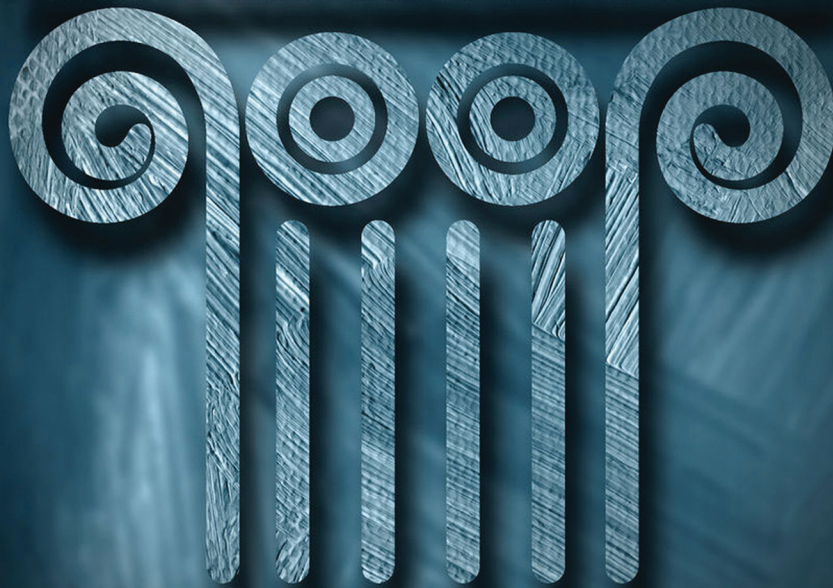




CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



DISCLAIMER

The information contained in this guide is intended as general information only and not as specific legal and/or tax advice. The application and impact of the state laws can vary widely based on the specific facts involved. Given the changing nature of state laws, rules, and regulations and the inherent hazards of electronic communication, there may be delays, omissions, or inaccuracies in information contained in this guide. Accordingly, the information in this guide is provided with the understanding that the authors, subject matter experts, and CFMA are not herein engaged in rendering legal, tax, or any other professional advice or services. As such, it should not be used as a substitute for consultation with an accounting or legal professional or other competent advisers.

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BUILD YOUR PROFESSIONAL SUCCESS WITH CFMA

Founded in 1981, the Construction Financial Management Association (CFMA) is the only association dedicated to bringing together construction financial professionals and those partners serving their unique needs. CFMA provides invaluable resources, education, and best practices to its more than 8,600 members via the headquarters office (Princeton, NJ) and 98 chapters across North America in support of its mission: To be essential to the growth and success of construction financial professionals.

WHO WE ARE

CFMA is the communications leader and premier source of education and information about those aspects of financial management unique to the construction industry, meeting the needs of a broad spectrum of financial managers, including CFOs, treasurers, controllers, and accountants.

CFMA's General Members represent all types of contractors, including generals and subcontractors, as well as developers, construction managers, architects, engineers, principals, and material and equipment suppliers.

CFMA's Associate Members are those professionals serving the construction industry, such as public accountants, sureties, bankers, insurance agents/brokers and carriers, consultants, and technology and other service providers.

WHAT WE OFFER

As the primary forum for education and networking among today's construction financial managers, CFMA's respected products and services include:

- *Financial Management and Accounting for the Construction Industry* ("The Book"), authored and updated annually by CFMA members, represents the body of knowledge for construction financial professionals.
- From "The Basics of Construction Accounting" to federal taxation, risk management, and leadership workshops, CFMA provides a wide variety of educational and professional development programs. Courses are eligible for CPE credit and are available in person or via e-learning or Webinar.
- The much honored and well-respected publication (and one of the most valued member benefits), *CFMA Building Profits*, offers an outstanding selection of feature articles, technical pieces, and industry news six times a year.
- CFMA's online benchmarking tool, the Construction Financial Benchmark (www.financialbenchmarker.com) provides access to on-demand financial benchmarking reports and comparative analyses by company revenue, type (including NAICS code), and location.
- CFMA's Annual Conference & Exhibition, the industry's premiere annual education event, is five days of educational and informational sessions and workshops, along

with the unprecedented opportunity to network with over 1,000 industry experts, peers, vendors, and suppliers.

CCIFP-THE ONLY INDUSTRY STANDARD CERTIFICATION

The Institute of Certified Construction Industry Financial Professionals (ICCIFP) was formed to create a performance standard and credentialing process for the industry. The first certification exam was held on May 22, 2004. Since then, more than 1,000 construction financial managers and professionals in related industries have attained the designation of Certified Construction Industry Financial Professional (CCIFP). In July 2014, ICCIFP announced the achievement of accreditation from the American National Standards Institute (ANSI) for the Certified Construction Industry Financial Professional designation. CFMA's educational courses and publications serve as primary resources for those who wish to attain this industry certification. For more information, visit www.iccifp.org.

REGULATORY & LEGISLATIVE ACTION

On behalf of its members and the industry, CFMA has testified before Congress, submitted comments, and worked with industry coalitions on a number of legislative and regulatory initiatives, including:

- Revenue Recognition (FASB Topic 605)
- Compensation-Retirement Benefits-Multi-Employer Plans (FASB Subtopic 715-80)
- Leases (FASB Topic 840)
- The definition of an independent contractor and the Section 530 Safe Harbor
- TIPRA 3% withholding provision
- The definition of temporary assignment
- The ADA and the EEOC
- Look-back rules
- Tax reporting requirements and the IRS Audit Technique Guide for the Construction Industry
- Numerous FASB pronouncements affecting the construction industry
- Other key issues affecting the financial management of construction companies

Two-key CFMA committees-Tax & Legislative Affairs and Emerging Issues-provide members with timely and critical information and analyses on tax, accounting, and legal issues affecting the industry.

For more information about CFMA and membership in the association, please contact us at 609-452-8000 or visit us at www.cfma.org.

ACKNOWLEDGEMENTS

It is with great pleasure that the Construction Financial Management Association (CFMA) presents the 2017 edition of the *Construction Financial Manager's Guide to State Tax Laws*. While there are many different tax jurisdictions in every state, this guide provides construction financial managers with added value and technical knowledge in the area of multistate taxation.

This publication was conceived by Alan K. Clark, Smith, Adcock and Company, LLP, previous chairman of CFMA's Tax & Legislative Affairs Committee. Al, along with Cord Armstrong, CBIZ, Inc. and Mayer Hoffman McCann P.C., previous vice chairman of the committee, led the committee's efforts in creating this publication. In addition to Al and Cord, CFMA thanks the members of its Tax & Legislative Affairs Committee who were integrally involved in the development and completion of this publication.

We are extremely grateful to all our volunteer authors who contributed their time and knowledge and to the companies that support their efforts on behalf of CFMA. This publication would not be possible without them.

We also gratefully acknowledge



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Brian Myers

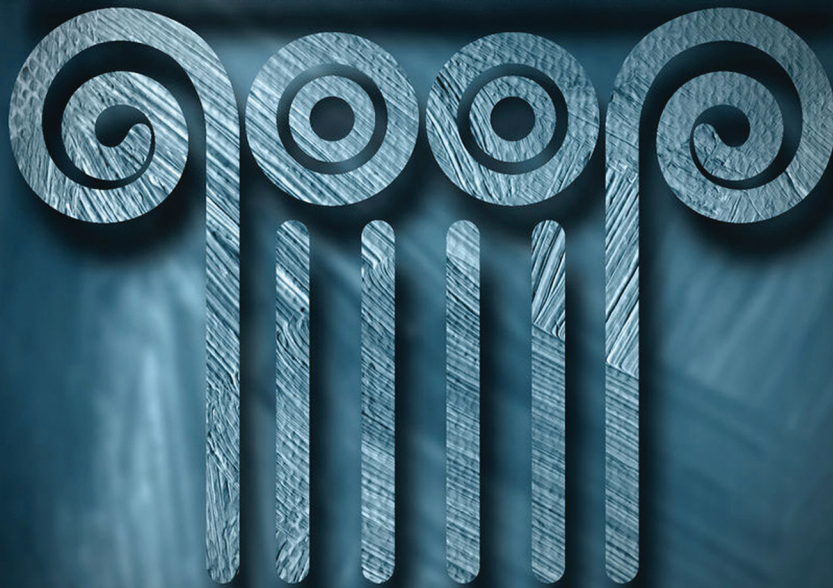
Mitchell M. Novitsky, J.D.

Have feedback for us or interested in participating in future updates? E-mail us at: cfmastatetax@cfma.org.



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ALABAMA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes reserving the entity name, filing the Articles of Organization with the probate judge in the county of organization, and paying the fees to file (\$100 to the Secretary of State and probate fees which vary depending on the county of organization). All fees are paid to the probate judge, who will then forward the Secretary of State fee on the entity's behalf.

FORMS

All forms are available on the Secretary of State's website. There is a Name Reservation Request Form for Domestic Entities and a Name Reservation Request Form for Foreign Entities.

For corporations, there is a Domestic Business Corporation Certificate of Formation and a Domestic Nonprofit Corporation Certificate of Formation. Foreign corporations can file the Foreign Corporation Application for Registration.

Alabama has similar forms for Limited Liability Companies (LLCs), Limited Partnerships (LPs), Limited Liability Partnerships (LLPs), and Limited Liability Limited Partnerships (LLLLPs).

Also, within 75 days of qualification in Alabama, entities must file an initial Business Privilege Tax return, (Form BPT-IN).

RATES, FEES, COSTS

The initial filing fee for Alabama is \$100 to the Secretary of State, and a separate payment to the probate judge for the county of organization. This fee varies by county, but is typically \$50 to \$65.

WEBSITE

<http://www.sos.state.al.us/>

MAILING ADDRESS/PHONE NUMBER

Alabama Secretary of State
P.O. Box 5616
Montgomery, AL 36103-5616
(334) 242-7200

ADDITIONAL ASSISTANCE

The Secretary of State website is comprehensive with all forms needed and fairly user-friendly to navigate.

ANNUAL RENEWALS

Renewals are required annually.

FORMS

Renewals are handled with the annual filing of the Privilege Tax Return, (Form CPT for C corporations and Form PPT for pass-through entities). The privilege tax return also includes the Corporation Annual Report, (Schedule AL-CAR), for corporations.

RATES

Alabama's privilege tax is based on an entity's net worth. The rate applied to taxable net worth is dependent on the entity's taxable income for the year. The rates range from .00025 for no taxable income up to .00175 for taxable income over \$2,500,000.

DUE DATE

The due dates of business privilege tax returns must correspond to the due dates of federal income tax returns. Corporate privilege tax returns (C-corp) are due by April 15. All other entities are due by March 15.

DUE DATE EXTENSION

A six-month extension is granted automatically. Form BPT-V should be filed and marked as an extension payment if less than \$750 taxes due.

ELECTRONIC FILING

Electronic filing is available if the Alabama tax return is also filed electronically. If the privilege tax return is filed electronically, payment must also be made electronically.

ELECTRONIC PAYMENT

Electronic payment options are available (and required for all payments exceeding \$750) at: www.myalabamataxes.alabama.gov

WEBSITE

www.revenue.alabama.gov

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Revenue
Business Privilege Tax Section
P.O. Box 327320
Montgomery, AL 36132-7320
(334) 353-7923

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is required for businesses that will have reporting requirements for withholding, sales and income taxes, among other types of taxes. Since all construction companies will have these taxes, registration is required for contractors.

FORMS

There is no specific form. The registration process at My Alabama Taxes (MAT) is query-driven and allows a company to register for the applicable taxes upon sign up, or add additional taxes later.

RATES

There is no cost to register with the Alabama Department of Revenue.

WEBSITE

Register electronically at: www.myalabamataxes.alabama.gov

Look for the "Obtain a New Tax Account #" on the left-hand side.

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Revenue
50 North Ripley Street
Montgomery, AL 36104
(334) 242-1584

LICENSES—GC & SPECIALTY

REGISTRATION

Licensing is required by a contractor who undertakes to construct or superintend the construction, alteration, maintenance, repair, rehabilitation, remediation, reclamation, or demolition of any building, highway, sewer, structure, site work, grading, paving or project, or any improvement in the State of Alabama where the cost of the undertaking including labor and materials is \$50,000 or more and swimming pool construction of \$5,000 or more.

Subcontractors performing minimum contracts including labor and materials of \$50,000 (\$5,000 swimming pools) under contract to a licensed prime contractor must be licensed by the Alabama Licensing Board for Contractors (Board).

TESTS AND EXAMS

All applicants must request classification within the following major classifications:

- Building construction.
- Building construction under four stories.
- Highways and streets.
- Municipal and utility.
- Heavy and railroad construction.
- Specialty construction.

Applicants not qualifying for a major classification should request specific sub-classification(s) and/or specialty classifications.

Based on the classifications selected, applicants must pass a trade exam and a business law exam. Alabama uses PSI Exams for testing.

FORMS

The initial application is a lengthy document that requires financial statements prepared by a CPA, as well as relevant work experience for the classification(s) requested. Reference letters from an architect/engineer, general contractor, bank, and material supplier are also required.

RATES

The initial application fee is \$300 for a prime contractor and \$150 for a subcontractor. Alabama will not accept company checks. Only money orders or cashier's checks will be accepted.

For renewals, the fee is \$200 for a prime contractor and \$100 for a subcontractor. Again, only cashier's checks or money orders are accepted.

DUE DATE

After initial licensing, the renewal month is staggered and depends on the business name. Renewals are accepted March through December. A notice is sent approximately six weeks prior to the contractor's license expiration.

DUE DATE EXTENSION

A 90-day extension is available; however, the fee must be paid timely for the extension request to be considered.

ELECTRONIC FILING

Not applicable at this time.

ELECTRONIC PAYMENT

Not applicable at this time.

WEBSITE

www.genconbd.alabama.gov

MAILING ADDRESS/PHONE NUMBER

Alabama Licensing Board for General Contractors
2525 Fairlane Drive
Montgomery, AL 36116
(334) 272-5030

RECIPROCITY STATES

Alabama currently reciprocates with Arkansas, Louisiana, Mississippi, and Tennessee. The business law exam must still be taken and passed. Only the trade exam is waived if reciprocity is available.

EQUITY REQUIREMENT

Applicants must have a minimum of \$10,000 of both working capital and net worth to be licensed. An unused bank line of credit letter can be used to increase the working capital; however, it can never increase working capital greater than net worth. Also, a personal financial statement can be submitted to increase either working capital or net worth by one level on Alabama's bid limit schedule.

Alabama categorizes bid limits (per job) as A through E and then U for unlimited. A minimum net worth/working capital combination of \$10,000 will qualify for category A and bid limits up to \$100,000. There are various bid limits after A. Once a contractor reaches a minimum net worth/working capital combination of \$300,000 or greater, the contractor qualifies for category U or unlimited bid capacity.

FINANCIAL STATEMENT REQUIREMENTS

Financial statements are acceptable if they are less than one-year old. Applicants must employ a CPA or licensed public accountant who is neither directly nor indirectly connected with the contractor's business. Financial statements will be accepted if they are audited, reviewed, or compiled by a CPA or public accountant approved by the Board.

LOCAL LICENSES

REGISTRATION

Alabama has 67 counties, which along with the numerous municipalities, may impose a local privilege or license tax. A local business license is typically required based on the job's location.

FORMS

Each county or city will have their specific forms for the local license. There are no local or municipal income taxes in Alabama.

RATES

Some local municipalities in Alabama impose a license tax on the gross receipts of the business or an occupational tax on wages paid within their jurisdiction. Contact the local municipality to determine if an occupational tax is imposed and the reporting and payment requirements.

The rates are typically 1/2% to 1% of gross receipts or wages paid within the local jurisdiction.

INCOME TAX

INCOME TAX—C CORPORATION

An annual corporate income tax is imposed on every corporation doing business in Alabama or deriving income from sources within Alabama, including income from property located in Alabama. Alabama also imposes its corporate income tax on every corporation qualified to transact business in the state.

FORMS

Form 20C is the Alabama Corporation Income Tax Return. Form 20C-C is used to file an Alabama consolidated corporate return. Form BIT-V, (Business Income Tax Payment Voucher), is used to pay estimated taxes or make a payment with an extension request (just check the applicable box on the form when mailing with a payment). However, all payments over \$750 must be made electronically.

RATES

Alabama corporate income tax rate is 6.5%.

The late payment penalty is 1% per month, up to 25%.

A late filing penalty is 10% of the unpaid tax or \$50, whichever is greater.

