida adopts the Internal Revenue Code as in effect on January 1, 2024. House Bill 7073 (signed May 7, 2024).	FL				

IRC Conformity	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, 2023, Georgia adopts the Internal Revenue Code as amended through January 1, 2024. House Bill 1162 (signed April 22, 2024).	GA				
Idaho has adopted the Internal Revenue Code as in effect on January 1, 2024. House Bill 385 (signed February 1, 2024).	ID				
Effective for taxable years beginning on or after January 1, 2024, Kentucky adopts the Internal Revenue Code as in effect on December 31, 2023. House Bill 8 (enacted April 8, 2024).	KY				
“Code” means the Internal Revenue Code as of December 31, 2023 (previously, December 31, 2022), applicable to tax years beginning on or after January 1, 2023, and to any prior tax year as specifically provided by the Code. Senate Paper 850 (signed April 12, 2024).	ME				
Oregon has rolling conformity to the Internal Revenue Code for provisions that affect federal taxable income. For other purposes, Oregon adopts the Code as amended and in effect on December 31, 2023. House Bill 4034 (signed April 4, 2024).	OR				
“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended through December 31, 2023. House Bill 4594 (signed May 20, 2024).	SC				
South Dakota has adopted the Internal Revenue Code as in effect on January 1, 2024. House Bill 1018 (signed February 5, 2024).	SD				

IRC Conformity	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
Effective retroactively to tax years beginning on or after January 1, 2023, Vermont adopts the Internal Revenue Code as amended though December 31, 2023. House Bill 546 (signed June 3, 2024).	VT				
For corporate net income tax purposes, all amendments made to the laws of the United States after December 31, 2022, but prior to January 1, 2024, shall be given effect to the same extent those changes are allowed for federal income tax purposes, whether the changes are retroactive or prospective, but no amendment to the laws of the United States made on or after January 1, 2024, shall be given any effect. Senate Bill 483 (signed February 8, 2024).	WV				

Nexus and P.L. 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
A passive holding company formed to hold an investment had City of Detroit Income Tax nexus because its officers and agents, who were employees of a Detroit private equity firm, engaged in activities related to a stock sale in the city on behalf of the company. *Apex Labs. Int'l. Inc. v. City of Detroit* (Mich. Ct. App. January 4, 2024).	MI				

Nexus and P.L. 86-272	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
The collection of broad marketing information by sales representatives available for use by various departments of the company fell outside the scope of the P.L. 86-272 protection. The reports contained marketing information about the customer's needs, including bulk pricing requests, complaints about product or service quality, needs for certain products, and purchases from competitors. While collection of sales-related information following a customer visit is generally a protected activity, the separate documentation of sales and marketing data and the sharing of marketing reports across departments evidenced that the marketing data had some purpose outside the solicitation of sales. *Uline, Inc. v. Commissioner of Revenue* (Minn. August 7, 2024).	MN				
New guidance has been posted addressing when a corporation is considered to be doing business in Oregon. The guidance also addresses the scope of P.L. 86-272 and explains that taxpayers should review the "Statement of Information Concerning Practices of Multistate Tax Commission and Signatory States Under Public Law 86-272" on the MTC's website for more information. *Corporations with Headquarters Outside Oregon* (Ore. Dep't of Rev. March 2024).	OR				
State, not federal law, governed the question as to whether the licensing of software for use by Wisconsin customers was a protected activity under P.L. 86-272. Under state income tax law, sales of software licenses involved intangible personal property and was not an activity projected under P.L. 86-272. Further, certain of the taxpayer's activities, all of which occurred outside of the state, were not limited to solicitation and there was nothing in P.L. 86-272 that stated non-solicitation activities (such as the taxpayer's customer support services via phone and email) could be de minimis. *Kuta Software LLC v. Dep't of Rev.* (Wis. Tax App. Comm'n July 28, 2023).	WI				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
Qualifying dividends deducted from income under R&TC section 24411 are sales includable the sales factor, despite FTB Legal Ruling 2006-01, which generally provides that income excluded from the tax base due pursuant to a deduction is required to be excluded from the apportionment formula. *In the Matter of Microsoft* (Cal. OTA February 14, 2024).	CA				
For taxable years beginning on or after January 1, 2024 and before January 1, 2027, NOLs are suspended. The suspension will not apply to any taxpayer with net income of less than $1 million. The 20-year carryforward period for NOLs is extended for up to three years if losses are not used due to the NOL suspension. Senate Bill 167 (signed June 27, 2024).	CA				
Operating losses incurred in income years commencing on or after January 1, 2025 may be carried forward for 30 income years. A 20-year carryforward period applies to losses incurred in income years commencing before January 1, 2025. House Bill 5524 (signed June 6, 2024).	CT				
If enactment of combined reporting resulted in an aggregate decrease in the amount of NOLs or tax credits a combined group's members may realize in Connecticut and a valuation allowance was reported as a result, the combined group will be entitled to a new deduction. This deduction is available for a 30-year period, beginning with the combined group's first income year that begins in 2026. House Bill 5524 (signed June 6, 2024).	CT				
A $500,000 limit applies to the use of NOL carryovers for tax years ending on or after December 31, 2024 and prior to December 31, 2027. Tax years when NOLs cannot be used due to the limitation are not counted for purposes of determining the 20-year carryforward period. House Bill 4951 (June 7, 2024).	IL				

