

HISTORICAL SUMMARY OF BUSINESS PROFITS TAX, RSA 77-A

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SESSION YEAR	EFFECTIVE DATE	CHAPTER	STATUTORY CHANGES	FILING THRESHOLD	TAX RATE																								
1970 Special Session	4/27/70 Inception of the law	CH 5:1		\$3,000, Gross Business Income	6%																								
1971	7/1/71	CH 515:14			Increased Rate 7%																								
1973	Returns due on periods ending on or after 12/31/73	CH 579:1		\$6,000, Gross Business Income	7%																								
1977	7/1/77	CH 593:1			Increased Rate 8%																								
1979	8/24/79	CH 446:4	25% each quarter estimate payments		8%																								
1981	7/1/81	CH 461:1 [Rev 305.01(a), Doc.#4192]		\$12,000, Gross Business Income	8% plus, surtax of 13.5% Effective rate 9.08%																								
1982	7/1/82	CH 568:65,II, CH 42:70	Minimum tax of \$250, repealed the 1982 law DRA ordered to refund \$	\$12,000, Gross Business Income																									
1983	7/1/83	CH 469.42 [Rev 305.01 (b), Doc.#4192]		\$12,000, Gross Business Income for all tax years ending on and after 7/1/83 and on or before 6/30/84	8% plus, surtax of 19.5% Effective rate 9.56%																								
1983	7/1/84	CH 469.42 [Rev 305.01 (b), Doc.#4192]		\$12,000, Gross Business Income for all tax years ending on and after 7/1/84 and on or before 6/30/85	8% plus, surtax of 13.5% Effective rate 9.08% (surtax ended 6/30/85)																								
1985	7/1/85	CH 408:1		\$12,000, Gross Business Income	An effective rate that declines monthly during the State of NH's fiscal year ending 6/30/86																								
1985	7/1/85	CH 408			All tax years ending on or after 7/1/85 and on or before 6/30/86 except short period tax years. The eff. Rate shall be as follows: <table style="font-size: small; border-collapse: collapse;"> <tr> <td>07/31/85</td><td>9.01%</td> <td>01/31/86</td><td>8.60%</td> </tr> <tr> <td>08/31/85</td><td>8.94%</td> <td>02/28/86</td><td>8.53%</td> </tr> <tr> <td>09/30/85</td><td>8.87%</td> <td>03/31/86</td><td>8.46%</td> </tr> <tr> <td>10/31/85</td><td>8.80%</td> <td>04/30/86</td><td>8.39%</td> </tr> <tr> <td>11/30/85</td><td>8.73%</td> <td>05/31/86</td><td>8.32%</td> </tr> <tr> <td>12/31/85</td><td>8.66%</td> <td>06/30/86</td><td>8.25%</td> </tr> </table>	07/31/85	9.01%	01/31/86	8.60%	08/31/85	8.94%	02/28/86	8.53%	09/30/85	8.87%	03/31/86	8.46%	10/31/85	8.80%	04/30/86	8.39%	11/30/85	8.73%	05/31/86	8.32%	12/31/85	8.66%	06/30/86	8.25%
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12/31/85	8.66%	06/30/86	8.25%																										
1985	Short period tax years beginning before 7/1/85 and ending after 6/30/86.	CH 469:42		Multiply the number of months of the tax period occurring prior to 7/1/85 by the monthly eff. tax rate (.007566) for such period. Multiply the number of months of the tax period occurring subsequent to 7/1/85 by the monthly eff. Tax rate (.006875) for such period. Add the product of these calculations; divide this sum by the total number of months in the short period tax year; and multiply the resulting product by 12.																									