Additional penalties may also be assessed for underpayment due to negligence and underpayment due to fraud.

Interest on an unpaid balance accrues at the existing federal rate (currently 3%).

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

Amended returns claiming a refund have a general three-year statute of limitations.

EXTENSION

The extension request is due the same day as the due date for the related tax return. Alabama does recognize the federal extension for an automatic six-month extension.

ELECTRONIC FILING

Electronic filing of the returns is required if funds are remitted electronically or if the related federal return is filed electronically.

ELECTRONIC PAYMENT

All payments over \$750 must be paid electronically.

ESTIMATED TAX

A corporation is required to make estimated tax payments if its tax liability is \$500 or more.

FORMS

Form BIT-V, (Business Income Tax Payment Voucher), is used to pay estimated taxes or make a payment with an extension request (just check the applicable box on the form when mailing with a payment). However, all payments over \$750 must be made electronically.

RATES

The late payment penalty is 1% per month, up to 25%.

A late filing penalty is 10% of the unpaid tax or \$50, whichever is greater.

Additional penalties may also be assessed for underpayment due to negligence and underpayment due to fraud.

Interest on an unpaid balance accrues at the existing federal rate (currently 3%).

DUE DATE

Generally the estimates are due on the 15th of the 4th, 6th, 9th, and 12th month.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

These are common federal tax differences for Alabama for contractors:

- Federal exempt interest income (unless the source is an Alabama municipality).
- Dividends-received deduction.
- Alabama de-coupled from the federal depreciation deduction with the Economic Stimulus Act of 2008. Thus far, this is the only time Alabama has not conformed to federal legislation regarding depreciation deductions.

ALLOCATION AND APPORTIONMENT FACTORS

Alabama uses a three-factor apportionment formula: tangible property, payroll, and sales. The sales factor is double-weighted in the calculation of the apportionment factor.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Not Applicable

OTHER MULTISTATE COMPACT

Not Applicable

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

No specific apportionment formulas for the construction industry.

SPECIFIC EXCLUSION OF INCOME ITEMS

No specific exclusion of income items for the construction industry.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items for the construction industry.

CREDITS AND TAX INCENTIVES

Alabama has a number of tax credits and incentives available. The prominent ones are:

Income Tax Capital Credit: A capital credit of up to five percent (5%) of the capital costs of a qualifying project, to be applied to the Alabama income tax liability generated by the project income, each year for 20 years.

Enterprise Zone Credit or Exemption: Offered to help encourage economic growth to areas in Alabama that are considered economically depressed.

Education Credit: An income tax credit of 20% of the actual cost of an employer sponsored educational program that enhances basic skills of employees up to and including the twelfth grade functional level.

Full Employment Act of 2011 Credit: Available to small businesses (50 or fewer employees) that create new jobs paying more than \$10/hour. The credit shall equal \$1,000 for each qualifying new employee and is available in the tax year during which the employee has completed 12 months of consecutive employment.

Heroes for Hire Tax Credit Act of 2012: Available to small businesses that hire recently deployed and now discharged unemployed veterans. The credit is \$1,000.

ALTERNATIVE MINIMUM TAX

Alabama does not have an alternative minimum tax.

WEBSITE

www.myalabamataxes.alabama.gov

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Revenue
50 North Ripley Street
Montgomery, AL 36104
(334) 242-1584

INCOME TAX—S CORPORATION

Alabama recognizes the federal election on Form 2553. No other election is required.

FORMS

Form 20S is the Alabama S Corporation form.

RATES

Generally there will be no Alabama tax if there is no federal tax. An Alabama tax may be imposed if the related federal return had S corporation tax imposed as a result of an S corporation which had converted from a C corporation and had excess net passive investment income, capital gains, or built-in gains. This income would be apportioned to Alabama by multistate S corporations.

DUE DATE

Fifteenth day of the third month after the tax year end.

EXTENSION

Alabama extension is automatically granted for six months. Payment of taxes at the extension date is on Form PTE-V (with the extension payment box checked).

ELECTRONIC FILING

Electronic filing of the returns is required if funds are remitted electronically, or the related federal return is filed electronically.

ELECTRONIC PAYMENT

S corporation payment rules are the same as C corporations.

COMPOSITE RETURNS FOR S

Form PTE-C, Nonresident Composite Payment Return, is required to report the amount of tax due for nonresident shareholders. The PTE-C is to be mailed separately from the Form 20S.

An Alabama S corporation may file Nonresident Agreement, (Schedule NRA), stating that each nonresident shareholder of the entity agrees to: (1) file a return and make timely payments of all taxes imposed on the shareholder with respect to the income of the Alabama S corporation, and (2) be subject to personal jurisdiction in the state for the purposes of collection of unpaid income tax, interest, and penalty.

There is no net operating loss carryback for a composite return.

RATES

The maximum tax rate of 5% should be used to compute the composite payment.

DUE DATE

Fifteenth day of the third month following the close of the taxable year.

Amended returns claiming a refund have a general three-year statute.

EXTENSION

Alabama extension is automatically granted for six months. Payment of taxes at the extension date is with Form PTE-V, with the automatic extension box checked.

No extensions are available past the first six-month automatic extension.

ELECTRONIC FILING

Electronic filing is required for all tax preparers that prepare 50 or more Alabama returns, or if the related federal return is filed electronically.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Alabama does not currently require withholding on nonresident S shareholders. Alabama does not require withholding on all Subchapter K nonresident partners and members.

WEBSITE

www.myalabamataxes.alabama.gov

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Revenue
50 North Ripley Street
Montgomery, AL 36104
(334) 242-1584

INCOME TAX—PARTNERSHIPS, LLC

FORMS

Every pass-through entity which is required to file a federal Form 1065 that has business or derives income from property in Alabama or has members domiciled in Alabama is required to file Alabama Form 65.

RATES

There is no tax on Alabama Form 65.

If a partnership files a composite return and makes composite tax payments on behalf of nonresident partners, the rate is five percent (5%) times that partner's allocated Alabama taxable income.

DUE DATE

The 15th day of the third month following the end of the tax year, or March 15 for a calendar-year partnership.

DUE DATE EXTENSION

Alabama automatically grants a six-month extension of time to file.

ELECTRONIC FILING

Electronic filing of the returns is required if funds are remitted electronically or if the related federal return is filed electronically.

ELECTRONIC PAYMENT

All payments exceeding \$750 must be paid electronically. Lesser amounts are also accepted electronically.

COMPOSITE RETURNS

Refer to Composite Returns for S Corporations section above.

INCOME TAX—INDIVIDUAL

Full-year residents are taxed on all income, regardless of the source, except certain specified tax exempt income. Alabama does not tax Social Security income or income from a defined benefit pension plan. Filing is required if the income exceeds certain levels based on the standard deduction and personal exemptions.

Nonresidents who work in Alabama or receive income from Alabama sources are required to file Alabama Form 40NR with the completed allocation form if Alabama income exceeds the allowable prorated personal exemption.

FORMS

Form 40 is for residents and part-year residents. Form 40NR is for nonresidents only.

Form 40-ES is used to make estimated tax payments.

If credit for taxes paid to other states is claimed, a full copy of the other state's return is required as an attachment to the Alabama return.

RATES

A graduated rate schedule applies to individual returns with a maximum rate of 5%.

A credit for taxes paid to other states is allowed for full-year residents.

DUE DATE

April 15

EXTENSION

The Alabama extension is automatically granted for six months for individuals.

ELECTRONIC FILING

Electronic filing is available and it is required for taxpayers who have made electronic payments for any purpose or who have filed a federal return electronically.

ELECTRONIC PAYMENT

Electronic payments and certain card payments are options for payments.

WEBSITE

www.myalabamataxes.alabama.gov

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Revenue
50 North Ripley Street
Montgomery, AL 36104
(334) 242-1099

FED RETURN ATTACHED TO STATE RETURN

Yes, the first two pages if the taxpayer claims itemized deductions.

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Alabama. Alabama does offer an additional 100% health insurance deduction for certain qualifying taxpayers.

IRC CONFORMITY

Alabama adopts the current Internal Revenue Code (IRC) for corporate and individual purposes.

The Alabama Department of Revenue on July 31 announced that it has published preliminary guidance regarding the impact of the provisions of federal tax reform on Alabama. Alabama conforms to the IRC as currently amended and has not decoupled from the business interest deduction limitations of IRC § 163(j) as enacted by the Tax Cuts and Jobs Act.

Alabama does not conform to the IRC § 199A qualified business income (pass-through) deduction because Alabama's personal income tax calculation does not begin with federal tax base.

ALTERNATIVE MINIMUM TAX

Alabama does not have an alternative minimum tax for individuals.

NET WORTH OR STOCK TAX (Alabama Privilege Tax)

REGISTRATION

After obtaining a name reservation and filing the appropriate Articles of Formation with the Secretary of State, an initial Business Privilege Tax return must be filed with the Alabama Department of Revenue within two and one-half months.

TAXABLE BASIS

Every corporation, limited liability entity, partnership, business trust, disregarded entity, and REIT that is doing business in Alabama, or is registered or qualified to do business in Alabama is subject to the Alabama business privilege tax and must file a return and annual report. Corporations (C or S) pay a \$10 corporate annual report fee on top of the computed privilege tax. The privilege tax is based on net worth, as adjusted. Corporations include capital stock and additional paid-in capital. Treasury stock is ignored. Retained earnings is also added; however, negative retained earnings (deficit) is ignored.

Any related-party debt in excess of the net worth computed above must be added to the taxable basis. Also, any amounts in excess of \$500,000 of compensation or similar amounts (e.g., distributions) is to be added to the taxable basis.

An entity gets to deduct its investment in other companies. Any amount invested in State of Alabama bonds and securities is deductible in arriving at the taxable basis for the privilege tax.

S corporations and other pass-through entities are able to deduct 30% of the federal taxable income apportioned and allocated to Alabama.

The taxable basis is further determined by apportionment to Alabama for entities with activities in multiple states.

FORMS

Form CPT is filed by C corporations. Form PPT is filed by virtually all other entities.

Pages 1 through 4 of the applicable federal return is to be attached to the Alabama privilege tax return.

RATES

Privilege tax rates are based on federal taxable income apportioned and allocated to Alabama:

If zero or less	.00025
\$1 up to \$200,000	.00100
\$200,000 to \$500,000	.00125
\$500,000 to \$2,500,000	.00150
Over \$2,500,000	.00175

The maximum privilege tax for virtually all entities is \$15,000. Limited liability entities meeting the definition of “electing family limited liability entity” have a maximum levy of \$500.

DUE DATE

The due dates of business privilege tax returns must correspond to the due dates of federal income tax returns. Alabama’s privilege tax is due by the 15th day of the fourth month following the end of the tax year for C-corporations, and the 15th day of the third month following the end of the tax year for all other entities (this includes LLCs that have elected to be taxed as S corporations).

EXTENSION

The extension is automatically granted but the tax is due on the original due date for the privilege tax return. Late payment is subject to penalty and interest.

An extension of up to six months is available.

ELECTRONIC FILING

Electronic filing is available; however, if the privilege tax return is filed electronically, payment must be made electronically.

ELECTRONIC PAYMENT

All payments greater than or equal to \$750 must be paid electronically.

WEBSITE

www.myalabamataxes.alabama.gov

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Revenue
Business Privilege Tax Section
P.O. Box 327320
Montgomery, AL 36132-7320
(334) 353-7923

GROSS RECEIPTS TAX

REGISTRATION

Alabama imposes a gross receipts tax on contractors engaged in the business of contracting to construct, reconstruct, or build public highways, roads, bridges, streets, or tunnels for the Alabama Department of Transportation.

TAXABLE BASIS

Gross receipts received by the contractor or contract assignee whether the payments are made pursuant to a highway letting contract, purchase order, supplemental agreement, change request, or other arrangement to perform work for the Alabama Department of Transportation.

EXCEPTIONS

The contractors' gross receipts tax does not apply to the following:

- Direct contracts with the federal government when the State of Alabama is not listed as a joint party.
- Direct contracts with any city, town, or county when the State of Alabama is not listed as a joint party.
- Contracts with the State of Alabama to construct, reconstruct, or build rest areas or welcome stations.
- Contracts that do not include or require the construction, reconstruction, or building of any public highway, road, bridge, street, or tunnel (example: mowing and/or landscaping, parking lots, and fencing, etc.).
- The portion of gross receipts payments made to the contractor or contract assignee under contractual escalation provisions.

FORMS

Returns are filed electronically via: www.myalabamataxes.alabama.gov

RATES

The contractors' gross receipts tax is five percent (5%).

DUE DATE

Returns and remittances are due on or before the 20th day of the month following the month in which a payment was received.

EXTENSION

Not Applicable

ELECTRONIC FILING

Returns are required to be filed electronically.

ELECTRONIC PAYMENT

All payments greater than or equal to \$750 must be paid electronically.

WEBSITE

www.myalabamataxes.alabama.gov

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Revenue
50 North Ripley Street
Montgomery, AL 36104
(334) 242-1490

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Sales tax is usually required to be paid by the contractor at the time the materials are purchased. The contractor, whether the general or the sub, are generally deemed to be the consumer of the materials and are therefore the party who is responsible for the payment of the tax.

A contractor may be liable for a use tax, which is essentially the same as the sales tax, if the materials are purchased in a different jurisdiction or another state at a lesser rate than the rate at the point of use.

Contractors can be a “fabricator” and a “contractor” with a somewhat more complicated sales tax situation for product sold to third parties and product produced then used themselves on their contracts.

FORMS

All sales and use tax returns are filed electronically through the MAT system. The type of return is selected after logging on to file that month’s return.

RATES

The general sales and use tax rate for the State of Alabama is 4%. There is an automotive rate of 2%, and a rate of 1.5% for manufacturing machinery and farm machinery.

DUE DATE

Sales and use tax returns are due on or before the 20th day of the month following the month during which tax is accrued. Even if no sales or use tax is due, a zero return must be filed to avoid a late filing penalty.

EXTENSION

Not Applicable

ELECTRONIC FILING

All sales and use tax returns are required to be filed electronically via the MAT system. Effective October 1, 2013, Alabama implemented the Optional Network Election for Single Point Online Transactions (ONE SPOT) system, enabling Alabama retailers to file and pay ALL state and city/county sales and use taxes with one online filing, eliminating the need to register and file with various municipalities.

ELECTRONIC PAYMENT

Payment is required to be made electronically.

WEBSITE

www.myalabamataxes.alabama.gov

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Revenue
50 North Ripley Street
Montgomery, AL 36104
(334) 242-1490

GRANDFATHERING OF RATE CHANGES

Since rates change frequently for counties and local jurisdictions, a prior rate is grandfathered for valid contracts at the time of a change.

GOVERNMENT PROVIDED MATERIALS

Effective January 1, 2014, the Alabama Department of Revenue has the authority to issue Certificates of Exemption from sales/use tax to certain contractors and subcontractors for the purchase of construction materials only to be used in the construction of a building or other project for a defined group of governmental entities. Prior to this new law, the governmental entity had to purchase the materials directly to be able to purchase materials tax-free.

Note that contracts entered into with the U.S. government and contracts pertaining to highway, road or bridge construction or repair do not qualify for the exemption.

Under the new law, contractors must register for a consumer use tax account and provide estimates about the qualifying contract. The sales tax Certificate of Exemption is issued on an individual contract basis. The contractor must file monthly returns to report purchases pertaining to the exempt contract.

TAXABLE SERVICES

Services are not taxable in Alabama.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

Alabama has 67 counties and many local jurisdictions which have sales tax and local option taxes in addition to the state-wide 4% rate. Refer to the Sales Tax section above. In addition, refer to the local city and county where you are performing a construction contract in order to determine the local sales and use tax rate that may apply.

FUEL TAX

REGISTRATION

Alabama assesses tax on gasoline, diesel fuel, aviation fuel, and lubricating oil. Typically this tax is paid by the contractor and no additional reporting is required by the contractor for these types of tax.

PROPERTY TAX

PERSONAL PROPERTY

Alabama counties have business personal property tax as well as specific property tax on real property, marine, and aircraft.

REGISTRATION

There is no registration. Filing requirements are determined based on ownership of property as of October 1 of the tax year.

FORMS

Most municipalities provide their own form based on previous filings; however, Form ADV-40 is the state provided form for initial filings or if the municipality doesn't provide a form.

RATES

Rates are set annually by the taxing jurisdictions.