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 December 31, 2020, Kansas decoupled from section 163(j) and allows a deduction for the current year's interest expense in its entirety. The Department's guidance provides that in addition to allowing taxpayers to amend their 2021 state income tax return to adjust the amount of interest deduction now allowed for that year, taxpayers can include in their 2021 amended return a recapture of any interest expense disallowed under IRC section 163(j) in tax years 2018, 2019, and 2020. Notice 24-16 (Kan. Dep't of Rev. Aug. 7, 2024).	KS				
For ten years beginning with the combined group's first taxable year beginning on or after January 1, 2026, a combined group is entitled to a deduction to mitigate the financial statement effects of combined reporting. Originally, groups could start taking the deduction for tax years beginning on or after January 1, 2024. House Bill 8 (enacted April 10, 2024).	KY				
Effective January 1, 2025, all taxpayers subject to the corporation income tax will be entitled to a $20,000 deduction from gross income. House Bill 2 (signed December 5, 2024).	**LA**				
Taxpayers can now elect into bonus depreciation for investments in qualified property and qualified improvement property, as well as bonus amortization for research and experimentation expenses. The bonus depreciation and amortization provisions are modeled after federal provisions and apply to property placed in service and expenses incurred after January 1, 2025. House Bill 2 (signed December 5, 2024).	**LA**				

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 after December 31, 2023, the NOL deduction is limited to 70 percent of a corporation's taxable income. Previously, the 70 percent limitation on the use of NOLs applied beginning with the 2023 tax year. House Bill 3769 (signed May 5, 2024).	MN				
Under Missouri law, a deduction is allowed for corporate dividends from sources within Missouri that are not deductible under federal law. As such, dividends received from a Missouri REIT were deductible in determining Missouri taxable income. *Great Southern Bancorp v. Director* (Mo. Hear. Comm'n January 26, 2024).	MO				
For tax years beginning on or after January 1, 2025, businesses may deduct research or experimental expenditures as defined under 26 CFR Section 1.174-2 rather than amortizing the expenses over a five- or fifteen-year period. If the taxpayer does not fully deduct the research or experimental expenditures in the taxable year in which the expenditures are paid or incurred, the taxpayer may elect to amortize the expenditures over a five-year irrevocable term. Legislative Bill 1023 (signed April 25, 2024).	NE				
Repatriation income under Section 965 did not qualify for the state's "deemed dividends received" deduction. Relying on the U.S. Supreme Court's *Moore* decision, the Nebraska Supreme Court held the income inclusion under Section 965 operated as pass-through income, rather than a deemed dividend. *Precision Castparts Co. v. Dep't of Rev.* (Neb. Aug. 30, 2024).	NE				
Effective January 1, 2025, the subtraction for Subpart F income is eliminated. House Bill 252 (signed March 6, 2024).	NM				

