

Income/Franchise:

Arizona: New Law Updates State Conformity to Internal Revenue Code

H.B. 2688, signed by gov. 2/28/25. Effective ninety-one days after adjournment of the 2025 Arizona Legislature and applicable for tax years beginning from and after December 31, 2024, new law generally updates the definition of the federal Internal Revenue Code (IRC) for Arizona tax purposes to the IRC as in effect on January 1, 2025, “including those provisions that became effective during 2024 with the specific adoption of all retroactive effective dates,” but excluding any change to the IRC enacted after January 1, 2025. For purposes of computing state corporate and personal income taxes for tax years beginning from and after December 31, 2023 through December 31, 2024, the legislation provides that the definition of the IRC for Arizona tax purposes generally is the IRC as in effect on January 1, 2024, including those provisions that became effective during 2023 with the specific adoption of all federal retroactive effective dates, *and* including those provisions that are retroactively effective during taxable years beginning from and after December 31, 2023 through December 31, 2024. Please contact us with any questions.

URL: <https://apps.azleg.gov/BillStatus/BillOverview>

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