DUE DATE

Property taxes are due October 1, and are delinquent after December 31.

DUE DATE EXTENSION

Extensions are available if requested from the tax assessor or tax commissioner of the county in which the return is filed.

ELECTRONIC FILING

Electronic filing is determined by each county.

ELECTRONIC PAYMENT

Not applicable at this time.

WEBSITE

Most counties have their own website. Also, the Alabama Department of Revenue provides a wealth of information on its Property Tax Division page at: www.revenue.alabama.gov/advalorem/

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Revenue
Property Tax Division
P.O. Box 327210
Montgomery, AL 36132
(334) 242-1525

REAL PROPERTY

Real property is subject to an annual property tax. While there is a form to file to return the value for tax assessment, the county will generally assess and notify of the value, with a right to appeal by the property owner. It is assessed on the fair market value as of October 1 with payment due the following October 1 (considered delinquent after December 31).

INTANGIBLES TAX

REGISTRATION

Alabama does not have an intangibles tax.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

An employer who is not a resident of Alabama is required to withhold tax from the wages of his employees to the extent that such wages are earned in Alabama, whether the employee is a resident or a nonresident of Alabama.

In order to properly compute withholding tax, the employer must obtain a completed Exemption Certificate from each employee (Form A-4).

All employers or other withholding agents who are registered with the Alabama Department of Revenue must file a Quarterly Withholding Tax Return, (Form A-1). Monthly Withholding Returns, (Form A-6), are required of all withholding agents who have withheld more than \$1,000.00 in either the first or second month of the quarter. On or before the last day of February each year, every employer who has withheld tax during the preceding year must file Form A-3, (Annual Reconciliation), with the Alabama Department of Revenue with a copy of each Wage and Tax Statement, (Form W-2), issued for that year.

Alabama has a booklet for employers – *Withholding Tax Tables and Instructions for Employers and Withholding Agents*, (revised January 2019), available at: https://revenue.alabama.gov/wp-content/uploads/2019/01/whbooklet_0119.pdf

RATES

Withholding will vary depending on the employee's filing status and number of dependents claimed. The maximum rate of withholding is 5%.

DUE DATE

Monthly filers' forms are due the 15th of the following month. Quarterly reports are due the last day of the month following the quarter.

Quarterly filers' forms are due the end of the month following the quarter.

Check the Employers Tax Guide for the details on when payments and forms are due.

EXTENSION

There is no extension for withholding filing or payment, but a penalty may be abated for reasonable cause.

ELECTRONIC FILING

If a taxpayer makes a single withholding tax payment of \$750 or more, the taxpayer is required to electronically file both the payment and the withholding tax return.

ELECTRONIC PAYMENT

Required for all payments of \$750 or more.

WEBSITE

www.myalabamataxes.alabama.gov

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Revenue
Withholding Tax Section
P.O. Box 327480
Montgomery, AL 36132-7480
(334) 242-1300

NEW HIRE

All employers are required to report each newly hired or recalled employee to the Alabama Department of Labor. The information must be furnished within seven days from the date of hire or reemployment. Employers reporting electronically may transmit twice monthly, not less than 12 days nor more than 16 days apart. Employers who fail to report newly hired or recalled workers may be fined up to \$25 for each violation.

TERMINATION

If an employee is terminated and files a claim with the Alabama Department of Labor, the employer will receive Form BEN-241, Notice of Claim and Request for Separation Information.

INDEPENDENT CONTRACTOR TREATMENT

Alabama uses a reserved right of control test to determine whether a worker is an employee or an independent contractor. This is a common-law right to control test. There are penalties for incorrectly reporting a worker as an independent contractor who is actually an employee. The fine for the first offense is equal to the amount of the tax that should have been withheld, and then goes up for subsequent offenses.

UNEMPLOYMENT

FORMS

Employers must register with the Alabama Department of Labor in order to file the Quarterly Unemployment Compensation Report, Form UC-CR-4.

RATES

Rates are dependent on the employer's industry and claims history. Most new employers are assigned a rate of 2.70%. Alabama unemployment taxes are due on the first \$8,000 of taxable wages per employee.

DUE DATE

The Form UC-CR-4 is due by the last day of the month following the quarter-end.

EXTENSION

Not Applicable

ELECTRONIC FILING

All quarterly unemployment tax returns are required to be filed electronically.

ELECTRONIC PAYMENT

All employers are required to pay amounts due the Alabama Department of Labor electronically.

WEBSITE

www.labor.alabama.gov

MAILING ADDRESS/PHONE NUMBER

Alabama Department of Labor
649 Monroe Street
Montgomery, AL 36131
(334) 242-8888

NEW HIRE

All employers are required to report each newly hired or recalled employee to the Alabama Department of Labor. The information must be furnished within seven days from the date of hire or reemployment. Employers reporting electronically may transmit

twice monthly, not less than 12 days nor more than 16 days apart. Employers who fail to report newly hired or recalled workers may be fined up to \$25 for each violation.

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If an employee is terminated and files a claim with the Alabama Department of Labor, the employer will receive Form BEN-241, Notice of Claim and Request for Separation Information.

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OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Any holder of property presumed abandoned shall make a report to the Alabama State Treasurer concerning the property. The report shall be filed (or a requested extension granted) before November 1 of each year and cover the period beginning July 1 and ending June 30 of the year preceding the report.

WEBSITE

<https://alabama.findyourunclaimedproperty.com/>

IMPACT FEES

Not applicable at this time.

STATE ISSUES OTHER THAN TAXES

Alabama's annual contractor's license renewal booklet is cumbersome and much more involved than surrounding states.

MINIMUM WAGE

Alabama does not have a state minimum wage, instead, they adopt the current Federal Minimum Wage of \$7.25.

REGISTERED AGENTS

To qualify to do business in Alabama, an entity must name a registered agent for service of process, who must be physically located in Alabama.

DAVIS BACON

Alabama does not have a state prevailing wage law, therefore all public works projects contracted by the state fall under the federal Davis-Bacon Act.

DRUG TESTING FACILITIES

Testing is authorized after applicant is given notice of a drug-testing policy and a conditional offer of employment. Testing is authorized, including random testing and testing on reasonable suspicion, as part of fitness-for-duty exam, after on-the-job injury, or as follow-up to a rehabilitation program. Employees must receive 60 days' advance notice of the testing policy, which must be conspicuously posted.

COMMUNICATIONS

See above under Drug Testing.

OTHER

AL Revenue Ruling 2017-003: Effective October 23, 2017, Alabama ruled on the tax treatment of construction of renewable energy generation facility.

All Alabama employers must now use the Federal E-Verify system to confirm that an employee is eligible to work in the United States.

Alabama contractors must pay a quarterly fee to the Alabama Construction Recruitment Institute (ACRI) based on field labor on job sites in Alabama. For more information, go to: www.gobuildalabama.com

The fee is administered by the Alabama Department of Revenue. It is computed as .0015 of applicable wages.

CFMA Chapter in Alabama:

Birmingham, AL: <http://cafe.cfma.org/BirminghamAL/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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May 7, 2015

SUBJECT MATTER EXPERT

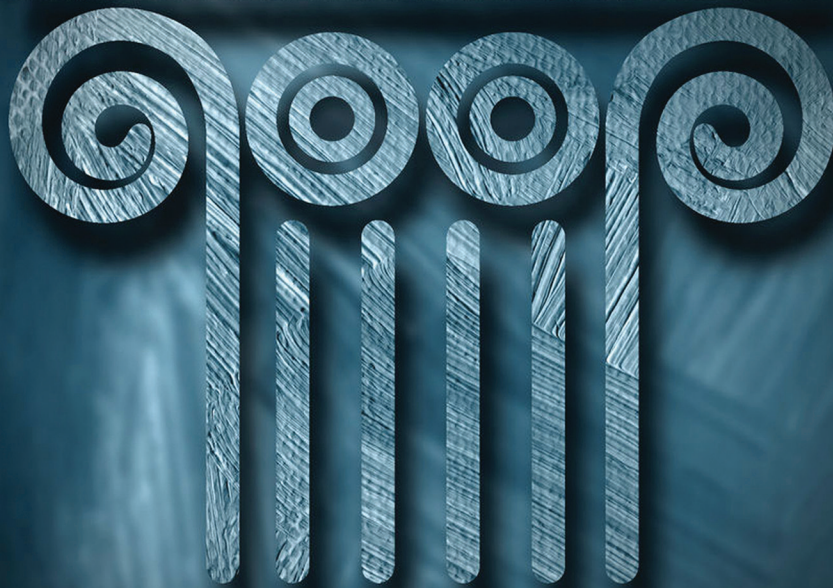
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



ALASKA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Register your corporation/entity with the State of Alaska Corporations Section to receive an Alaska entity number. Initial registration includes submitting Articles of Incorporation, filing the required forms, and paying the fees.

FORMS

To immediately create a New Business Corporation or LLC, visit:
<https://www.commerce.alaska.gov/web/cbpl/corporations/corpformsfees.aspx>.
All other entity types must file hardcopy forms. You will also find additional forms there.

Domestic

Business Name Registration, Form 08-557.

Corporation, Form 08-400, Articles of Incorporation.

Limited Liability Company, Form 08-484, Articles of Organization.

Limited Liability Partnership – Form 08-524, Statement of Qualification.

Foreign

Foreign Corporate Name Registration, Form 08-558.

Corporation, Form 08-414, Certificate of Authority.

Limited Liability Company, Form 08-497, Registration of Foreign LLC.

Limited Liability Partnership, Form 08-532, Statement of Foreign Qualification.

RATES, FEES, COSTS

For registration fees, visit:
<https://www.commerce.alaska.gov/web/cbpl/corporations/corpformsfees.aspx>

Domestic

Form 08-557, Business Name Registration: \$25 filing fee.

Form 08-400, Articles of Incorporation: \$250.

Form 08-484, Articles of Organization: \$250.

Form 08-524, Statement of Qualification: \$250.

Foreign

Form 08-558, Foreign Corporate Name Registration: \$25 filing fee.

Form 08-414, Certificate of Authority: \$350.

Form 08-497, Registration of Foreign LLC: \$350.

Form 08-532, Statement of Foreign Qualification: \$350.

WEBSITE

www.corporations.alaska.gov/dnn/cbpl/Home.aspx

MAILING ADDRESS/PHONE NUMBER

P.O. Box 110806
Juneau, AK 99811-0806
(907) 465-2550

ADDITIONAL ASSISTANCE

The Alaska website has FAQ's as well as forms, instructions, etc. An additional resource would be the "Establishing a Business" guide on the Alaska website. This PDF can be found at:

<https://www.commerce.alaska.gov/web/portals/6/pub/EstablishingABusiness.pdf>

ANNUAL RENEWALS

Renewals are required bi-annually.

FORMS

The Biennial Report is filed online or by paper.

RATES

Biennial Report renewal is \$100. Additional charges are incurred for late filing or late payment.

DUE DATE

Biennial Reports are due by January 2, reports marked after February 1 incur late fee penalties. If you initially filed/registered in an even numbered year the Biennial Report will be due in January of every even numbered year. If you initially filed in an odd numbered year the Biennial Report will be due in January of every odd numbered year.

The biennial reporting periods open three months prior to the due date for online or hardcopy filing.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://www.commerce.alaska.gov/web/cbpl/Corporations/BiennialReports.aspx>

ELECTRONIC PAYMENT

Optional. If you are paying by credit card when mailing or faxing in an application, the Division of Corporations (Division), Business and Professional Licensing requires that you submit the payment information on the credit card payment form provided by the Division.

WEBSITE

<https://www.commerce.alaska.gov/web/cbpl/Corporations/BiennialReports.aspx>

MAILING ADDRESS/PHONE NUMBER

P.O. Box 110806
Juneau, AK 99811-0806
(907) 465-2550

REGISTRATION WITH DEPARTMENT OF REVENUE

There is no separation registration required with the Department of Revenue. Please see registration information in the previous section. Information is also located at: <https://www.commerce.alaska.gov/web/cbpl/Corporations/ObtainEntityNumber.aspx>

LICENSES—GC & SPECIALTY

REGISTRATION

In addition to possessing a contractor license (see registration application guidelines below), construction contractors are required to be licensed by the State of Alaska and must apply for an Alaska Business License. Applications for business licenses are processed separately. For more information about business licenses, call (907) 465-2550 or visit:

<https://www.commerce.alaska.gov/web/cbpl/BusinessLicensing.aspx>

Most contractors that perform residential home improvements must be licensed by the Division of Corporations, Business and Professional Licensing. The State of Alaska has three different types of contractors: general, mechanical, and specialty.

General Contractors

General contractors may perform new home construction, commercial work, and residential remodel work. General contractors that oversee new home construction or perform residential work greater than 25% of the value of the structure being altered must obtain a residential contractor endorsement. After a residential contractor endorsement is assigned, the General Contractor with Residential Contractor Endorsement license will be issued.

General contractors who perform commercial work or do residential remodel work less than 25% of the value of the structure being altered are not required to have a residential contractor endorsement and will be issued a General Contractor without Residential Contractor Endorsement license. General contractors who perform commercial work or do residential remodel work under \$10,000.00 will be issued a General Contractor Handyman license.

Specialty Contractors

Specialty contractors may perform work that requires the use of not more than three trades. 12 AAC 21.200 - .570 lists all acceptable trades. The trade list is also included in the Construction Contractor Registration Application Packet. If you choose "Other Specialty" from the list you must submit with the application a detailed and complete description of the work for further review by the Division. If your work falls under more than three trades you may apply for a general contractor license type.

Applicants that intend to perform electrical work or to include electrical as a specialty trade are required to have an electrical administrator's license assigned to their company.

Mechanical Contractors

Mechanical contractors are required to have or employ a currently licensed mechanical administrator before a license will be issued. Mechanical contractors may perform any of the mechanical disciplines for which they have an administrator assigned (plumbing, heating, sheet metal, or refrigeration); however, mechanical contractors may perform only mechanical work. The installation of mechanical controls requires both an electrical and mechanical administrator's license.

The Department of Labor and Workforce Development requires additional certification for individuals who work with asbestos abatement, hazardous painting, or explosives, and also licenses electrical journeymen and plumber journeymen.

For more information, visit:

<https://www.commerce.alaska.gov/web/cbpl/professionallicensing/constructioncontractors.aspx>

TESTS AND EXAMS

Residential Endorsement applicants may contact PSI Exams to schedule an examination: <https://candidate.psiexams.com/>

You may submit the Residential Contractor Endorsement Application (see Forms below) at any time. Examination results must be submitted to the Division of Corporations, Business and Professional Licensing when you achieve a passing score. You do not need approval from the State of Alaska to take the examination. Examination results are valid for one year.

To obtain exam requirements for various types of contractors, visit <http://www.contractors-license.org/ak/ak.htm>

FORMS

All Contractors

Form 08-4027, Construction Contractor Registration Application.

For additional registration forms, including Form 08-4027, refer to the Construction Contractor Application Packet at:

<https://www.commerce.alaska.gov/web/Portals/5/pub/con4027.pdf>

Contractor License Renewal forms can be found at:

<https://www.commerce.alaska.gov/web/cbpl/professionallicensing/constructioncontractors.aspx>

General Contractor

Form 08-4161, Residential Contractor Endorsement Application: For general contractors. Find at: <https://www.commerce.alaska.gov/web/portals/5/pub/con4161.pdf>

RATES

Nonrefundable application fee for initial (new/entity change) application	\$ 65
Initial/entity change registration fee (for all/part of the first license period)	\$235
Biennial registration renewal fee (for all/part of the licensing period)	\$235

For changing from specialty contractor to general contractor (upgrading) or from general contractor to specialty contractor (downgrading); fee varies – please request instructions for upgrading or downgrading.

Fee for changing company name (entity remains the same)	\$65.00
Fee for adding, deleting, or changing specialty	\$35.00
Duplicate license fee	\$ 5.00
Fee for verification or certification of Alaska registration	\$20.00
Returned check fee	\$20.00

DUE DATE

General contractor and residential contractor licenses expire on 12/31 of even years.

Specialty and mechanical contractor licenses expire on 12/31 of odd years.

The processing time for correct and complete renewal applications is four to six weeks after receipt. Plan accordingly to ensure processing by the lapse date of January 1. See Forms section above for where to obtain renewal forms.