Tax Base	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
Beginning with the 2026 tax year, the limitation of use of Net Operating Loss (NOL) carryforwards gradually increases by 10 percent until the 2029 tax year when the limitation reaches 80 percent. NOLs generated in tax years prior to January 1, 2025 ("pre-reform NOLs") are still limited to 40 percent of taxable income. A taxpayer with both pre- and post-reform NOLs may first deduct up to 40 percent of its income using pre-reform NOLs, and then deduct whatever remains of the increased NOL limitation for that tax year using post-reform NOLs. Senate Bill 654 (signed July 11, 2024).	PA				
For combined filers, the NOL carryforward period has been increased from 5 years to 20 years effective for tax years beginning on or after January 1, 2025. House Bill 7225 (signed June 17, 2024).	RI				
Banking organizations electing to use single sales factor apportionment must add back to net income all business expense transactions between the taxpayer banking organization and the members of the taxpayer's unitary business. Certain exceptions to the addback requirement apply. House Bill 7927 (signed June 24, 2024).	RI				
Fees paid to an affiliate for the use of certain trade secrets and other intangible property, including an inventory control software system, were subject to addback under the state's related party expense addback rules. Policy Document 24-18 (Va. Dep't of Tax. March 13, 2024).	VA				
Pre-2009 net business losses (NBLs) incurred by entities that were members of a combined reporting group beginning in 2009 cannot be shared with members of a new combined group when the entities incurring the NBLs originally left the former combined group and joined a new combined group. *Lincare Holdings, Inc. v. Dep't of Rev.* (Wis. Tax App. Comm'n December 15, 2023).	WI				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
The interest expenses incurred by the acquired company during a leveraged buyout were non-business deductions fully allocable to the acquiree's state of domicile (not business items subject to apportionment.) The taxpayer was not required to first amend returns to cease treating the deduction as an apportionable business item in other states. *Hudson v. Murphy Oil USA Inc.* (Ark. December 12, 2024)	**AR**				
A transaction or activity, to the extent that it generates income or loss not included in "net income" is excluded from the apportionment formula. "Not included in net income" means income from transactions and activities that is not included in net income subject to apportionment for any reason, including, but not limited to, exclusion, deduction, exemption, elimination, or nonrecognition. This change applies to taxable years beginning before, on, or after the effective date of the bill. Senate Bill 167 (signed June 27, 2024).	CA				
For tax years beginning after December 31, 2025, corporation franchise taxpayer members of a combined group will be required to sum the sales figures for all group members (Finnigan Method), including those without nexus to the District, when determining a single apportionment factor for the entire group. Under current law, the District requires each group member to compute its apportionment factor separately (Joyce Method). Legislative Bill 875 (enacted September 18, 2024).	DC				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
Effective for tax years ending on and after December 31, 2024; for financial organizations, interest, dividends, net gains and other income from investment assets and activities and trading assets and activities will be included in the Illinois numerator by multiplying all income from such assets and activities by a fraction. The numerator of the fraction is the total receipts included in the Illinois numerator under the statutory sourcing rules for various types of income of a financial organization and the denominator is all receipts, other than interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and trading assets and activities. House Bill 4951 (signed June 7, 2024).	IL				
The Department concluded that a taxpayer's sales of gaming content and machines that were shipped to an Illinois distribution center to then be further shipped to a customer outside the state were not Illinois sales for sales factor purposes. The sales were to customers outside Illinois, the Illinois distribution center was used solely for further shipping, and the shipment did not terminate in Illinois. IT 24-0001-PLR (Ill. Dep't of Rev. August 22, 2024).	**IL**				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
The Department concluded that products shipped to Illinois-based distributor locations and storerooms are sourced to Illinois for sales factor purposes because the third-party Illinois distributors and storeroom resold the taxpayer's products to other distributors or retail stores. The taxpayer's control of and responsibility for future sales and movement of its product was fully transferred to the third-party distributor at the Illinois distributor locations. Further, the distributor would create new pallets of the taxpayer's products, package and label the pallets, and ship the product onward using its own truck or third-party carriers. The taxpayer is not made aware of the subsequent destination of its products. IT 24-008-GIL (Ill. Dep't of Rev. September 17, 2024).	**IL**				
A taxpayer was entitled to use market-based sourcing for tax years prior to the adoption of statutory market-based sourcing because market-based sourcing better reflected the economic reality of its business. *Solix Inc. v. Director, Division of Taxation* (N.J. Tax Ct. April 11, 2024).	NJ				
A generator of electricity at certain types of facilities is considered a manufacturer that may elect to use single sales factor apportionment permanently. Previously, the election expired after the 2023 tax year. House Bill 252 (signed March 6, 2024).	NM				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
A taxpayer was not permitted to include receipts from buy/sell transactions in its sales factor denominator because the true nature of the transactions were inventory exchanges. Although the taxpayer transferred ownership of tangible personal property and treated each buy or sell transaction as a separate item in its books and records, the transactions with each counterparty were arranged to equalize the value of products purchased or sold on each side for the purpose of minimizing the amount of cash that was required to change hands. *In the Matter of Sunoco, Inc.* (N.Y. Tax App. Trib. November 18, 2024).	**NY**				
A taxpayer was entitled to include the 20 percent repatriation income (IRC 965 income) in its sales factor denominator. Under Oregon law, a taxpayer may deduct 80% of IRC 965 income as a dividends received deduction. The sales factor, at the time, "exclude[d] gross receipts arising from the … holding of intangible assets … unless those receipts are derived from the taxpayer's primary business activity." In the court's view, the taxpayer's CFCs were engaged in similar "primary" business activities abroad as the water's edge group, and there was sharing and exchange of value among all the corporations. The court also rejected the taxpayer's argument that it was entitled to deviate from Oregon's statutory apportionment formula, finding that the taxpayer failed to show that the inclusion of the 20 percent did not provide sufficient factor representation. *Microsoft Corp. v. Oregon Department of Revenue* (Ore. August 29, 2024).	**OR**				