1986	6/30/86	CH 153		\$12,000, Gross Business Income	Effective rate 8.25% for tax years ending on or after 7/1/86 and before 7/1/87																								
1988	6/30/88			\$12,000, Gross Business Income	Decreased Rate 8%																								
1990	4/1/90	CH 3:71	30%, 30%, 20%, 20% quarterly estimate payments	\$12,000, Gross Business Income	8%																								
1991	3/28/91	CH 5:1 CH 354 CH 354:7	Business tax credits expanded, RSA 77-A:5, VI-VII Sales apportionment factor x 1.5 Payroll, Property & Sales ÷ 3.5 eff. 1/1/92 35%, 35%, 15%, 15% quarterly estimate payments	\$12,000, Gross Business Income	8%																								
1991	5/27/91	CH 163:17	30%, 30%, 20%, 20% quarterly estimate payments	\$12,000, Gross Business Income	8%																								
1993	7/1/94 & 7/1/99	CH 350:11 CH 350:12	Sales apportionment factor x 2, plus Payroll & Property ÷ 4 (Effective for federal tax year ending 7/1/94). For tax years ending on or after 7/1/99 the factors revert back to: Sales apportionment factor x 1.5, plus Payroll & Property ÷ 3.5																										
1993	7/1/93	CH 350:16	Established a dollar-for-dollar credit against the BPT																										

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1993	7/1/93	CH 202:1 CH 350:8 CH 350:9 CH 313 CH 350:18	Allowing & Regulating LLCs eff. 7/1/93 Effective 7/1/93, 25%, 25%, 25%, 25% quarterly estimate payments	\$50,000, Gross Business Income applies to returns ending after 6/30/93	7.5% for FY 94 7.0% for FY 95 eff. 7/1/94
1995	7/1/95	CH 188 CH 308:93 CH 172, section 162L:9	Repealed all credits Repealed the CH 188 repeals, but did not reinstate the research & development tax credit, RSA 77-A:5, IX Extended CDDFA to 8 years		7%
1996	7/1/96	CH 154:1	Modified QIC definition		
1997	7/1/97	CH 351:43	Authorized a Tax Amnesty Program to run from Dec. 1, 1997 to Feb. 15, 1998		
1998	8/1/98	CH 105	Adopted the IRC of 1986 in eff. on 12/31/97 except NOL carryover which is eff. 12/31/96. The changes are eff. for tax years beginning after 1/1/97. May not exceed \$250,000 in a tax year.		
1998	7/1/98	CH 163	Repeals the tax on Qualified Venture Capital Funds and also related definitions. It also expands the activities of Qualified Investment Companies to include a QICC. Apply to taxable periods ending after 6/3/98.		
1998	7/1/99	CH 338	Re-establishes an investment tax credit under RSA 162-L:10, which can be applied to BPT or BET.		
1999	7/1/99	CH 17			Increased Rate 8%
2001	7/1/01	CH 158			Increased Rate 8.5%
2002	7/1/02	CH 211	Net operating loss may only be carried forward for the 10 years following the loss year. For taxable periods ending: (a) on or before June 30, 2003, the amount of net operating loss generated in a tax year that may be carried forward may not exceed \$250,000; (b) on or after July 1, 2003, and on or before June 30, 2004, the amount of net operating loss generated in a tax year that may be carried forward may not exceed \$500,000; (c) on or after July 1, 2004, and on or before June 30, 2005, the amount of net operating loss generated in a tax year that may be carried forward may not exceed \$750,000; (d) on or after July 1, 2005, the amount of net operating loss generated in a tax year that may be carried forward may not exceed \$750,000. A deduction for the amount of the net operating loss carryover shall be limited to losses incurred on or after July 1, 1997.		
2003	7/1/03	CH 301 77A:4 XIII	Granting business tax credits for investments in crop zone projects added.		
2003	7/1/03	77:55 XII	Amended by including CROP zone tax credit		
2004	5/24/04	CH 143	Amends definition of QIC and election and reporting for QICs.		
2007	7/1/07	CH 263	Eff. 8/21/07 - Repeals and reenacted in RSA162-N:6 Economic Rev. Tax Zone Credit		
2007	39264	CH 271-4-6 122	Research & Development Credit: (1) applies to tax periods ending on or after 9/7/07; (2) Repeals R&D credit eff. 7/1/13		
2007	8/17/07	CH 146	Repeals foreign dividend deductions of gross business profits.		
2009	7/17/09	CH 144:273	RSA 77-A:6, I-a, File on a sale or exchange of interest whether or not gross income is in excess of \$50,000 during taxable period ending on or after 7/1/09.		
2009	7/15/09	CH 223	Establish a committee to study business tax credits and report findings 12/1/2009.		
2010	7/8/10	CH 286	RSA 77:4-b, allows a business organization engaged in an IRC §1031 Like-Kind Exchange to utilize a single member limited liability company, revocable trust or other entity disregarded for federal tax purposes as the recipient entity. Under the special rule, the recipient entity takes the basis of the relinquished property as held by the parent organization as computed for federal income tax purposes.		