ELECTRONIC FILING

Optional at:
<https://www.commerce.alaska.gov/web/cbpl/BusinessLicensing/NewBLOnline.aspx>

ELECTRONIC PAYMENT

Optional. Online filing payment may be made by MasterCard or Visa. If you need to pay by check or money order, file by hardcopy.

WEBSITE

<https://www.commerce.alaska.gov/web/cbpl/CreditCardPayments.aspx>

MAILING ADDRESS/PHONE NUMBER

State Office Building
333 Willoughby Avenue, 9th Floor
P.O. Box 110806
Juneau, AK 99811-0860
(907) 465-2974

RECIPROCITY STATES

Reciprocal journeyman electrician: CO, MN, MT, NE, ND, SD, UT, WY, NM, OK, NH, TX, and AR.

EQUITY REQUIREMENT

Not Applicable

FINANCIAL STATEMENT REQUIREMENTS

Bonding requirements for existing contractor and home inspector license types are:

- General contractor: \$25,000
- General contractor with residential contractor endorsement who performs exclusively residential work: \$20,000
- Mechanical or specialty contractor: \$10,000
- Home inspector: \$10,000
- Handyman (contractor whose work on one project with an aggregate contract price of \$10,000 or less, including all labor, materials, and other items, when the work is not part of a larger or major operation or otherwise divided into contracts of less than \$10,000 to evade a higher bonding requirement): \$5,000.

LOCAL LICENSES

Cities, counties and municipalities throughout Alaska might have additional license registration requirements that may affect your business. Contact the local government office and the county assessor's office in the location in which you have an interest for information on local or county taxes and licensing that may be required for your business.

INCOME TAX

INCOME TAX—C CORPORATION

An Alaska Corporation Net Income Tax Return is required to be filed by all entities that do business in Alaska.

FORMS

Form 6000, Alaska Corporation Net Income Tax Return.

RATES

No tax on first \$25,000 of income and then graduated rate from 2% to 9.4% on amounts over \$222,000.

DUE DATE

The Alaska return must be filed within 30 days of the date on which the corporation's federal income tax return is required to be filed. Thus, the due date is not necessarily the 15th day of the month following the federal due date.

DUE DATE EXTENSION

A federal extension automatically extends the Alaska filing due date to 30 days after the federal extended due date.

ELECTRONIC FILING

Mandated. There are two ways to electronically file your Alaska corporate income tax return:

- Revenue Online is the state portal for electronic filing:
[https://online-tax.alaska.gov/ATP/WebDoc/ /](https://online-tax.alaska.gov/ATP/WebDoc/)
- MeF Modernized E-File allows you to file your state return in conjunction with your federal return processing. This method requires the use of approved tax preparation software.

ELECTRONIC PAYMENT

Optional. Payments can be made electronically using the AK Department of Revenue (Department) Online System at: [https://online-tax.alaska.gov/ATP/WebDoc/ /](https://online-tax.alaska.gov/ATP/WebDoc/) If you are a first-time taxpayer, the system will require you to register.

Note that if the total payment exceeds \$100,000, the payment is required to be paid by EFT or wire transfer.

Revenue Online accommodates Automated Clearing House (ACH) debit payments. Revenue Online does not accept ACH credit or credit card transactions. The taxpayer will register directly with Revenue Online.

WEBSITE

www.tax.alaska.gov/programs/programs/index.aspx?60380

MAILING ADDRESS/PHONE NUMBER

Tax Division
AK Department of Revenue
P.O. Box 110420
Juneau, AK 99811-0420
(907) 269-6620

ESTIMATED TAX

Payment of estimated tax is required for corporations if tax shown on the return for the tax year is \$500 or more. A corporation that fails to pay the proper estimated tax when due will be subject to an underpayment penalty for the period of underpayment.

FORMS

Form 6240, Corporation Net Income Tax Payment Voucher.

RATE

For calendar-year taxpayers – 4/15: 25% of current year's tax due; 6/15: 25%; 9/15: 25%; 12/15: 25%. Lesser of 100% of tax shown on current year's return or 100% of the tax shown on the preceding year's return must be paid by due date of original return.

Corporations are required to pay estimated tax if the tax shown on the return for the tax year (or, if no return is filed, the tax) is \$500 or more.

DUE DATE

Fifteenth day of 4th, 6th, 9th, and 12th month of tax year, same as federal.

ELECTRONIC FILING

Estimated payments must be electronically filed when the payment is \$100,000 or more. Otherwise, you may file Form 6240 to pay your estimated tax.

ELECTRONIC PAYMENT

When an estimated tax payment is \$100,000 or greater payment must be made through Revenue Online or by wire transfer:

https://online-tax.alaska.gov/ATP/WebDoc/_/

WEBSITE

www.tax.alaska.gov

MAILING ADDRESS/PHONE NUMBER

Tax Division
AK Department of Revenue
P.O. Box 110420
Juneau, AK 99811-0420
(907) 465-2320

ALTERNATIVE MINIMUM TAX

Alaska incorporates by reference the Internal Revenue Code, including the Alternative Minimum Tax provisions in IRC § 55—IRC § 59. The rate for the alternative minimum tax on tax preferences is 18% of the applicable federal alternative minimum tax.

The applicable alternative minimum federal tax is the taxpayer's actual alternative minimum tax, or, if the taxpayer is taxable both inside and outside of Alaska, then it is the actual federal alternative minimum tax of the taxpayer's unitary business multiplied by the taxpayer's apportionment formula.

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

State Tax Addback: Under Alaska law, taxes based on or measured by net income that were deducted on the federal return must be added back to federal taxable income.

ALLOCATION AND APPORTIONMENT FACTORS

In order to determine the portion of corporate income that is taxable in Alaska, the state uses a three-factor apportionment formula that is based on sales, property, and payroll. Under this formula, all business income must be apportioned by multiplying the total income by a fraction, the numerator of which is the sum of the ratio (Alaska to total) of property, payroll, and sales, and the denominator of which is three.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Alaska adopted the Uniform Division of Income for Tax Purposes Act (UDITPA) provisions of the Multistate Tax Compact. The UDITPA provisions generally apply to taxpayers whose business is transacted both in and outside of the state. Alaska goes beyond this general application, and applies the UDITPA provisions to income from business activity that is taxable both inside and outside the state or to income from other sources both inside and outside the state. The formula provides for specific allocation of nonbusiness income and for apportionment of business income on a three-factor formula—sales, property, and payroll.

OTHER MULTISTATE COMPACT

Alaska is a member of the Multistate Tax Compact (MTC). It has generally adopted the MTC regulations.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

A construction contractor's business income must be reported to Alaska by either the percentage of completion method or the completed contract method.

CREDITS AND TAX INCENTIVES

Alaska has adopted several exploration and development incentive programs to encourage active exploration and the timely development of the state's oil and gas resources.

INCOME TAX—S CORPORATION

An S Corporation doing business in Alaska is required to file an Alaska return.

REGISTRATION

Same as for C Corporations.

FORMS

An S Corporation will satisfy its filing requirement by filing Form 6000 (pages 1 and 2) or Form 6020 (page 1), with the "S Corporation" box on page 1 checked.

RATES

Alaska does not impose a tax on the S Corporation for pass-through items of income or loss.

Alaska imposes both the federal excess net passive income tax and the corporate-level tax on built-in gains. These taxes are calculated at the highest Alaska marginal tax rate of 9.4%. If corporate-level taxes are imposed, attach copies of the schedules and forms calculating the federal tax and the Alaska tax.

DUE DATE

The Alaska return must be filed within 30 days of the date on which the corporation's federal income tax return is required to be filed. Thus, the due date is not necessarily the 15th day of the month following the federal due date.

DUE DATE EXTENSION

Same as for C Corporations.

ELECTRONIC FILING

Same as for C Corporations.

ELECTRONIC PAYMENT

Same as for C Corporations.

WEBSITE

<http://www.tax.alaska.gov/programs/programs/index.aspx?60380>

MAILING ADDRESS/PHONE NUMBER

Tax Division
AK Department of Revenue
P.O. Box 110420
Juneau, AK 99811-0420
(907) 465-2320

COMPOSITE RETURNS FOR S CORPORATION

ALLOWED OR NOT ALLOWED

Not allowed. Alaska does not require an S corporation to withhold income tax from shareholders; it has no personal income tax.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Alaska does not require S Corporations to withhold income tax on behalf of their nonresident shareholders; it has no personal income tax.

RECOGNIZE FEDERAL S ELECTION

Yes

INCOME TAX—PARTNERSHIPS, LLC

COMPOSITE RETURNS

Alaska does not allow composite filing.

FORMS

Form 6900, Partnership Information Return

A partnership or an LLC treated as a partnership for tax purposes, which conducts business in the state is required to file an Alaska Form 6900. If all of the partners or LLC members are natural persons, then the partnership is not required to file Form 6900.

A partnership is required to prepare and give a Form 6900, Schedule K-1, to each partner that is not a natural person or is not effectively treated as a natural person.

Complete a Schedule K-1 for each partner that is not a natural person or effectively treated as a natural person, to report that partner's distributive share of amounts reported on Schedule A.

RATES

There is no tax on a Form 6900. It is an informational return.

DUE DATE

Alaska Form 6900 must be filed within 30 days of the date on which the partnership's federal return is required to be filed. Thus, the due date is not necessarily the 15th day of the month following the federal due date.

DUE DATE EXTENSION

A federal extension automatically extends the Alaska filing due date to 30 days after the federal extended due date.

ELECTRONIC FILING

Same as for C-Corporations.

ELECTRONIC PAYMENT

Same as for C-Corporations.

WEBSITE

www.tax.alaska.gov/programs/programs/forms/index.aspx?60390

MAILING ADDRESS/PHONE NUMBER

Tax Division
AK Department of Revenue
P.O. Box 110420
Juneau, AK 99811-0420
(907) 465-2320

INCOME TAX—INDIVIDUAL

Alaska does not have an individual income tax.

IRC CONFORMITY

IRC changes become immediately effective in Alaska. Alaska conforms to the IRC as currently amended and has not decoupled from the business interest deduction limitations of IRC §163(j) as enacted by the Tax Cuts and Jobs Act. Since Alaska does not have personal income tax, IRC §199A does not apply.

NET WORTH OR STOCK TAX

Alaska does not impose a net worth or stock tax.

GROSS RECEIPTS TAX

Alaska does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, some cities, counties and municipalities throughout Alaska might have additional registration requirements that may affect your business.

Contact the local government office and the county assessor's office in the jurisdiction for which you want information on local/county taxes and licensing that may be needed for your business.

STATE SALES AND USE TAX

Alaska does not have a state sales and use tax. However, some local jurisdictions impose local sales and use taxes.

LOCAL SALES AND USE TAX (City/County/Special)

Alaska has different borough and city jurisdictions which have sales tax and local option taxes. These local sales taxes vary from 0% to 7.5% depending on the jurisdiction. Anchorage and Fairbanks municipalities do not levy a local sales tax.

Contact the local municipal government for their particular sales tax regulations and forms. You can access this local contact information through the Division of Community and Regional Affairs' Research and Analysis Section at:
<http://www.commerce.state.ak.us/dnn/dcra/ResearchAnalysis.aspx>

WEBSITE

<http://www.sale-tax.com/Alaska>

EMPLOYMENT TAXES

WITHHOLDING

Alaska does not have an individual income tax. There are no state wage withholding requirements.

UNEMPLOYMENT

REGISTRATION

An Alaska employer can register a new business over the internet at www.labor.alaska.gov/estax, by mail or in person at one of the Field Tax Office locations listed at the beginning of this handbook. Tax on-line services also provide Alaska employers with the ability to update or close their UI tax account. Contribution rates are assigned based on information employers provide concerning their business. If this information is not provided, the employer will be given the maximum rate allowed by law for the calendar year.

FORMS

Form TQ01, Contribution Report.

Contribution reports are mailed quarterly to all active employers by March 31, June 30, September 30, and December 31. These reports have been pre-printed with the employer and employee rate, the quarter ending date, employer account number, federal identification number, and the employer's name and address.

RATES

Contribution rates are assigned based on information employers provide concerning their business. If this information is not provided, the employer will be given the maximum rate allowed by law for the calendar year.

Once an employer is assigned an account number, a rate notice is mailed to all employers prior to January 1, listing the new rate and the new taxable wage base for the coming calendar year. The three types of employer rates are experience, industry, and standard.

See Page 23 of the Alaska UI Tax Handbook for further details:
<http://labor.state.ak.us/estax/forms/taxbook.pdf>

DUE DATE

Even if employers do not receive the pre-printed form, they still must file timely reports. Contributions by employers and employees become due as tax liabilities are accrued.

The report and wage schedule must be received by the last day of the month following the end of the calendar quarter. If an employer ceases business, the report and wage schedule must be filed within 10 days after the date the employer ceases business.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Quarterly contribution reports must be filed over the Internet if:

- A wage schedule lists 50 or more employees in a quarter; or
- A payroll agent reports on behalf of an employer.

Employers and their agents can file reports, submit payments, view account balances, and payment history over the Internet at: www.labor.alaska.gov/estax.

ELECTRONIC PAYMENT

Optional. Employers and their agents can submit payments over the Internet at: www.labor.alaska.gov/estax

WEBSITE

http://labor.state.ak.us/esd_unemployment_insurance/home.htm

MAILING ADDRESS/PHONE NUMBER

Alaska Department of Labor and Workforce Development
Unemployment Insurance Tax
P.O. Box 115506
Juneau, AK 99811-5506
(907) 465-2374

NEW HIRE

Employers can report their new hires by accessing the myAlaska website. If you do not have a myAlaska account for your business and need to create one, you may do so at: <https://myAlaska.state.ak.us> by clicking on the "New User" link on the left side of the screen and entering the required information.

If your business already has a myAlaska account, you can access the Alaska New Hire Reporting website at: <https://myAlaska.state.ak.us> under “Businesses/Submit Employee Hirings to CSSD.”

For more details, including forms, go to: <http://alaska.gov/businessHome.html>

TERMINATION

If the employment is terminated, all wages, salaries or other compensation for labor or services become due immediately and shall be paid within the time required by this subsection at the place where the employee is usually paid or at a location agreed upon by the employer and employee. If the employment is terminated by the employer, regardless of the cause for the termination, payment is due within three working days after the termination. If the employment is terminated by the employee, payment is due at the next regular payday that is at least three days after the employer received notice of the employee’s termination of services.

INDEPENDENT CONTRACTOR TREATMENT

To qualify as an independent contractor, a contract laborer must meet all three of the following conditions:

- 1) Be free from direction and control.
- 2) Not be in the employer’s usual course or place of business.
- 3) Be customarily working in an independent trade or business of the same nature.

PROPERTY TAX

PERSONAL PROPERTY

Alaska does not have a personal property tax. Various municipalities or boroughs may have a personal property tax. Please check with the locality for information on forms, due dates, and how to file.

Municipal assessors start with annual assessment rolls and then assessment of taxable properties. Assessors assess property at its full and true value as of January 1 of the assessment year, although municipalities may use average monthly values rather than January 1 amounts for business inventories. Assessors mail preliminary tax statements to property owners, with tax bills following once levy rates are determined.

The Municipality of Anchorage has a business personal property tax. Business property owners that have assets valued at more than \$20,000 must annually complete and file a business property assessment return reporting the cost of all business personal property owned, possessed, or controlled as of January 1. The following information relates to the Anchorage personal property tax.

MAILING ADDRESS/PHONE NUMBER

Personal Property Section
Municipality of Anchorage
P.O. Box 196650
Anchorage, AK 99519-6650
(907) 343-6770

REAL PROPERTY

Alaska does not have a real property tax, but most local governments do. See Personal Property section above for information on Real Property taxes in Alaska.

INTANGIBLES

Alaska does not have a tax on intangibles.

FUEL TAX

Alaska levies a motor fuel tax on motor fuel sold, transferred or used within Alaska. The division collects motor fuel taxes primarily from wholesalers and distributors that hold “qualified dealers” licenses issued by the division.

REGISTRATION

To apply for or renew a motor fuel license, go to:
<https://online-tax.alaska.gov/ATP/WebDoc/ /#1>

FORMS

Motor Fuel Tax forms are available at:
<http://www.tax.alaska.gov/programs/programs/forms/index.aspx?60210>

RATES

\$ 0.08 per gallon for most fuels used on the highway system. In addition to the tax rates, there is a motor fuel surcharge, which is \$0.0095 a gallon.

Taxpayers are allowed to deduct 1% of the tax and surcharge due, limited to a maximum of \$100, if the tax return is complete, timely filed, and the tax is timely paid.