Apportionment Changes and Developments	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 December 31, 2022, comprehensive customer-based sourcing rules apply to several specific types of receipts in lieu of the income producing activity test. An eight-page bulletin defines key terms used in the statute and interprets the statutory rules. Corporation Tax Bulletin 2024-01 (Pa. Dep't of Rev. January 5, 2024).	PA				
Effective for tax years beginning on or after January 1, 2025, a banking institution may elect to apportion income using a single receipts factor formula. Once made, the election is effective for all subsequent tax years; however, after five years a taxpayer may apply to the tax administrator to revoke the election. House Bill 7927 (signed June 24, 2024).	RI				
A taxpayer's income-producing activity was providing access to a worldwide credit card network, which facilitated credit card transactions between merchants and cardholders throughout the country, including South Carolina. That income-producing activity occurred in South Carolina when a transaction was initiated in the state, as the taxpayer's authorization, clearing, settlement, and assessment platforms were all used to process these transactions. As such, fees from transactions initiated in South Carolina were attributed to the state. *Mastercard International Inc. v. South Carolina Dep't of Revenue.* (S.C. Admin. Law Ct. June 3, 2024).	SC				

Apportionment Changes and Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
A corporation was not required to apportion income from its primary business to Virginia based solely on the activities of a partnership in which it held a minority interest. The entities did not form a single unitary business because there was no functional integration, centralized management, or economies of scale between their businesses. As a result, the taxpayer was allowed to treat the partnership income as non-unitary allocable income. *Commonwealth of Virginia v. FJ Management, Inc.* (Va. Ct. App. November 18, 2024).	**VA**				

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 and after January 1, 2026, the current "three out of six test" for inclusion in the unitary combined group is repealed. House Bill 24-1134 (signed May 14, 2024).	CO				
Effective January 1, 2025, the water's-edge combined group will exclude only foreign organized corporations with less than 20 percent of their property, payroll and sales sourced to locations within the United States. Currently, the exclusion applies to all such corporations, wherever organized or incorporated. House Bill 252 (signed March 6, 2024).	NM				

Filing Methods	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
The first step toward combination is that the Department of Revenue must have "reason to believe" that a corporation's tax return does not accurately reflect South Carolina income due to transactions that lack economic substance or are not at fair market value. If such intercompany transactions lack economic substance or are not at fair value, then the Department must demonstrate that correction cannot be achieved by adding back, eliminating, or otherwise adjusting the intercompany transactions. House Bill 298 (signed March 11, 2024).	SC				