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2010	7/13/10	CH 311	RSA Chapter 162-N Economic Revitalization Zone Tax Credit amended to extend the availability of the credits for four years and makes certain changes to the eligibility for and determination of the eligible amounts for the credits.		
2010	7/20/10	CH 324:2, 4 and 5	RSA 77-A:4, III the amount of the deduction for compensation for personal services shall be determined, as applicable to NH's tax structure, using the standards set forth in IRC §162(a)(1). Beginning on or after 1/1/11 there is a record-keeping safe harbor for deductions up to \$50,000 as total compensation for the tax year. Also creates a study committee to study safe harbors and the taxation of investment organizations (report due 11/1/11).		
2011	6/14/11	CH 181:2	RSA 77-A:1, XXI(a), to include under the definition of "Qualified Investment Company" a Qualified Community Development Entity (as defined in section 45D of the US Internal Revenue Code), which is owned, controlled, or managed, directly or indirectly, by the NH Business Finance Authority.		
2011	6/25/11	CH 207	RSA 77-A:4, III, for taxable periods beginning on or after January 1, 2011: Modified the standards and burden of proof with respect to the Business Profits Tax deduction for reasonable compensation attributable to owners of partnerships, limited liability companies, and sole proprietorships that file a business tax return as a partnership or proprietorship. Keeps the standards set forth in IRC §162(a)(1) and the \$50,000 "record-keeping safe harbor." Amends the burden of proving the reasonableness of the compensation deduction: A business organization claiming a deduction bears the burden of proving that all proprietors, partners, or members for whom a deduction is being claimed provided actual personal services to the business organization at any time during the taxable period. Once a business organization satisfies this burden of proof, the amount claimed as a deduction shall be presumed to be reasonable, unless the Department proves by a preponderance of the evidence that the deduction claimed by the business organization is clearly unreasonable.		
2011	7/1/13	CH 224:363	RSA 77-A:4, XIII, increases the amount of Net Operating Loss that may be generated in a tax year from \$1,000,000 to \$10,000,000.		
2011	7/1/14	CH 225	RSA 77-A:5, X, <u>applicable for taxable periods ending on or after July 1, 2014</u> , changes the carryforward periods for the BET credit against the BPT from five taxable periods to ten taxable periods.		
2012	6/27/12	CH 287:2	RSA 77-G, establishes an Education Tax Credit against the BPT equal to 85% of a business organization's donation to a scholarship organization under new chapter RSA 77-G. <u>First year of program to begin January 1, 2013.</u>		
2012	5/23/12	CH 71	RSA 77-A:4, XIII (e), changes the applicability date for CH 224:363, Laws of 2011 (see above) from July 1, 2013 to January 1, 2013.		
2012	8/4/12	CH 116	Changes the prospective repeal date for the Research and Development Tax Credit under RSA 77-A:5, XIII from July 1, 2013 to July 1, 2015.		
2012	7/1/12	CH 253	RSA 77-A:7, I (a) puts into statute the current practice of allowing a taxpayer to apply the BET credit against the BPT on a quarterly basis when making estimate payments.		
2012	6/21/12	CH 279:10	Creates new section RSA 77-A:3-a "Expense Deductions," which allows an IRC §179 deduction not to exceed \$25,000. <u>Applicable to any qualifying IRC §179 property placed into service on or after January 1, 2012.</u>		

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2013	5/20/13	CH 5	Increased the maximum aggregate amount of R&D tax credit awarded from \$1,000,000 to \$2,000,000 under RSA 77-A:5, effective May 20, 2013. Also removed the prospective repeal of the R&D tax credit. The R&D tax credit remains in effect indefinitely.		
2013	8/19/13	CH 90:3	RSA 77-A:10 amended to require the DRA to give notice to a taxpayer within 6 months of the taxpayer's filing of a Report of Change that their return is being reviewed.		
2013	7/1/13	CH 71	RSA 77-A:4, III (c) increasing the deduction amount for the personal compensation deduction record-keeping safe harbor from \$50,000 to \$75,000, effective July 1, 2013.		
2014	7/1/14	CH 192	RSA 77-A:5, X, clarifying CH. 225, Laws of 2011, any unused BET credit from <u>taxable periods ending on or after December 31, 2014</u> may be carried forward for 10 years from the taxable period in which it was paid.		