DUE DATE

Motor fuel tax returns are required to be filed monthly and are due with payment of tax by the last day of the month following the month in which sales were made, or taxable use occurred.

ELECTRONIC FILING

Optional. Go to: <https://online-tax.alaska.gov/ATP/WebDoc/ />

ELECTRONIC PAYMENT

Optional. Go to: <https://online-tax.alaska.gov/ATP/WebDoc/ />

WEBSITE

<http://www.tax.alaska.gov/programs/programs/index.aspx?60210>

MAILING ADDRESS/PHONE NUMBER

Alaska Department of Revenue
P.O. Box 110420
Juneau, AK 99811-0420
(907) 269-6948

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Alaska's Unclaimed Property Act (AS 34.45) requires businesses (profit and non-profit) and government agencies to file an unclaimed property report with the Department of Revenue.

Property is considered abandoned or unclaimed when no owner initiated transactions have been conducted, or there is no contact by the owner, including not cashing a check, for a period of time. (This is known as a dormancy period). A property is generally money owed to an individual or business, but can also be a security such as stocks, bonds, or mutual funds and safe deposit box contents.

More information available at:

<http://treasury.dor.alaska.gov/UnclaimedProperty.aspx>

IMPACT FEES

Not Applicable

MINIMUM WAGE

Alaska's minimum wage is \$9.84 per hour as of January 1, 2018. Effective January 1, 2019, the state's minimum wage rises to \$9.89 per hour.

REGISTERED AGENTS

All Corporation types (Business, Professional, Non-Profit, Religious, and Cooperatives), Limited Liability Companies, Limited Partnerships, and Limited Liability Partnerships doing business in Alaska must have a registered agent.

Per Alaska statutes, the registered agent of a corporation is an agent upon who may be served processes, notices, or demands required or permitted by law to be served upon the corporation.

For more information on Registered Agents, including where to find one, go to:

<https://www.commerce.alaska.gov/web/cbpl/corporations/registeredagentsfaqs.aspx>

DAVIS BACON

Contractors and subcontractors who perform work on a public construction contract in Alaska shall pay not less than the current prevailing rate of wages for work of a similar nature in the area where the work is being done. Current prevailing wage rates are issued by the Department of Labor and Workforce Development.

The Prevailing Wage program ensures that all contractors working on public construction projects pay the same costs for labor, thereby preventing an unfair

competitive advantage based on the use of cheap imported labor. The Construction Contractor Licensing program protects the public from unlicensed, unbonded contractors, while protecting properly licensed contractors from unscrupulous and unfair competition.

DRUG TESTING FACILITIES

A list of drug testing centers in Alaska can be found at:
<http://www.testcountry.com/drug-testing-center-facilities/Alaska.htm>

OTHER

CFMA Chapters in Alaska:

Alaska's Last Frontier, Anchorage, AK: <http://cafe.cfma.org/LastFrontier/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

February 20, 2019

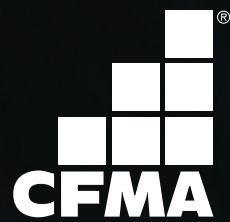
DATE OF LAST UPDATE

April 30, 2015

SUBJECT MATTER EXPERT

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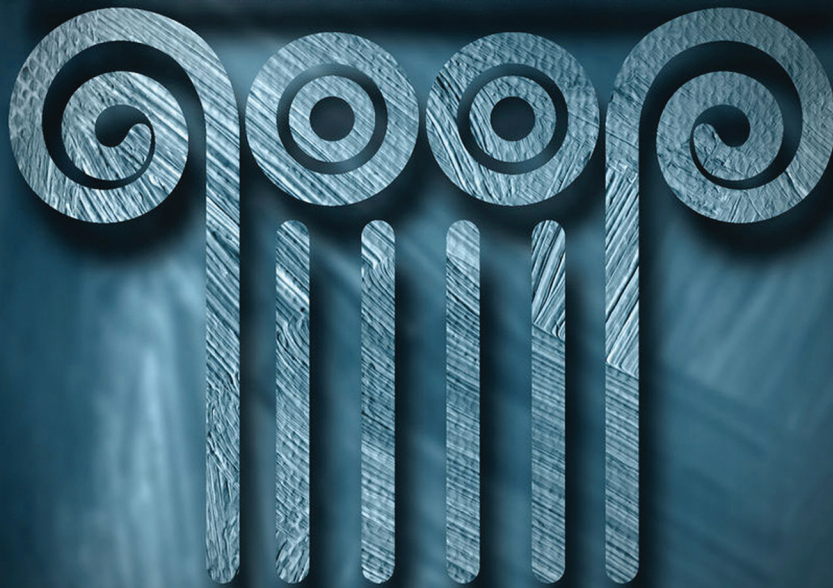
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



ARIZONA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH THE CORPORATION COMMISSION

Initial registration includes submitting the Articles Incorporation (for corporations) or the Articles of Organization (for LLC's), filing the required forms and paying the required fee. Within 60 days after approval by the Arizona Corporation Commission (Corporation Commission), a copy of the articles must be published in a newspaper of general circulation in the county where the business is located for three consecutive publications. A list of acceptable newspapers in each county is posted on the Corporations Commission website.

Limited Partnerships similarly submit their Certificate of Limited Partnership with the Secretary of State's office.

An Arizona corporation or LLC must appoint a statutory agent with a valid Arizona physical address.

FORMS

Form C010.002, Articles of Incorporation (for corporations).

Form L010.002, Articles of Organization (for LLCs).

Specific forms that should be filed depends on the type of entity. Forms can be found at: <http://www.azcc.gov/Divisions/Corporations/forms/formsindex.asp>

RATES, FEES, COSTS

The fee depends on the type of document being submitted. Also, processing can be expedited for additional fees. The website below also has a fee schedule for both corporations and LLC's.

WEBSITE

www.azcc.gov/Divisions/Corporations/

MAILING ADDRESS/PHONE NUMBER

Arizona Corporation Commission
1300 W. Washington Street
Phoenix, AZ 85007
(602) 542-3026

ADDITIONAL ASSISTANCE

The Corporation Commission website has FAQ's as well as forms, instructions, etc.

ANNUAL REPORTS/RENEWALS

Only for-profit corporations must submit annual reports. The corporation type must be For-profit (Business), Professional, Nonprofit, Corporate Sole, or Cooperative. Limited Liability companies do not submit annual reports.

FORMS

Paper forms are available from the Secretary of State. Online filing is generally the preferable procedure.

RATES

Annual renewals for for-profit corporations are \$45. Late penalties are \$9 per month. LLC's and Partnerships do not have an annual filing requirement.

DUE DATE

The corporation is solely responsible for submitting its annual report on or before its due date. To find your due date, use the "business entity search" function on the Corporate Commission's website to go to your corporation's web page. The due dates for annual renewals vary and are assigned by the Corporation Commission.

ELECTRONIC FILING

Information on electronic filings can be found at:
<https://www.azcc.gov/divisions/corporations/archive/arautomatedfiling.asp>

ELECTRONIC PAYMENT

Payment is required during the electronic submission process.

WEBSITE

www.azcc.gov/divisions/corporations/

MAILING ADDRESS/PHONE NUMBER

Arizona Corporation Commission
1300 W. Washington St.
Phoenix, AZ 85007
(602) 542-3062

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is required for businesses that will have tax reporting requirements, including withholding, sales, and income taxes. All construction companies are subject to these taxes; therefore, registration is required for contractors.

FORMS

An Arizona Joint Tax Application is used to apply for Employer Withholding, Unemployment Insurance, Use Tax, and the Transaction Privilege Tax (see the Sales Tax Section for more Information).

The Arizona Joint Tax Application can be filed at: <https://www.aztaxes.gov>

RATES

A Transaction Privilege Tax license must be issued for each location at which business is conducted. Businesses with multiple locations or business lines can opt to license and report for each location separately or have a consolidated license (and report aggregate sales). The cost for each license/location is \$12.

There are no license fees for Withholding, Unemployment, or Use Tax.

WEBSITE

www.azdor.gov

MAILING ADDRESS/PHONE NUMBER

Arizona Department of Revenue
1600 West Monroe
Phoenix, AZ 85007
(602) 716-6010

LICENSES—GC & SPECIALTY

REGISTRATION

The Arizona Registrar of Contractors issues licenses to residential and commercial contractors.

TESTS AND EXAMS

All candidates are required to take and pass a Business Management Examination. Some license classifications also require passing a trade exam.

The trade exam may be waived if a contractor's license has been active and in good standing within the preceding five years.

FORMS

Form RCL200, License Application.

Additional forms can be found at: <https://roc.az.gov/forms>

ELECTRONIC FILING

Renew contractor license at: <https://rocrenewal.az.gov/>

ELECTRONIC PAYMENT

Contractor license renewal fees may be paid online.

WEBSITE

www.azroc.gov

MAILING ADDRESS/PHONE NUMBER

Arizona Registrar of Contractors
1700 W. Washington St., Suite 105
Phoenix, AZ 85007-2812
(602) 542-1525

RECIPROCITY STATES

California, Nevada, and Utah.

EQUITY REQUIREMENTS

Arizona does have bond requirements. The amount varies based on the type of license and contemplated volume.

LOCAL LICENSES

REGISTRATION

The City of Phoenix does not require a separate city license for contractors. The website for the particular county and city where the project is located should be checked to see if any local licenses apply.

INCOME TAX

INCOME TAX—C CORPORATION

All corporations that do business in Arizona must file a return.

FORMS

Form 120, Arizona Corporation Income Tax Return. A complete copy of the corresponding federal return is required to be attached to the Arizona return.

RATES

4.9% for tax years beginning after 2016. Every corporation required to file a return must pay a \$50 minimum tax.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

The Arizona extension is automatic with the federal extension. Form 120EXT can also be used and must be used to transmit an extension payment for any tax due. The extension is due by the original due date of the return and extends the due date of the Arizona return for a period of six months.

ELECTRONIC FILING

Arizona does not allow electronic filing for C corporation returns. Extension requests may also not be electronically filed.

ELECTRONIC PAYMENT

The entire amount of tax is due by the original due date of the return. Tax return payments can be made via check, electronic check, money order, or credit card. Visit: www.AZTaxes.gov to register and make payments via the internet.

ESTIMATED TAX

Estimated tax is required if the tax liability exceeds \$1,000. A safe harbor amount is available equal to 90% of current year tax or 100% of the previous year tax. Corporations with federal taxable income of \$1 million or more for any of the immediately preceding tax years, (excluding federal net operating loss or capital loss carrybacks or carryovers), must pay 90% of the current year's tax liability.

FORMS

Form 120ES, Corporation Estimated Tax Payment.

RATES

Unpaid estimated taxes are subject to a penalty not to exceed 10% plus interest.

Taxpayers required to make corporate estimated payments via electronic funds transfer that fail to do so are subject to a penalty of 5% of the amount of the payment not made by Electronic Funds Transfer (EFT).

DUE DATE

Estimated tax payments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. The amount of each installment must be 25% of the required annual payment.

ELECTRONIC PAYMENT

Electronic payments are mandatory for taxpayer's whose Arizona tax liability in the preceding year was \$20,000 or more. Other taxpayer's may make voluntary electronic payments.

WEBSITE

www.azdor.gov

MAILING ADDRESS/PHONE NUMBER

Arizona Department of Revenue
P.O. Box 29085
Phoenix, AZ 85038-9085
(602) 255-3381

ALTERNATIVE MINIMUM TAX

Arizona does not have an Alternative Minimum Tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

The following typical construction related deductions are not adopted for Arizona:

- Federal Bonus Depreciation.
- Section 179 is limited to \$25,000 for tax years beginning prior to January 1, 2013. 1/5th of the excess over \$25,000 is allowed to be subtracted each year

for five years. For years after January 1, 2013, Arizona conforms to the IRS limit.

ALLOCATION AND APPORTIONMENT FACTORS

All business income must be apportioned by using three factors (property, payroll, and sales). Taxpayers can use: (1) the standard apportionment formula, which double-weights the sales factor or (2) the single sales factor formula, which weights the sales factor at 100% starting in 2017).

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Arizona has adopted the UDITPA, with a few significant changes, for taxpayers with business both in and outside the state. Arizona does not exclude either utilities, financial organizations, or personal service businesses from its UDITPA.

OTHER MULTISTATE COMPACT

Arizona has not adopted the Multistate Tax Compact but is an associate member of the Multistate Tax Commission. Arizona participates in the National Nexus Program.

CREDITS AND TAX INCENTIVES

Applicable credits for contractors include the following:

Research and Development Credit – the amount of the credit is determined under the Internal Revenue Code (IRC 41) with some exceptions for taxable years 2018 through 2021.

New Employment Tax Credit – for tax years beginning from and after June 31, 2011, a taxpayer located in the state is allowed a credit against the corporate income tax for net increases in full-time employees residing in the state and hired in qualified jobs in the state as computed and certified by the Arizona Commerce Authority.

INCOME TAX—S CORPORATION

Arizona recognizes the federal election. No separate state election is required.

REGISTRATION

Registration rules for S corporations are identical to C corporations.

FORMS

Form 120S, Arizona S Corporation Income Tax Return. A complete copy of the federal return is required to be attached to the Arizona return.

RATES

Generally there is no Arizona tax liability if there is no federal tax liability. If there is a federal tax liability, for example the passive income tax, then the apportionable share of Arizona income will be subject to Arizona corporate tax. Arizona does not require withholding by pass-through entities.

DUE DATE

Fifteenth day of the third month following the close of the taxable year.

DUE DATE EXTENSION

The Arizona extension is automatic with the federal extension. Form 120EXT can also be used and must be used to transmit an extension payment for any tax due. The extension is due by the original due date of the return and extends the due date of the Arizona return for a period of six months.

ELECTRONIC FILING

Arizona does not allow electronic filing for S corporation returns. Extension requests also may not be electronically filed.

ELECTRONIC PAYMENT

Arizona allows electronic payments. Go to: <https://www.aztaxes.gov> to register.

WEBSITE

www.azdor.gov

MAILING ADDRESS/PHONE NUMBER

Arizona Department of Revenue
P.O. Box 29079
Phoenix, AZ 85038-9079
(602) 255-3381

COMPOSITE RETURNS FOR S

Nonresident shareholders are subject to Arizona income tax on their distributive share of Arizona source income reported on their Arizona Schedule K-1(NR) and generally must file an Arizona Form 140NR to report this income. The Arizona Department of Revenue will accept a composite return on Arizona Form 140NR for nonresident shareholders.

ALLOWED OR NOT ALLOWED

Allowed but not required.

FORMS

Form 140NR, Nonresident Personal Income Tax Return.

RATES

Same rates as for individual taxpayers.

DUE DATE

On or before the 15th day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

Arizona allows a six-month extension. Use Form 204 to apply for an extension of time to file a composite return for nonresident individual shareholders.

ELECTRONIC FILING

Arizona does not allow electronic filing for composite returns. Extension requests also may not be electronically filed.

ELECTRONIC PAYMENT

Arizona allows electronic payments. Go to: <https://www.aztaxes.gov> to register.

WEBSITE

www.azdor.gov

MAILING ADDRESS/PHONE NUMBER

If sending a payment with return:
Arizona Department of Revenue
P.O. Box 52016
Phoenix, AZ 85072-2016

If expecting a refund or owe no tax:
Arizona Department of Revenue
P.O. Box 52138
Phoenix, AZ 85072-2138
(602) 255-3381

ESTIMATED TAX FOR S CORPORATIONS

S corporations that expect an Arizona corporate income tax liability of \$1,000 or more must make Arizona estimated tax payments. A safe harbor amount is available equal to 90% of current year tax or 100% of the previous year tax. Corporations with federal taxable income of \$1 million or more for any of the immediately preceding tax years, (excluding federal net operating loss or capital loss carrybacks or carryovers), must pay 90% of the current year's tax liability.

FORMS

Form 120ES, Corporation Estimated Tax Payment.

RATES

Unpaid or underpaid estimated taxes are subject to a penalty not to exceed 10% plus interest.

Taxpayers required to make corporate estimated payments via electronic funds transfer that fail to do so are subject to a penalty of 5% of the amount of the payment not made by EFT.

DUE DATE

Estimated tax payments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. The amount of each installment must be 25% of the required annual payment.

ELECTRONIC PAYMENT

Electronic payments are mandatory for taxpayers whose Arizona tax liability in the preceding year was \$20,000 or more. Other taxpayers may make voluntary electronic payments.