Franchise Tax	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
The Illinois franchise tax imposed on paid-in capital includes an exemption for the first $5,000 of franchise tax liability. The exemption level is increased to $10,000 of liability on or after January 1, 2025. House Bill 4951 (signed June 7, 2024).	IL				
The property measure of the franchise tax has been repealed for tax years ending on or after January 1, 2024. Taxpayers who paid on the property measure are eligible for a refund equal to the amount of franchise tax paid based on the property measure minus the amount of franchise tax that would have been paid based on the net worth measure for the same tax year. Refunds are available for tax years ending on or after March 31, 2020, for which a return was filed on or after January 1, 2021. House Bill 1983/Senate Bill 2103 (signed May 10, 2024).	TN				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
For taxable years beginning on or after January 1, 2024 and before January 1, 2027, a business (including all taxpayers that are members of a combined report) may claim a total of only $5 million in credits (including the carryover of any business credit). The carryover periods are extended by the number of years that a credit is disallowed by reason of this limitation. Senate Bill 167 (signed June 27, 2024).	CA				
A taxpayer was required to include qualified research expenses (QREs) claimed by a former affiliate when computing its subsequent eligibility for research credits (which are limited by a "base amount" measured by the amount of QREs previously claimed by the taxpayer and its affiliates.) Although federal law recognizes the transfer of historic QREs from the seller to the purchaser when an active business is sold to a purchaser, the affiliate in question was not sold as an active business because the purchaser acquired only intangibles and goodwill (not fixed assets or employees) and the acquired assets were adapted by the purchaser for use in a different type of business. A federal determination in favor of the taxpayer was not treated as binding by the OTA. *In re Novo Nordisk Inc* (Cal. OTA September 16, 2024).	**CA**				
The carry forward period for certain unused statutory income tax credits is reduced from ten to five years for credits generated after January 1, 2025. House Bill 1181 (signed May 6, 2024).	GA				

Credits	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
For federal Subchapter C corporations only, the taxes-paid credit for local inventory taxes was repealed for tax years beginning on or after July 1, 2026. Several other credits, deductions, exemptions and incentives (including the R&D tax credit, Motion picture production tax credit, Enterprise Zone and Quality Jobs incentives) were limited or repealed. House Bill 2 (signed December 5, 2024).	**LA**				
A financial institution qualified for the Massachusetts research and development (R&D) credit because a financial institution fell within the definition of "business corporation." Nothing in the statute limited the eligibility of the R&D credit to business corporations subject to the general corporate excise tax. *State Street Corporation v. Commissioner of Rev.* (Mass. App. Tax Bd Aug. 15, 2024).	MA				

Administrative Developments	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, 2025, corporate taxpayers have an additional 30 days after the federal extended due date to file their state corporate income tax return. House Bill 1181 (signed March 6, 2024).	GA				
Voters approved a constitutional amendment authorizing the creation of a state tax court as part of the judicial system. The tax court will have statewide jurisdiction, concurrent with the state business court and superior courts. Appeals from the tax court will be directly with the state court of appeals. Amendment 2 (approved November 5, 2024).	**GA**				

Administrative Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
The Board of Finance and Revenue (Board) is now authorized to engage in a settlement conference process with a taxpayer appealing an adverse decision made by the Department of Revenue. A settlement conference may be requested in writing by the taxpayer or by the Department, or initiated at the direction of the Board, within 30 days of the petition for review being filed. An approved settlement is final and binding without a showing of fraud, malfeasance, or misrepresentation or material fact; however, settlement agreements are not precedential on separate matters. Senate Bill 1051 (signed October 29, 2024).	**PA**				
Taxpayers who were subject to an unconstitutional limitation on net operating losses (NOLs) are not entitled to refunds for taxes paid under the now-overturned regime. A series of decisions by the Pennsylvania Supreme Court has established that flat NOL caps implemented under various prior laws unconstitutionally discriminated based on taxpayer income, however, this decision limits the applicability for refunds for those taxpayers affected by the invalidated limitations. *Alcatel-Lucent USA Inc. v. Pennsylvania* (Penn. November 20, 2024).	**PA**				

