

Income/Franchise:

California: New Law Removes NOL Suspension and Eliminates Business Credit Limit

S.B. 113, signed by gov. 2/9/22. Recently enacted legislation includes provisions that:

URL: https://leginfo.legislature.ca.gov/faces/billHistoryClient.xhtml?bill_id=202120220SB113

- Eliminate the \$5 million business credit limit for tax years beginning on or after January 1, 2022;
- Remove the net operating loss suspension for tax years beginning on or after January 1, 2022; and
- Reorder credit usage to allow for use of other state tax credits before the pass-through entity tax credit for tax years beginning on or after January 1, 2022 and before January 1, 2026.

The legislation also includes certain technical corrections to California's recently enacted elective pass-through entity tax [see recently issued Multistate Tax Alert for more details on these technical corrections]. Please contact us with any questions.

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-california-enacts-changes-to-pass-through-entity-tax.pdf>

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