WEBSITE

<https://www.aztaxes.gov>

MAILING ADDRESS/PHONE NUMBER

Arizona Department of Revenue
P.O. Box 29085
Phoenix, AZ 85038-9085
(602) 255-3381

INCOME TAX—PARTNERSHIPS, LLC

All partnerships, joint ventures and LLC's that are classified as partnerships for federal tax purposes doing business in Arizona must file a return.

COMPOSITE RETURNS

Composite returns are accepted but not required by filing Arizona Form 140NR.

FORMS

Form 165, Arizona Partnership Income Tax Return. A complete copy of the corresponding Federal return is required to be attached to the Arizona return.

RATES

Arizona does not impose entity-level tax on partnerships and LLCs.

DUE DATE

Fifteenth day of the third month following the close of the taxable year.

DUE DATE EXTENSION

The federal extension is a valid extension for Arizona purposes. Otherwise, the Arizona return can be extended by filing Form 120EXT by the original due date of the return and checking the "165" box. The extended due date is an additional six months after the original due date.

Use Form 204 to apply for an extension of time to file a composite return for nonresident individual partners.

ELECTRONIC FILING

Arizona does not allow electronic filing for partnerships, Limited Liability Partnerships, or Limited Liability Company returns. Extension requests also may not be electronically filed.

ELECTRONIC PAYMENT

Arizona does not impose entity-level tax on partnerships and LLCs.

WEBSITE

www.azdor.gov

MAILING ADDRESS/PHONE NUMBER

Arizona Department of Revenue
P.O. Box 52153
Phoenix, AZ 85072-2153
(602) 255-3381

INCOME TAX—INDIVIDUAL

Residents, part-year residents, and nonresidents (who have Arizona source income) must file an Arizona return if their income is above certain levels.

FORMS

Residents file Form 140, 140A, or 140EZ depending on the type and amount of income. Part-year residents file Form 140PY and nonresidents file Form 140NR.

RATES

A graduated rate schedule ranges from 2.59% to 4.54%.

DUE DATE

On or before April 15.

DUE DATE EXTENSION

The Arizona extension is automatic with the federal extension.

If the federal extension is not filed, or if an Arizona extension payment is required, then Form 204, Application for Filing Extension, should be filed for a six-month extension.

ELECTRONIC FILING

Electronic filing is available but not required. Arizona participates in the Federal/State Electronic Filing Program, which allows federal and state personal income tax returns to be transmitted simultaneously.

ELECTRONIC PAYMENT

Payments are allowed to be made electronically. Go to: <https://www.aztaxes.gov> to register first.

WEBSITE

www.azdor.gov

MAILING ADDRESS/PHONE NUMBER

Arizona Department of Revenue
P.O. Box 52016
Phoenix, AZ 85072-2016
(602) 255-3381

FED RETURN ATTACHED TO STATE RETURN

Not required. However, the federal Schedule A must be attached to the Arizona return if itemizing deductions.

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Arizona.

IRC CONFORMITY

Arizona's Internal Revenue Code (IRC) Conformity is January 1, 2017. Arizona has not yet updated for the 2017 Federal Tax Cuts and Jobs Act.

Arizona generally conforms to the changes to the Internal Revenue code but there are certain differences for current and prior year non-conformity adjustments specified in the instructions under additions and subtractions to federal adjusted income, which is the starting point in calculating Arizona adjusted gross income.

The following typical construction related deductions are not adopted for Arizona:

- Federal Bonus Depreciation for years prior to 2014. Starting in 2014 Arizona allows for a subtraction equal to 10% of the bonus depreciation allowed on the federal return.
- Section 179 is limited to \$25,000 for tax years beginning prior to January 1, 2013. 1/5th of the excess over \$25,000 is allowed to be subtracted each year for five years. For years after January 1, 2013, Arizona conforms to the IRS limit.

Arizona adopts IRC § 163 as in effect on January 1, 2017. Arizona has not yet adopted legislation to conform to the federal business interest deduction limitation under IRC § 163(j) as enacted by the 2017 Tax Cuts and Jobs Act.

Arizona does allow individual taxpayers to take certain deductions allowed under the IRC, the IRC § 199A deduction is not among Arkansas' permitted deductions.

ALTERNATIVE MINIMUM TAX

Arizona does not have an Alternative Minimum Tax.

NET WORTH OR STOCK TAX

REGISTRATION

Arizona does not impose a franchise tax.

GROSS RECEIPTS TAX

REGISTRATION

Arizona does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

REGISTRATION

Arizona has 15 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. A local business license is typically required based on the job's location.

FORMS

Each county or city will have their specific forms for the local license.

RATES

Some local municipalities in Arizona impose an occupational tax on wages paid within their jurisdiction. Contact the local municipality to determine if an occupational tax is imposed and for the reporting and payment requirements.

STATE SALES AND USE TAX

REGISTRATION

Arizona does not have a true sales tax but does have what is known as a Transaction Privilege Tax (TPT) for the privilege of transacting business in Arizona.

Various business activities are subject to the TPT. Historically contractors were taxed under a “prime” contracting classification (defined below). However, as noted below, contractors are now faced with a hybrid taxing system where some projects can be taxed under the prime contracting classification and other projects may require the contractor to pay tax on materials purchased at the point of sale.

TAX BASIS

Prime Contracting Classification: The current tax base for prime contracting is 65% of the gross income derived from the job. The 35% deduction is presumed to be the cost of labor which is not subject to the TPT. Thus there is no sales tax on materials at the time of purchase as long as they are incorporated into the construction project since 65% of the contract amount is subject to the TPT under this classification.

A prime contractor is defined as a person who performs, coordinates, or supervises construction work, including contracting with subcontractors and is responsible for the completion of the contract.

Since subcontractors by definition don't perform the same duties as a prime contractor, income earned by a subcontractor is not subject to the TPT. If a subcontractor has a TPT license, they must still report construction income, but are allowed an offsetting deduction to eliminate any TPT liability. The determination of whether a contractor is a taxable prime or nontaxable subcontractor depend on the facts of each specific example; it's possible that a contractor can be a taxable prime contractor on one job and a nontaxable subcontractor on another.

Subcontracting income is not subject to the TPT if the subcontractor can demonstrate that the job was within the control of a prime contractor and that the prime contractor is liable for the tax on the job. If the subcontractor is given a completed Form 5005, Transaction Privilege Tax Prime Contractor's Certificate, the subcontractor is relieved of the burden to prove subcontractor exemption from sales and use tax. Visit the forms link at: www.AZDOR.gov to obtain copies of the certificates.

Effective January 1, 2015, contractors are required to determine whether a contract is to be taxed under the prime contracting classification or pay sales tax on the building materials incorporated into the project.

Under this new law, the gross income derived from maintenance, repair, replacement or alteration (MRRA) activities affecting real property are not subject to the TPT under the prime contracting classification when the activities are performed directly

for the property owner or authorized party. Instead, contractors purchasing materials for MRRA projects may either pay the sales tax at the time of purchase or pay an equivalent amount directly to the Arizona tax authorities (on Form TPT-1) once the materials are incorporated into the project. Only amounts paid directly to Arizona tax authorities may be used to offset a prime contracting tax liability if the taxing authorities later determine that the project should have been taxed as a prime contracting project instead of an MRRA project.

Activities that are deemed “modifications” of real property remain taxable under the prime contracting classification (65% of the gross income derived from the job, see above). Taxable modifications activities encompass “ground up” construction, grading and leveling ground, and wreckage or demolition activities, to the extent that they cannot otherwise be characterized as MRRA activities.

To help define the difference between modification and MRRA type projects the Arizona Transaction Privilege Notice TPN 15-1 includes a series of FAQs regarding the tax law changes and highlights who must have a TPT license and the critical definitions and calculations which must be applied to each contract before determining its taxability under Prime Contracting vs. MRRA projects. The TPN 15-1 also includes multiple examples of specific construction scenarios to assist in applying the law. The link can be found at: https://azdor.gov/sites/default/files/media/PUBLICATION_2015_tpn-15-1_0622.pdf

USE TAX

Arizona has a Use Tax, which is a companion tax to the TPT. Businesses (or individuals) making out-of-state purchases for their own use – not for resale – on which no tax is paid, are required to pay the use tax. Therefore, businesses planning to use, store, or consume goods brought into Arizona on a regular basis must register for use tax using Form JT-1, Arizona Joint Tax Application if they don’t already have a TPT license.

Out-of-state vendors conducting business in the state or making direct sales into Arizona are also required to be registered and to collect and report the tax. Payment and reporting requirements are the same as for transaction privilege tax. The Arizona State, County, and City Transaction Privilege and Other Tax Rate Tables identify the use tax rates for the state and cities.

TAXABLE SERVICES

Services are not taxable in Arizona.

TAXPAYER LICENSE BONDS

Contractors must be bonded prior to issuance of the transaction privilege tax license unless previously licensed or employing in Arizona with a good record of tax

filing and payment, or if there is no potential tax liability on the proposed project. The type of contracting activities performed determines the amount of bond required.

Out-of-state and new contractors must submit bonds for each construction project valued at more than \$50,000 prior to the issuance of building permits. Contractors may qualify for exemption from the bonding requirements. Due to the bonding requirements noted above, license applications for contractors cannot be completed online. Once the license and bonding requirements are met, contractors can then register to use: www.AZTaxes.gov to file and pay their taxes.

FORMS

Form JT-1, Arizona Joint Tax Application, must be filed to obtain a transaction privilege tax identification number.

The monthly reporting is done on Form TPT-1, Transaction, Privilege, Use, and Severance Tax Return. The form must be filed even if there is no tax liability for the period.

RATES

The state and county tax rates for contracting activities can be found in the Arizona State, County, and City Transaction Privilege Tax Rate Table under Business Class code 015. The table is available on the Departments website.

Penalties are .5% per month or part of a month for late payment and 4.5% per month or part of a month for late filing, up to a combined maximum of 25%. Interest accrues on delinquent payments at the same rate as charged by the IRS and, by law, cannot be waived.

DUE DATE

All businesses are required to report on a monthly basis, unless specifically authorized to report less frequently by the Department. The due date is the 20th of the month following the month of the TPT activity. However, the return will be considered to be filed timely if it is postmarked on or before the 25th of the month or received by the Department on or before the next to last business day of the month.

ELECTRONIC FILING

Electronic filing is available once registration is complete.

ELECTRONIC PAYMENT

Electronic funds transfer is available and required for taxpayers with a prior calendar year liability of \$1,000,000 or more.

WEBSITE

www.azdor.gov

MAILING ADDRESS/PHONE NUMBER

Arizona Department of Revenue
P.O. Box 29010
Phoenix, AZ 85038-9010
(602) 255-2060

GRANDFATHERING OF RATE CHANGES

Prior rates are typically grandfathered for valid contracts at the time of a change.

GOVERNMENT PROVIDED MATERIALS

See website above.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

In addition to the state TPT, each city has its own version of the TPT that requires separate reporting. County jurisdictions also have the authority to levy TPT or sales taxes.

County rates are combined with the state rates for ease of reporting. Most of the smaller cities piggyback off of the state and participate in the state collection program and do not require separate filings. Many of the larger cities license and (as of the time of this writing) collect their own privilege tax independently of the state.

The “sales tax simplification” law, effective January 1, 2015, allows taxpayers to file and pay the TPT on one form for many of the municipal jurisdictions, and in 2016 it is expected that all municipal jurisdictions will file under the one TPT-1 form. All audits will cover state, county, and city audits under a single and uniform audit system.

Refer to the Model City Tax Code at: <http://modelcitytaxcode.az.gov/> for current rates and forms for participating cities. For larger cities, refer to their specific website for privilege tax information.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form A-4, Employees Withholding Allowance Certificate, is the Arizona withholding percentage election to be completed by the employee.

Form A1-QRT, Arizona Quarterly Withholding Tax Return, to be completed by the employer.

Form A-1R, Arizona Annual Withholding Reconciliation Return.

Form AZ-WP, Withholding Deposit Coupon.

Form A1-APR, Arizona Annual Payment Withholding Tax Return.

RATES

Withholding percentages are based on gross taxable wages. The available withholding percentages are 0.8%, 1.3%, 1.8%, 2.7%, 3.6%, 4.2%, and 5.1%. In addition to electing a withholding percentage, employees may also designate an additional amount to be withheld from each paycheck.

Compensation earned by nonresidents while physically working in Arizona for temporary periods are subject to Arizona tax.

Penalties for late filing and payments are the same as for the TPT. Penalties are .5% per month or part of a month for late payment and 4.5% per month or part of a month for late filing, up to a combined maximum of 25%. Interest accrues on delinquent payments at the same rate as charged by the IRS and, by law, cannot be waived.

DUE DATE

The quarterly withholding return is due by the last day of the month following the quarter.

Annual withholding may be allowed if the amount collected and payable by the employer in each of the preceding calendar quarters did not exceed an average of \$200. Form A-1R, Annual Reconciliation, is due February 28 of the year following the calendar year for which Arizona withholding payments were made. The completed form is submitted with the state copy of Forms W-2.

Payments are due at the same time as the quarterly return if the average amount of Arizona income taxes withheld in the preceding four calendar quarters does not exceed \$1,500. If the average amount of Arizona income taxes withheld in the preceding four calendar quarters exceeds \$1,500, the withholding payments are due at the same time as the employer's federal withholding deposits.

DUE DATE EXTENSION

Employers are granted an automatic 10-day extension to file the quarterly reconciliation if their payments for the quarter were made timely.

ELECTRONIC FILING

Arizona does not allow electronic filing.

ELECTRONIC PAYMENT

Payments can be made electronically if taxpayers are registered with the Department.

WEBSITE

www.azdor.gov

MAILING ADDRESS/PHONE NUMBER

Arizona Department of Revenue
P.O. Box 29009
Phoenix, AZ 85038-9009
(602) 255-2060

NEW HIRE

See required reporting under Unemployment Tax.

INDEPENDENT CONTRACTOR TREATMENT

Arizona generally follows the federal laws in determining whether a worker is an “employee” or an “independent contractor.”

All businesses in Arizona who have more than one employee are required to carry workers’ compensation insurance.

UNEMPLOYMENT

REGISTRATION

Employers must register with the Department of Economic Security for unemployment insurance. Employers use Form JT-1, Arizona Joint Tax Application, to

register for both withholding and unemployment insurance. For unemployment tax rates and other information, contact the Department of Economic Security.

FORMS

Form UC-018-FF, Unemployment Tax and Wage Report, must be completed and returned even if wages were not paid in the quarter and/or no tax is due.

RATES

Each employer is assigned a tax rate.

DUE DATE

The quarterly withholding return is due by the last day of the month following the quarter.

ELECTRONIC FILING

Reports can be filed online through the website below.

ELECTRONIC PAYMENT

WEBSITE

www.azdes.gov

MAILING ADDRESS/PHONE NUMBER

Arizona Department of Economic Security
Unemployment Tax – 911B
P.O. Box 6028
Phoenix, AZ 85005-6028
(602) 771-6601

NEW HIRE

All employers are required to report every newly hired employee within 20 days of hire to the State Directory of New Hires, a program of the Arizona Department of Economic Security, Child Support Division. See: www.az-newhire.com for more information.

INDEPENDENT CONTRACTOR TREATMENT

Same as under withholding section.

PROPERTY TAX

PERSONAL PROPERTY

Arizona counties assess tax on personal property. Businesses must list all personal property (except for motor vehicles) used in the business. Please see the county assessor's website for more information.

NOTE: The information below is for Maricopa County where Phoenix and other cities are located.

REGISTRATION

There is no registration. Filing requirements are determined based on the ownership of property as of January 1 of the tax year.

FORMS

For the first year submit the Business Personal Property Self-Reporting Form. A pre-printed form will be mailed by the assessor after the initial year which can be updated each year.

RATES

The rates are set by the taxing jurisdictions.

DUE DATE

April 1.

DUE DATE EXTENSION

A short extension is generally available if requested from the county tax assessor.

ELECTRONIC FILING

E-Filing is available.

WEBSITE

<https://mcassessor.maricopa.gov/property/property.php> for Maricopa County.

MAILING ADDRESS/PHONE NUMBER

Maricopa County Assessor's Office
Personal Property Division
301 W. Jefferson St., Suite 330
Phoenix, AZ 85003-2196
(602) 506-3386

REAL PROPERTY

Real property is subject to an annual property tax. The county in which the property is located will assess and notify the owner of the value. The property owner can appeal the value.

