

Income/Franchise:

New Hampshire: Summary Reminds of Recent Decoupling from IRC §163(j) Business Interest Expense Deduction

Technical Information Release (TIR) 2023-003, N.H. Dept. of Rev. Admin. (9/26/23). A New Hampshire Department of Revenue Administration summary provides “a convenient reference guide of relevant statutory changes made during the 2023 Legislative Session by the New Hampshire General Court impacting various taxes administered by the New Hampshire Department of Revenue Administration” (Department). In it, the Department explains that S.B. 189 (2023) / Chapter 163 [see *State Tax Matters*, Issue 2023-31, for more details on this legislation] allows, in determining taxable business profits for New Hampshire business profits tax (BPT) purposes for taxable periods beginning on or after January 1, 2024, a deduction of the business interest expense incurred in the taxable period without regard to the Internal Revenue Code (IRC) section 163(j) limitation. Moreover, any carry forward of business interest expense federally disallowed under IRC section 163(j) as of taxable period before January 1, 2024, “shall be allowed as a deduction in three equal parts over three consecutive years beginning with the first taxable period commencing on or after January 1, 2024.”

URL: <https://www.revenue.nh.gov/tirs/documents/2023-003.pdf>

URL: https://www.gencourt.state.nh.us/bill_status/billinfo.aspx?id=770&inflect=2

URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230804_6.html

Regarding New Hampshire’s interest and dividends tax (I&D Tax), the summary explains that H.B. 2 (2023) / Chapter 79 accelerates the repeal of the I&D Tax to taxable periods beginning after December 31, 2024, from taxable periods beginning after December 31, 2026, and repeals the previously scheduled reduction of the I&D Tax rate to 2% for taxable periods ending on or after December 31, 2025, and 1% for taxable periods ending on or after December 31, 2026. Please contact us with any questions.

URL: https://www.gencourt.state.nh.us/bill_status/billinfo.aspx?id=1081&inflect=2

— Bob Carleo (Boston)
Managing Director
Deloitte Tax LLP
rcarleo@deloitte.com

Liz Jankowski (Boston)
Principal
Deloitte Tax LLP
ejankowski@deloitte.com

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