

Income/Franchise:

Florida DOR Announces Temporary Corporate Income Tax Rate Reduction from 4.458% to 3.535%

Tax Information Publication 21C01-02, Fla. Dept. of Rev. (9/14/21). Pursuant to state law that establishes potential reductions to Florida's corporate income tax rate contingent upon satisfaction of specified tax revenue goals [see previously issued Multistate Tax Alert for details on some related law changes enacted in 2018, as well as *State Tax Matters*, Issue 2021-34, for recent revenue projections made by Florida's Revenue Estimating Conference for the General Revenue Fund], the Florida Department of Revenue (Department) issued a tax information publication (TIP) announcing that the Florida corporate income/franchise tax rate is reduced from 4.458% to 3.535% for taxable years beginning on or after January 1, 2021, but before January 1, 2022. According to this TIP, the Florida corporate income/franchise tax rate then returns to 5.5% for taxable years beginning on or after January 1, 2022, with the Department providing that it "will post additional TIPs on any future tax rate changes." The Department also explains that taxpayers having a "52 – 53 week" taxable year beginning on or about January 1 and ending on or about December 31, generally will have the same tax rates as a calendar year-end taxpayer.

[URL: https://floridarevenue.com/taxes/tips/Documents/TIP_21C01-02.pdf](https://floridarevenue.com/taxes/tips/Documents/TIP_21C01-02.pdf)

[URL: https://www2.deloitte.com/us/en/pages/tax/articles/enacted-florida-legislation-provides-for-irc-conformity-update-and-other-tax-law-changes.html?id=us:2em:3na:stm:awa:tax:091721&sfid=7015Y000003WdGMQAO](https://www2.deloitte.com/us/en/pages/tax/articles/enacted-florida-legislation-provides-for-irc-conformity-update-and-other-tax-law-changes.html?id=us:2em:3na:stm:awa:tax:091721&sfid=7015Y000003WdGMQAO)

[URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210827_1.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210827_1.html)

With respect to 2022 estimated tax payments and Florida's "prior year exception," the TIP explains that interest and penalty are *not* imposed on estimated payments that meet:

1. The standard requirement of 90% of the tax due in the current year, after credits; or
2. 100% of the tax due in the prior year at the current year's tax rate.

Furthermore, because "the 2022 corporate income tax rate returns to 5.5%, the prior year exception for tax years that begin within the 2022 calendar year is based on the tax due on the prior year's income using a 5.5% tax rate." Accordingly, the TIP provides that taxpayers should recompute the prior year tax due using a 5.5% tax rate for purposes of determining the installment required to meet the prior year exception for 2022 state corporate income tax estimated tax payments. Please contact us with any questions.

— Chris Snider (Miami)
Managing Director
Deloitte Tax LLP
csnider@deloitte.com

Jessica Huber-Broege (Tampa)
Partner
Deloitte Tax LLP
jhuberbroege@deloitte.com

Ian Lasher (Tampa)
Managing Director
Deloitte Tax LLP
ilasher@deloitte.com

Ben Jablow (Tampa)
Manager
Deloitte Tax LLP
bjablow@deloitte.com

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