RATES

The rates are set annually by the taxing authorities.

DUE DATE

The assessed tax is payable on November 1 and can be paid in full or half with the remaining half due on May 1 of the following year.

WEBSITE

<http://mcassessor.maricopa.gov/> for Maricopa County.

MAILING ADDRESS/PHONE NUMBER

Maricopa County Assessor
301 W. Jefferson
Phoenix, AZ 85003
(602) 506-3406

INTANGIBLES

REGISTRATION

Generally, intangibles are not taxed in Arizona.

FUEL TAX

REGISTRATION

Arizona use fuel (diesel) excise tax is collected at the time of purchase. Refunds are available for fuel taxes for off-road and nonvehicle use of diesel fuel. See: <http://azdot.gov/mvd/professional-services/FuelTaxInfo/overview> for more information.

FORMS

Fuel Refund Application.

RATES

Rates vary based on purpose.

DUE DATE

Refund claims must be submitted within six months from the date the fuel was purchased.

WEBSITE

www.azdot.gov

MAILING ADDRESS/PHONE NUMBER

ADOT
Mail Drop 521M
P.O. Box 2100
Phoenix, AZ 85001-2100
(602) 712-7355

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Arizona's Unclaimed Property Tax consists of items such as payroll/vendor checks, bank deposits, and insurance proceeds that have remained unclaimed for a specified period of time. The abandonment periods range from one to 15 years depending on the type of property. Businesses holding these items are required to file an unclaimed property report annually and remit the funds to the Department of Revenue.

IMPACT FEES

Certain areas require Development Impact Fees which are charged to contribute to the costs associated with infrastructure and public services that need to be expanded as a direct result of new development in the growth areas of the city where the project is located. The rates vary by location.

MINIMUM WAGE

As of January 2019, Arizona's minimum wage is \$11.00 per hour.

REGISTERED AGENTS

Required for Arizona corporations or LLC's.

DAVIS BACON

Arizona does not have its own prevailing wage law. All public works projects contracted by the state fall under the federal Davis-Bacon Act.

DRUG TESTING FACILITIES

Arizona employers are allowed, but not required, to drug test employees. Facilities are located throughout the state.

OTHER

CFMA Chapters in Arizona:

Valley of the Sun, Phoenix, AZ: <http://cafe.cfma.org/valleyofthesun/Home/>

On January 2017, Arizona Department of Revenue released two letter rulings. LR 17-002 explains how Home Builder Subsidiaries are not taxable as prime contractors. LR 17-003 explains the taxability of construction installation and equipment.

In 2018, Arizona Department of Revenue revised Publication 622, Business Basics: A Guide to Taxes for Arizona Businesses.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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July 30, 2015

SUBJECT MATTER EXPERT

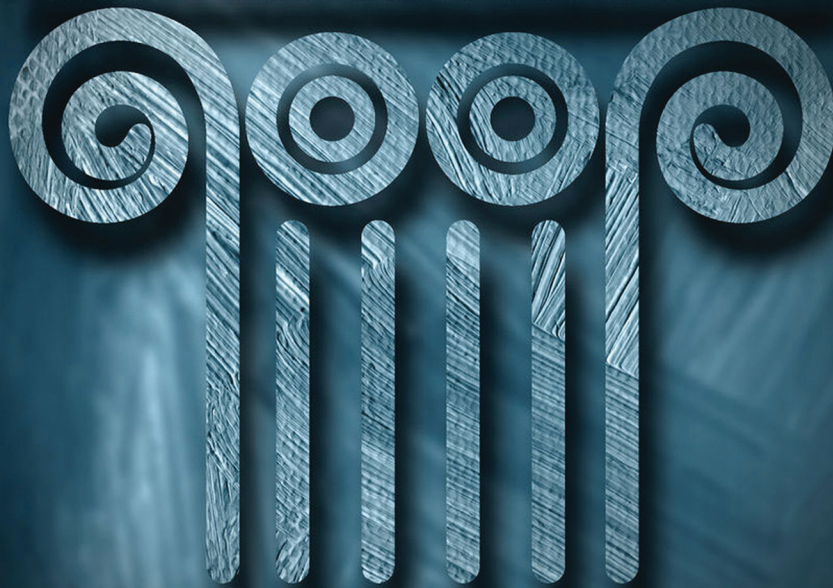
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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



ARKANSAS

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

An Arkansas corporation is created by filing Articles of Incorporation with the Arkansas Secretary of State. The articles must include the corporate name, its purpose, the name and address of agent for service of process, the name and address of each incorporator, and the number of shares the corporation is authorized to issue. The articles may be filed online or by postal mail.

An Arkansas LLC is created by filing Articles of Organization with the Arkansas Secretary of State. The articles must include the LLC's name and address, the name and address of LLC's registered agent, and a statement as to whether the LLC will be run by a manager.

Every Arkansas Corporation and LLC must have an agent for service of process in the state. This is an individual or corporation that agrees to accept legal papers on the corporation's behalf if it is sued.

All corporations and LLCs organized outside of Arkansas must register with the Arkansas Secretary of State to do business in Arkansas. Foreign corporations and LLCs must appoint a registered agent for service of process physically located in Arkansas. To register, a foreign corporation must file an Application for Certificate of Authority. A foreign LLC must file an Application for Certificate or Registration of Limited Liability Company.

A Certificate of Existence or similar document from the foreign corporation's home state must also be filed with the Secretary of State.

FORMS & FEES

Form RN-06, Application for Reservation of Entity Name – Online filing fee \$22.50; Paper filing fee is \$25.

Form DN-01, Articles of Incorporation – Online filing fee \$45; Paper filing fee \$50.

Form LL-01, Articles of Organization – Online filing fee \$45; Paper filing fee \$50.

Form F-01, Application for Certificate of Authority – Online filing fee \$270; Paper filing fee \$300.

Form FL-01, Registration of Limited Liability Company – Online filing fee \$270; Paper filing fee \$300.

These and other forms, fees, and procedures required for domestic and foreign entity registration can be found at: <https://www.sos.arkansas.gov/business-commercial-services-bcs/forms-fees>

WEBSITE

<http://www.sos.arkansas.gov/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Secretary of the State, Business & Commercial Services
Victory Building
1401 W. Capitol Ave., Suite 250
Little Rock, AR 72201
(888) 233-0325

ADDITIONAL ASSISTANCE

E-mail: corprequest@sos.arkansas.gov

ANNUAL RENEWALS

Annual Franchise Tax Reports must be filed for all businesses, every year.
Online filing is available at: <https://www.ark.org/sos/franchise/index.php>

FORMS

Annual Franchise Tax Report forms are available online at:
<https://www.sos.arkansas.gov/business-commercial-services-bcs/franchise-tax/franchise-tax-report-forms>

Limited Liability Partnerships must file annual reports.

RATES

Annual Report filing fees are typically \$15.

DUE DATE

Annual Report due dates depend on the type of entity, but are generally due May 1 or April 1. The forms and their due dates can be found at:
<https://www.sos.arkansas.gov/business-commercial-services-bcs/franchise-tax/franchise-tax-report-forms>

ELECTRONIC FILING

Overview: <https://www.ark.org/sos/corpfilings/index.php>

Domestic entities: <https://www.ark.org/sos/corpfilings/index.php>

Foreign entities: <https://www.ark.org/sos/corpfilings/index.php>

ELECTRONIC PAYMENT

The electronic filing system allows users to pay their franchise tax or annual report fees via electronic check or via credit card, accepting Visa, MasterCard, Discover, and American Express. See electronic filing links.

REGISTRATION WITH DEPARTMENT OF FINANCE AND ADMINISTRATION

If a business needs to register to file, pay, or get a permit from the State of Arkansas, they must file the Arkansas Combined Business Registration Form. It is used to register for all business taxes in one application form.

FORMS

Form AR-1R, Combined Business Tax Registration Form.

Registration forms can be found here: <https://www.dfa.arkansas.gov/excise-tax/miscellaneous-tax/registration-forms/>

RATES

Businesses filing for a Gross Receipts (Sales Tax) Permit are required to pay a \$50 non-refundable application fee.

DUE DATE

Form AR-1R should be filed at least two weeks before the taxable activity begins. Do not submit it more than 60 days prior to opening date.

ELECTRONIC FILING

To register a new business online, go to: www.ataf.arkansas.gov

ELECTRONIC PAYMENT

Payments can be made via online by check or credit card. The credit cards accepted are VISA, MasterCard, Discover, and American Express.

WEBSITE

www.dfa.arkansas.gov

MAILING ADDRESS/PHONE NUMBER

Arkansas Combined Registration
P.O. Box 8123
Little Rock, AR 72203-8123
(501) 682-1895

LICENSES—GC & SPECIALTY

REGISTRATION

Arkansas licenses both commercial and residential contractors. An application must be submitted to the Arkansas Contractors Licensing Board to obtain a license. A financial statement, statement of experience, and professional references must be provided on the application.

TESTS AND EXAMS

An Arkansas Business & Law Exam must be taken to obtain a contractor's license. The test is given by Prometric, an independent testing company.

To register for the exam, call (888) 763-0131 or visit: www.experioronline.com.

FORMS

Applications for a commercial license, residential builder's license, residential remodeler's license, home improvement specialty license, and other forms can be found at: <https://www.aclb.arkansas.gov/forms>.

RATES

Contractor's license application fees range from \$50 to \$100 depending on the type of license. The Arkansas Business & Law Exam fee is \$80.

Renewal fees range from \$25 to \$50 and late fees from \$50 to \$100 depending on the type of license.

DUE DATE

Contractor's license must be renewed every year. The due date is based on when the license was obtained. A license may be renewed up to two years after its expiration date.

ELECTRONIC FILING

Contractor's license renewals can be filed here:
<https://www.aclb.arkansas.gov/renew-a-license>

ELECTRONIC PAYMENT

Contractor's license renewals can be paid for here:
https://www.ark.org/aclb_olr/app/login.html

WEBSITE

<https://aclb.arkansas.gov/>

MAILING ADDRESS/PHONE NUMBER

Arkansas Contractors Licensing Board
4100 Richards Road
North Little Rock, AR 72117
(501) 372-4661

RECIPROCITY STATES

The State of Arkansas has entered into reciprocal agreements with the States of Tennessee, Mississippi, Alabama, and Louisiana in order to allow qualified contractors the ability to move from state to state in the least restrictive manner.

EQUITY REQUIREMENT

If applying for one of the Arkansas Contractors Licensing Board's classifications, half of the net worth requirement for the classification(s) requested must be cash in the bank and cannot be a stockholder note to the company or receivables. Example: If you ask for a Building classification and the net worth requirement is \$50,000, you will need \$25,000 cash in the bank. If you ask for a specialty classification, the net worth requirement is \$5,000 you will need \$2,500 cash in the bank.

A description of each classification can be found in Arkansas State Licensing Law for Commercial Contractors Regulation 224-25-5(i) of Act 150. Please refer to Rules and Regulations Act 150 (224-25-6) and 150 (224-25-6 (c)) for more information.

For further details on equity requirements for each type of license, refer to the respective applications here: <https://aclb.arkansas.gov/forms>

FINANCIAL STATEMENT REQUIREMENTS

A reviewed or audited financial statement must be submitted. Compilations will not be accepted – no exceptions. The date the review or audit was prepared for, not the date the financial was signed, must be less than one-year old (the expiration date of your license will be determined by the date of the financial statement submitted).

The reviewed or audited financial statement must include: (1) reviewed or audited opinion letter from an independent CPA; (2) balance sheet prepared in the "percentage-of-completion" or "completed contract method." Do not submit an income tax basis financial statement; and (3) all footnotes to the balance sheet (see ark. Code ann. 17-25-304).

For further details on financial statement requirements for each type of license, refer to the respective applications here: <https://aclb.arkansas.gov/forms>

LOCAL LICENSES

REGISTRATION

Arkansas does not license commercial and residential contractors at the local level.

INCOME TAX

INCOME TAX—C CORPORATION

Every corporation organized or registered under the laws of Arkansas or having income from Arkansas sources must file an income tax return.

FORMS

Form AR1100CT, Arkansas Corporation Income Tax Return.

Form AR1100CTV, Corporation Income Tax Return Payment Voucher.

Form AR1155, Request for Arkansas Extension of Time for Filing Income Taxes.

Additional forms can be found at: <https://www.dfa.arkansas.gov/income-tax/corporation/corporation-forms/>

RATES

The Arkansas corporate income tax is imposed on a corporation's entire net income at the following rates:

- 1% on the first \$3,000 of net income or any part;
- 2% on the second \$3,000 of net income or any part;
- 3% on the next \$5,000 of net income or any part;
- 5% on the next \$14,000 of net income or any part;
- 6% on the next \$75,000 of net income or any part, but not exceeding \$100,000; or
- If the net income exceeds \$100,000, a flat rate of 6.5% is applied to the entire net income.

DUE DATE

Fifteenth day of the fourth month after the close of the corporation's tax year.

DUE DATE EXTENSION

If you have received an automatic federal extension (Form 7004), the time for filing your Arkansas Corporation Income Tax Return is extended until the due date of your federal return. To request an initial Arkansas extension of 180 days from the original Arkansas return due date or an Arkansas extension of 60 days beyond the automatic federal extension due date, complete and mail Arkansas Form AR1155, by the federal extended due date or, if applicable, the Arkansas extended due date to the Corporation Income Tax Section.

ELECTRONIC FILING

Taxpayers can electronically manage their Arkansas tax accounts, including filing tax returns, here: <https://atap.arkansas.gov/> /

More information on E-Filing can be found here:
<https://www.dfa.arkansas.gov/income-tax/arkansas-efile/>

ELECTRONIC PAYMENT

Arkansas Taxpayer Access Point (ATAP) is available for the filing of most Arkansas Corporation Income Tax returns and payments. Federal returns and other required schedules must be attached with the ATAP filing or mailed separately to the Corporation Income Tax Section. They may be provided on CD, in PDF, or in paper form.

WEBSITE

The online filing, managing, and payment options of ATAP are available at:
<https://atap.arkansas.gov/> /

FED RETURN ATTACHED TO STATE RETURN

Every corporation filing an Arkansas corporation income tax return must attach a completed copy of its federal tax return as filed with the IRS, including all schedules and attachments. If a line item amount listed on the federal return is different than the amount listed on the Arkansas return, a reconciliation schedule must be attached for each line item amount that is different.

MAILING ADDRESS/PHONE NUMBER

State of Arkansas
Corporation Income Tax Section
P.O. Box 919
Little Rock, AR 72203-0919
(501) 682-4775

ESTIMATED TAX

Every taxpayer who can expect to owe Arkansas income tax in excess of \$1,000 must make a declaration and timely pay the estimated tax in four equal installments.

A corporation with an estimated quarterly income tax liability equal to or greater than \$20,000 must pay the estimated quarterly income tax due by electronic funds transfer. Corporations that underestimate their corporate tax liability must calculate any penalty due as applicable. Taxpayers who are required to pay by EFT will be notified in

writing by the Department of Finance and Administration (Department). The determination is based on the corporation's average quarterly tax liability for its prior tax year.

FORMS

Form AR110ESCT, Estimated Corporation Income Tax Payment (voucher).

RATES

See income tax rates above.

DUE DATE

A corporation required to file corporation income tax payment vouchers 1 through 4 must use the forms provided or approved by the Corporation Income Tax Section to ensure the payment is properly applied. The estimated vouchers, with payments attached, are due in four equal installments as follows:

1. 25% on or before the 15th day of the 4th month of the tax year.
2. 25% on or before the 15th day of the 6th month of the tax year.
3. 25% on or before the 15th day of the 9th month of the tax year.
4. 25% on or before the 15th day of the 12th month of the tax year.

ELECTRONIC FILING

[https://atap.arkansas.gov/ /](https://atap.arkansas.gov/)

ELECTRONIC PAYMENT

Corporations may remit estimated and extension corporation income tax payments through ATAP at: [https://atap.arkansas.gov/ /](https://atap.arkansas.gov/)

WEBSITE

www.atap.arkansas.gov

MAILING ADDRESS/PHONE NUMBER

Corporation Income Tax
P.O. Box 919
Little Rock, AR 72203-0919
(501) 682-4775

ALTERNATIVE MINIMUM TAX

Arkansas does not have an alternative minimum tax.