Administrative Developments	State	Potential impact on current tax?	Potential impact on deferred taxes?	Potential impact on ASC 740–10?	Other/ Comments
As part of its tax return for the taxable year beginning after December 31, 2023, but before January 1, 2026, each banking institution that is part of a unitary business must file a report for the combined group containing the combined net income of the combined group. For each tax year, the report must include, at a minimum: (i) The difference in tax owed as a result of filing a combined report compared to the tax owed under the current filing requirements; (ii) Volume of sales in the state and worldwide; and (iii) Taxable income in the state and worldwide. Certain foreign banks and banks with significant foreign activity would be excluded from the reports. A banking institution that files a false report or fails to file a report may be assessed a penalty not to exceed $10,000. House Bill 7927 (signed June 24, 2024).	RI				
Guidance was issued on the application of the franchise tax statute of limitations (SOL) when a taxpayer has requested an extension to file its franchise tax report. Under Texas law, the SOL is four years from the date on which the tax "becomes due and payable." Without an extension, the SOL begins to run on May 16th. The beginning date for the SOL for taxpayers required to make payments by electronic funds transfer that have made a valid extension request will be August 16th. The guidance applies to all reports originally due on or after January 1, 2021. Memorandum 202408001M (Tex. Comptroller Aug. 2, 2024).	TX				

2023-2025 State Corporate Income Tax Rate Chart[*]

As of December 16, 2024

State		2023	2024	2025
Alabama		6.50%	6.50%	6.50%
Alaska		9.40%	9.40%	9.40%
Arizona		4.90%	4.90%	4.90%
Arkansas	[a]	5.10%	4.30%	4.30%
California		8.84%	8.84%	8.84%
Colorado	[b]	4.40%	4.25%	4.40%
Connecticut	[c]	8.25%	8.25%	8.25%
Delaware		8.70%	8.70%	8.70%
District of Columbia		8.25%	8.25%	8.25%
Florida		5.50%	5.50%	5.50%
Georgia	[d]	5.75%	5.39%	5.39%
Hawaii		6.40%	6.40%	6.40%
Idaho	[e]	5.80%	5.695%	5.695%
Illinois	[f]	9.50%	9.50%	9.50%
Indiana		4.90%	4.90%	4.90%
Iowa	[g]	8.40%	7.10%	7.10%
Kansas	[h]	7.00%	6.50%	6.50%
Kentucky		5.00%	5.00%	5.00%
Louisiana	[i]	7.50%	7.50%	5.50%
Maine		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		4.00%	4.00%	4.00%
Montana	[j]	Separate: 6.75% Combined: 7.00%	Separate: 6.75% Combined: 7.00%	Separate: 6.75% Combined: 7.00%
Nebraska	[k]	7.25%	5.84%	5.20%
Nevada				
New Hampshire	[l]	7.50%	7.50%	7.50%
New Jersey	[m]	11.50%	11.50%	11.50%
New Mexico	[n]	5.90%	5.90%	5.90%
New York	[o]	7.25%	7.25%	7.25%
North Carolina	[p]	2.50%	2.50%	2.25%
North Dakota	[q]	Separate: 4.31% Combined: 7.81%	Separate: 4.31% Combined: 7.81%	Separate: 4.31% Combined: 7.81%
Ohio				
Oklahoma		4.00%	4.00%	4.00%
Oregon	[r]	7.60%	7.60%	7.60%
Pennsylvania	[s]	8.99%	8.49%	7.99%
Rhode Island		7.00%	7.00%	7.00%

South Carolina		5.00%	5.00%	5.00%
South Dakota				
Tennessee		6.50%	6.50%	6.50%
Texas		0.75%	0.75%	0.75%
Utah	[t]	4.65%	4.55%	4.55%
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

[*] 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.

