

Income/Franchise:

New Hampshire: New Law Lowers Business Profits Tax Rate, Provides NOL Fix, Protects Resident Remote Workers

H.B. 1221, signed by gov. 6/17/22. Effective immediately and applicable for all taxable periods ending on or after December 31, 2023, new law decreases New Hampshire's business profits tax (BPT) rate to 7.5%.

URL: http://www.gencourt.state.nh.us/bill_Status/billinfo.aspx?id=1384&inflect=2

S.B. 435, signed by gov. 6/17/22. Effective July 1, 2022, and applicable to business organizations' tax years ending on or after December 31, 2022, new law modifies calculation of the net operating loss (NOL) carryover deduction under New Hampshire's business profits tax (BPT) by:

URL: http://www.gencourt.state.nh.us/bill_Status/billinfo.aspx?id=2083&inflect=2

1. Effectively removing "double apportionment" in the year the NOL deduction is generated and instead providing for "single apportionment;" and
2. Eliminating reference to the Internal Revenue Code (IRC) in effect on December 31, 1996 and instead aligning the NOL carryover deduction calculation with the BPT's general IRC conformity date (thus capping the utilization to 80%).

Note that for taxable periods ending on or after January 1, 2013, the amount of the NOL generated in a tax year that may be carried forward remains unchanged; the NOL carryforward may not exceed \$10 million.

H.B. 1097, signed by gov. 6/17/22. Effective immediately, new law addresses taxation of income of New Hampshire residents when working remotely for an out-of-state employer by providing the following:

URL: http://www.gencourt.state.nh.us/bill_status/billinfo.aspx?id=1525&inflect=2

"in order to promote the health of its economy and the welfare of its citizens, by preserving an environment in which labor is not unduly penalized, it is declared to be the sovereign interest of the state of New Hampshire that the income from employer-employee relationship such as wage income, salary income, or other employee compensation earned or received by residents of the state of New Hampshire for services entirely performed within the state of New Hampshire shall not be subject to personal income taxation in any other state."

Please contact us with any questions.

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