2015	7/1/15	CH 599	RSA 162-N, altering the qualifications for the economic revitalization zone tax credit and requiring review of qualification for the tax credit every 5 years.		
2015	1/1/16	CH 274:23-24			8.2% (for taxable periods ending on or after 12/31/2016) 7.9% (for taxable periods ending on or after 12/31/2018 contingent upon combined unrestricted general and education trust fund revenues of \$4.64 billion being collected during the biennium ending 6/30/2017)
2015	7/1/17	CH 276:241	RSA 77-A:5, XIII (a)(1) increasing the total aggregate amount of the R&D Tax Credit to \$7 million.		
2015	7/1/15	CH 276:242-243	Authorized a Tax Amnesty Program applicable to all taxes administered by the DRA running from 12/1/15-02/15/16.		
2016	6/21/16	CH 295	Adopted the IRC of 1986 in eff. on 12/31/15 except IRC §§ 168(k) (bonus depreciation), 199 (domestic production activities), 181 (movie production expenses), and 179 (maximum deduction limited to \$100,000 for NH purposes). The changes are eff. for tax years beginning on or after 1/1/17.		
2016	6/21/16	CH 300	RSA 77-A:4, XIV, eliminates the requirement that a business organization make an addition to gross business profits when an interest or beneficial interest in the business organization is sold or exchanged in an amount equal to the net increase in the basis of all underlying assets. Any portion of the annual depreciation or amortization attributable to the increase in basis federally from the sale of an ownership interest shall be added back to the gross business profits of the business organization and the gain or loss on the sale or disposition of the asset shall be calculated without regard to the basis increase recognized federally. The business organization may make an irrevocable election to recognize the basis increase for any particular sale or exchange and if made, the business organization shall make an addition to gross business profits in an amount equal to the net increase in the basis of its assets in the tax period when the sale or exchange of the ownership interest occurs. The business organization may then deduct against gross business profits any annual depreciation or amortization attributable to the increased basis and take into consideration the basis increase upon the sale or disposition of the asset. Applicable to sales or exchanges occurring on or after 1/1/16.		
2017	7/1/19	CH 156:213			7.7% (for taxable periods ending on or after 12/31/2019)
2017	7/1/21	CH 156:215			7.5% (for taxable periods ending on or after 12/31/2021) REPEALED

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2018	7/29/18	CH 157	Establishes exemptions for qualified regenerative manufacturing companies from the Business Profits Tax and the Business Enterprise Tax, which expires for taxable periods beginning after December 31, 2017.		
2018	7/1/18	CH 357	Allows a business organization to carry forward any unused portion of the education tax credit amount awarded for 5 succeeding years, but not more than \$1,000,000 in any given tax year.		
2019	7/1/19	CH 247	Establishes a tax credit against the Business Profits Tax for qualifying charitable donations to career and technical education centers. The program is scheduled to be repealed after state fiscal year 2026.		
2019	7/1/19	CH 346:200-202			7.7% (for taxable periods ending on or after 12/31/2019)
2019	7/1/19	CH 346:200-202			For all taxable periods ending on or after December 31, 2021, the BPT rate depends on the combined amount of general and education trust fund revenue collected for the fiscal year ending June 30, 2020. If the combined revenue is 6% or more below the official revenue estimates, the BPT rate will be 7.9%. If the combined revenue is 6% or more above the official revenue estimates, the BPT rate will be 7.5%. Otherwise, the BPT rate will continue to be 7.7%.
2019	1/1/21	CH 346:424-425, 430	Adopts the market-based sourcing method of apportioning sales of services and intangibles for purposes of the BPT (effective January 1, 2021, for taxable periods ending on or after December 31, 2021).		
2019	1/1/22	CH 346:426-429	Adopts a single sales factor apportionment formula (effective January 1, 2022 for taxable periods ending on or after December 31, 2022 unless rescinded by majority vote of the Legislative Committee on Apportionment).		
2021	7/1/21	CH 199		\$92,000 (taxable periods ending on or after 12/31/22)	
2021	6/25/21	CH 91:109-111			7.6% (taxable periods ending on or after 12/31/22)
2022	6/17/22	CH 189			7.5% (taxable periods ending on or after December 31, 2023).
2022	7/1/22	CH 241	Modifies the calculation of net operating loss carryover, shall only be apportioned in the year the net operating loss is incurred (shall apply to business organizations tax years ending on or after December 31, 2022).		