- [a] For tax years on or after January 1, 2024, a rate of 4.3 percent applies for taxpayer whose net income exceeds $11,000. Ark. Code Ann. § 26-51-205(a)(5).
- [b] For income tax year beginning on January 1, 2024, a temporary reduction of the state income tax rate of 4.25 percent applies. Colo. Rev. Stat. § 39-22-627(1)(c).
- [c] The listed tax rate for Connecticut includes a surcharge of 10 percent that is extended through tax years beginning before January 1, 2026. 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 a unitary combined return are subject to the surcharge regardless of income level. Conn. Gen. Stat. § 12- 214(b)(6)(A), (b)(7)(A), (b)(8)(A).
- [d] On and after January 1, 2024, the tax rate imposed on corporations is the same as for individuals of 5.39 percent. For tax years beginning on or after January 1, 2025, the tax rate is further reduced by 10% and will continue to reduce by 10 percent per year until the rate reaches 4.99%, provided certain conditions are met. Ga. Code Ann. § 48-7-21(a); Ga. Code Ann. § 48-7-20(a.1)(1). As of this publication, the Department of Revenue has not certified whether the specified conditions were met, but has informally advised that the rate will remain 5.39 % for 2025.
- [e] Effective for tax years beginning on or after January 1, 2024, the tax rate of 5.695 percent applies. Idaho Code § 63-3025(1).
- [f] The tax rate for Illinois includes the 2.5 personal property replacement income tax rate. ILCS Chapter 35 § 5/201(d).
- [g] For tax years beginning on or after January 1, 2024, the tax rate for taxable income of $250,000 or more is 7.1 percent. Iowa Code § 422.33(b)(1). For tax years beginning on or after January 1, 2025, the rate will remain unchanged because net corporate income tax receipts in fiscal year 2024 did not exceed $700 million. Order 2024-01 (Iowa Dep't of Rev. Oct. 15, 2024).
- [h] The tax rate for Kansas includes the 3 percent surtax, which is imposed on taxable income over $50,000. Kan. Stat. Ann. § 79-32,110(c)(2).
- [i] For tax years beginning on or after January 1, 2025, the tax paid by every corporation shall be computed at a rate of 5.5%. La. Rev. Stat. Ann. § 47:287.12.

- [j] In Montana, the tax rate for water's edge combined filers is 7 percent. Mont. Code Ann. § 15-31- 121(2).
- [k] The tax rate for Nebraska is 5.20 percent beginning on or after January 1, 2025. For tax years beginning on or after January 1, 2026, the rate is 4.55 percent. For tax years beginning on or after January 1, 2027, the rate is 3.99 percent on all taxable income. Neb. Rev. Stat § 77-2734.02.
- [l] The tax rate for New Hampshire does not include the Business Enterprise Tax. N.H. Rev. Stat. Ann. § 77-E:2.
- [m] For privilege periods beginning on or after January 1, 2018 through December 31, 2023, corporations, except for public utilities, with allocated income of $1 million or more were subject to a 2.5 percent surtax imposed on allocated net income and is in addition to the corporation business tax, which is imposed at a rate of 9 percent. N.J. Rev. Stat. § 54:10A-5.41. For privilege periods beginning on and after January 1, 2024 through December 31, 2028, a 2.5 percent Corporate Transit fee is imposed on corporation business tax payers that have New Jersey allocated taxable net income in excess of $10 million. N.J. Rev. Stat. § 54:10A-5.41a.
- [n] For tax years effective before January 1, 2025, New Mexico applies a graduated corporate income tax rate with the highest rate being 5.9 percent. For tax years effective on or after January 1, 2025, New Mexico applies a flat rate of 5.9 percent. NMSA 1978 § 7-2A-5.
- [o] For tax years beginning on or after January 1, 2021 and before January 1, 2027, taxpayers with an entire net income base of over $5 million are subject to a 7.25 percent rate in New York. All income is subject to the 7.25 percent tax rate if the $5 million income base is exceeded. Taxpayers with an income base of $5 million or less continue to apply a tax rate of 6.5 percent. N.Y. Tax Law § 210(1)(a)(iv).
  Note: The listed tax rate for New York does not include the MTA surcharge, which is 30 percent.
- [p] For tax years beginning on or after January 1, 2026, North Carolina's corporate income tax rate will be reduced to 2 percent and again to 1 percent for tax years beginning on or after January 1, 2028. The rate will be 0 percent for tax years beginning on or after January 1, 2030. N.C. Gen. Stat. § 105.130.3.
- [q] In North Dakota, the tax rate for water's edge combined filers is the applicable rate plus an additional 3.5 percent. N.D. Cent. Code § 57-38.4-02(3).
- [r] A 6.60 percent tax rate applies to the first $1 million of Oregon taxable income. Or. Rev. Stat. § 317.061.
- [s] Effective beginning in tax year 2023, Pennsylvania's corporate net income tax rate is reduced from 9.99 percent to 8.99 percent, with further reductions of an additional 0.5 percent each year until the tax rate reaches 4.99 percent for tax year 2031 onward. Pa. Stat. Ann. § 7402(b).
- [t] For taxable years beginning on or after January 1, 2024, the corporate tax rate is 4.55 percent. Utah Code § 59-7-104(2).