TAX DIFFERENCES (IF APPLICABLE)

Federal and State Tax differences can result from:

Depreciation – A temporary difference will occur unless the modified ACRS method is used for financial reporting over estimated useful lives that are the same as the IRS-prescribed recovery periods. This is only permissible for GAAP if the recovery periods are substantially identical to the estimated useful lives.

Cash basis versus accrual basis – Use of the cash method of accounting for income tax purposes and the accrual method for financial reporting.

Long-term construction contracts – A temporary difference will arise if different methods (e.g., completed-contract or percentage-of-completion) are used for GAAP and income tax purposes.

Estimated costs (e.g., warranty expense) – Estimates or provisions of this nature are not included in the determination of taxable income until the period in which the costs are actually incurred.

ALLOCATION AND APPORTIONMENT FACTORS

All business income must be apportioned to Arkansas by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus double the sales factor, and the denominator of which is 4.

If the denominator is missing in one or more of the three factors, then the denominator will be the same as the number of entries, other than zero, that apply to the total (everywhere) amounts of the property, payroll, and sales factors.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Arkansas has adopted UDITPA by incorporating UDITPA provisions in Arkansas law, with some modifications. UDITPA applies to all taxpayers doing business both inside and outside of Arkansas.

UDITPA provision that capital gains and losses from the sales of tangible personal property are allocable to the state if the taxpayer's commercial domicile is in the state and the taxpayer is not taxable in the state in which the property had a situs, and is modified by deleting the requirement that the taxpayer is not taxable in the state in which the property had a situs. Arkansas law also adds a provision that capital gains and losses from sales of tangible personal property are allocable to this state if the property has been included in depreciation which has been allocated to this state, in which event gains or losses on those sales shall be allocated on the percentage that is used in the formula for allocating income to Arkansas during the year of those sales.

UDITPA provision concerning sales factor is also modified. UDITPA provides that sales, other than sales of tangible personal property are in the state if the income producing activity is performed both in and outside the state and a greater proportion of the income producing activity is performed in this state than in any other state, based on costs of performance. Arkansas law provides that in such event, the portion of income allocable to this state shall be the percentage that is used in the formula for allocating income to Arkansas during the year of the sale.

OTHER MULTISTATE COMPACT

Arkansas is a member of the Multistate Tax Commission. It is a compact member, but does not employ the equally-weighted apportionment formula.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Special apportionment provisions apply to construction contractors that use the percentage-of-completion method of accounting for long-term contracts (i.e., over one year) and have income from sources both inside and outside Arkansas.

Percentage-of-Completion Method – Under this method of accounting for long-term contracts, the amount to be included each year as business income from each contract is the amount by which the gross contract price (which corresponds to the percentage of the entire contract which has been completed during the tax year) exceeds all expenditures made during the tax year in connection with the contract. In so doing, account must be taken of the material and supplies on hand at the beginning and end of the tax year for use in each such contract.

Refer to Ark. Corp. Inc. Tax Regs. § 1.26-51-718(d) for detailed computation examples.

SPECIFIC EXCLUSION OF INCOME ITEMS

Dividends from 80% or greater directly owned subsidiaries are exempt.

SPECIFIC EXCLUSION OF COST ITEMS

Items such as lunches with coworkers while not traveling away from home on business, club dues, and fines or penalties are not deductible.

CREDITS AND TAX INCENTIVES

Alternative Fuels Tax Credit – Credit for biodiesel fuel suppliers for cost of facilities and equipment used directly in the wholesale and retail distribution of biodiesel fuels.

Investment Tax Credit – Credit for capital investments in Arkansas; credit for investment by existing manufacturers; economic development credit for new and expanding businesses; investment credit for qualified rehabilitation or development expenditures.

Job Creation Tax Credit – Credit for creation of new full-time jobs; credit creation of jobs by targeted businesses; payroll rebate for nonprofit organizations; general payroll rebate; investment credit for technology-based companies based on creation of new jobs.

Domestic Production Activities Deduction – Arkansas allows a 9% deduction for certain U.S. production activities. The deduction is based on the lesser of: (1) taxpayer's "qualified production activities income" for the tax year, i.e., net income from U.S. manufacturing, production, growth, or extraction activities, U.S. construction activities, and U.S. engineering and architectural services or (2) the taxpayer's taxable income, or, in the case of an individual, adjusted gross income for the tax year, with specified modifications.

INCOME TAX—S CORPORATION

Arkansas adopts Subchapter S of the Internal Revenue Code as in effect on January 2, 2013. Accordingly, S corporations generally are exempt from Arkansas income tax to the same extent they are exempt from the federal income tax. Income and loss, including net operating losses (NOLs), of an S corporation pass through to shareholders.

Every corporation organized or registered under the laws of Arkansas or having income from Arkansas (with the exception of those corporations exempted by Arkansas Code Section 26-51-303) must file an income tax return.

REGISTRATION

Arkansas does not recognize federal S Corporation election. To be recognized as an Arkansas S Corporation, a business must register with the Arkansas Secretary of State. Form AR1103, Election by Small Business Corporation, must be filed in duplicate within first 75 days of first tax year. A copy of the federal S corporation acceptance form and consent to election by all shareholders must be attached to state election form.

FORMS

Form AR1100S, Arkansas Income Tax Return for an S Corporation.

Form AR1103, Election by Small Business Corporation.

Form AR1155, Request for Arkansas Extension of Time for Filing Income Tax.

S Corporation forms can be found at: <https://www.dfa.arkansas.gov/income-tax/small-business-corporate-sub-s/>

DUE DATE

Fifteenth day of the fourth month after the close of the corporation's tax year.

DUE DATE EXTENSION

If you have received an automatic federal extension (Form 7004), the time for filing your Arkansas Corporation Income Tax Return is extended until the due date of your federal return. To request an initial Arkansas extension of 180 days from the original Arkansas return due date or an Arkansas extension of 60 days beyond the automatic federal extension due date, complete and mail Arkansas Form AR1155 by the federal extended due date or, if applicable, the Arkansas extended due date to the Corporation Income Tax Section.

ELECTRONIC FILING

Taxpayers can electronically manage their Arkansas tax accounts, including filing tax returns, here: <https://atap.arkansas.gov/>

More information on E-Filing can be found here:
<https://www.dfa.arkansas.gov/income-tax/arkansas-efile/>

ELECTRONIC PAYMENT

Arkansas Taxpayer Access Point (ATAP) is available for the filing of most Arkansas Corporation Income Tax returns and tax payments. Federal returns and other required schedules must be attached with the ATAP filing or mailed separately to the Corporation Income Tax Section. They may be provided on CD, in PDF, or in paper form.

WEBSITE

www.atap.arkansas.gov

MAILING ADDRESS/PHONE NUMBER

State of Arkansas
Corporation Income Tax Section
P.O. Box 919
Little Rock, AR 72203-0919
(501) 682-4775

COMPOSITE RETURNS FOR S

Pass-through entities can file composite returns for non-resident members who elect to be included in the composite filing. The pass-through entity must report its distributive share of income or other gain that is passed through to the members included on this return and subject to Arkansas income tax.

Pass-through entities include S-Corporations, general partnerships, limited partnerships, limited liability partnerships, trusts, or limited liability companies. Any entity that is taxed as a corporation or is a disregarded entity for federal income tax purposes is not considered a pass-through entity.

Members who were Arkansas residents, became Arkansas residents during the year, or who had income/losses from Arkansas sources other than from pass-through entities, cannot be included the composite return.

FORMS

Form AR1000CR, Arkansas Income Tax Composite Tax Return.

Form AR1055, Request for Arkansas Extension of Time for Filing Income Tax Returns.

Online forms for composite filing can be found online at:
<https://www.dfa.arkansas.gov/income-tax/composite-filing/>

RATES

Tax is computed at 6.9%, for individual, trusts, partnerships and S-corporate members. 6.5% for C-corporate members. No deductions or credits are allowed.

DUE DATE

On or before the 15th day of the fourth month after the close of the tax year.

DUE DATE EXTENSION

Form AR1055, Request for Extension of Time for Filing Income Tax Returns, must be by the 15th day of the fourth month after the close of the tax year to be granted a 180-day extension from the original due date.

Arkansas honors federal extensions as valid state extensions.

ELECTRONIC FILING

Taxpayers can electronically manage their Arkansas tax accounts, including filing tax returns, here: <https://atap.arkansas.gov/>

More information on E-Filing can be found here:
<https://www.dfa.arkansas.gov/income-tax/arkansas-efile/>

ELECTRONIC PAYMENT

Arkansas Taxpayer Access Point (ATAP) allows taxpayers to log on to a secure site and manage all of their tax accounts online. ATAP allows taxpayers to make name and address changes, view letters on their accounts, make payments, and check refund

status. (Registration with ATAP is not required to make payments or check refund status). Go to: www.atap.arkansas.gov for more information.

Credit card payments may be made by calling (800) 272-9829, or by visiting: www.officialpayments.com and clicking on the "Payment Center" link.

WEBSITE

<https://www.dfa.arkansas.gov/income-tax/composite-filing/>

MAILING ADDRESS

Individual Income Tax Section
Composite Return
P.O. Box 3628
Little Rock, AR 72203-3628

ESTIMATED TAX FOR S CORPORATIONS

Every taxpayer who can expect to owe Arkansas income tax in excess of \$1,000 must make a declaration and timely pay the estimated tax in four equal installments.

FORMS

Form AR1000CRES, Composite Estimated Tax Payment.

Form AR1155, Request for Arkansas Extension of Time for Filing Income Taxes.

Federal Extension Form 7004 (federal extensions are honored as state extensions).

Form AR8453-OL, Arkansas Individual Income Tax Declaration for Electronic Filing.

DUE DATE

A corporation required to file corporation income tax payment vouchers 1 through 4 must use the forms provided or approved by the Corporation Income Tax Section to ensure the payment is properly applied. The estimated vouchers, with payments attached, are due in four equal installments as follows:

1. 25% on or before the 15th day of the 4th month of the tax year.
2. 25% on or before the 15th day of the 6th month of the tax year.
3. 25% on or before the 15th day of the 9th month of the tax year.
4. 25% on or before the 15th day of the 12th month of the tax year.

DUE DATE EXTENSION

An automatic federal extension (Form 7004) extends the due date for filing an Arkansas Corporation Income Tax Return to the due date of the federal return. When filing the Arkansas AR1100S, check the box at the top indicating that the Federal Extension Form 7004 and/or Arkansas Extension Form AR1155 has been filed and file the Arkansas return on or before the federal due date. It is not necessary to include a copy of the Federal Form 7004.

To request an initial Arkansas extension of 180 days from the original Arkansas return due date or an Arkansas extension of 60 days beyond the automatic federal extension due date, complete and mail Arkansas Form AR1155, Request for Extension of Time for Filing Income Tax Returns, by the due date or, if applicable, the extended due date of the Arkansas return to the Corporation Income Tax Section. Arkansas extension(s) must be attached to the Arkansas income tax return.

To avoid interest and/or penalty, any tax due payment must be made on or before the 15th day of the third month following the close of the Corporation's tax year. Attach your check to Extension Voucher 5.

ELECTRONIC FILING

Arkansas accepts Modernized e-File (MeF) for Individual, Corporate, S-Corporate and Partnership Income Tax returns, and corresponding forms and schedules. If you choose to electronically file your State of Arkansas tax return by using one of the online web providers, you are required to complete Form AR8453-OL, Arkansas Individual Income Tax Declaration for Electronic Filing. A completed AR8453-OL along with the AR1000F or AR1000NR and any W-2's or schedules are to be kept in your files.

ELECTRONIC PAYMENT

Credit card payments may be made by calling (800) 272-9829, or by visiting: www.officialpayments.com and clicking on the "Payment Center" link.

WEBSITE

For information on e-file options go to: <https://www.dfa.arkansas.gov/income-tax/arkansas-efile/>

MAILING ADDRESS/PHONE NUMBER

Department of Finance and Administration
Income Tax Section
P.O. Box 9941
Little Rock, AR 72203-9941
(501) 682-1100

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

S Corporations not filing composite tax returns are required to withhold state income tax on non-resident shareholders. An S Corporations' basis for withholding income tax on their non-resident shareholders is Arkansas source income.

DISTRIBUTIONS

Any pass-through entity that withholds Arkansas income tax from a distribution to a non-resident member and/or files a Composite Return (AR1000CR) on behalf of its non-resident members must file Form AR1099PT, Report of Income Tax Withheld or Paid on Behalf of Nonresident Member. A Form AR1099 must be completed for each non-resident member whose income tax was withheld and reported on Form AR941PT, Arkansas DFA Pass-Through Entity Report for Income Tax Withheld. The amount reported on the AR1099PT must equal the amounts reported on Form AR1000CR and Form AR941PT. Attach a copy to the AR1000CR if necessary to substantiate withholding.

"Distributed" or "Distribution" means a non-resident member's distributive share of a pass-through entity's income and shall include a cash payment, a distribution of other property, a credit to the member in lieu of such payment, or the member's distributive share of the entity's income or other gain that is passed through to the member and which is subject to Arkansas income tax.

Distributions paid or credited are not subject to withholding if the distributions paid or credited to the non-resident members are subject to withholding under other provisions of Arkansas law, or represent a return of such member's investment, or a return of capital, or represent previously taxed income.

EXEMPTIONS

Withholding is not required in certain situations, including but not limited to:

- If the non-resident member's pro rata or distributive share of income from doing business in, or deriving income from, Arkansas sources is less than \$1,000 per year;
- If the non-resident member elects to have the tax due paid as part of a composite return filed by the pass-through entity;
- If the entity has filed a signed agreement from non-resident member agreeing to timely file non-resident income or trust return; to pay tax and agree to Arkansas jurisdiction;
- If the non-resident member's income is exempt from tax under Ark. Code Ann. §26-51-202 (dividends, interest, or gains and losses from qualifying investment securities owned by an investment partnership).

FORMS

Form AR941PT, Arkansas DFA Pass-Through Entity Report for Income Tax Withheld.

Form AR1099PT, Report of Income Tax Withheld or Paid on Behalf of Non-Resident Member.

RATES

The tax rate for withholding income tax on an S Corporation's non-resident shareholders is 6.9%. The rate for C-corporate shareholders is 6.5%

DUE DATE

The S Corporation must send two copies of Form AR1099PT to the non-resident member by the 15th day of the fourth month of the close of your tax year.

Form AR941PT is due by the 15th day of the fourth month of the close of your tax year.

ELECTRONIC FILING

Although electronically filing your withholding returns is not required, you can do so at: <https://atap.arkansas.gov/>

ELECTRONIC PAYMENT

Although electronically paying your withholding taxes is not required, you can do so at: <https://atap.arkansas.gov/>

WEBSITE

<https://atap.arkansas.gov/>

MAILING ADDRESS/PHONE NUMBER

Withholding Tax Mailing Address (Payments):

Department of Finance and Administration
P.O. Box 9941
Little Rock, AR 72203
(501) 682-7290

Withholding Tax Mailing Address (W2's, 1099's):

Department of Finance and Administration
P.O. Box 8055
Little Rock, AR 72203

PAYMENT ON INCOME OR DISTRIBUTIONS

See above.

INCOME TAX—PARTNERSHIPS, LLC

Partnerships and LLCs are classified and taxed for Arkansas purposes in the same manner as it is classified and taxed for federal income tax purposes. Income and losses, including net operating losses, of a partnership is passed through to partners.

All partnerships and LLCs filing Arkansas tax returns must specifically state items of gross income and deductions, and must include in the return the names and addresses of individuals who would be entitled to share in the net income if distributed and the amount of the distributive share of each individual. The return must be sworn to by one of the partners. All partnership income from activities within Arkansas are allocated to Arkansas.

COMPOSITE RETURNS

Only those members who must file Arkansas non-resident individual income tax returns as a result of their interest in a pass-through entity can be included in a composite return. A pass-through entity cannot be included as a member on a composite return.

FORMS

Form AR1050, Arkansas Partnership Return.

Form AR1050 is used to file the income of a partnership. Every domestic or foreign partnership doing business within Arkansas or in receipt of income from Arkansas sources, regardless of amount, must file Form AR1050. The form is also to be used by business organizations that are two or more member limited liability companies unless the LLC has “checked the box” to file as a corporation for federal tax purposes.

RATES

Form AR1050 is an information return. Income and losses, including net operating losses, of a partnership and LLCs are passed through to partners.

DUE DATE

Form AR1050 is due by the 15th day of the fourth month of the close of your tax year.

DUE DATE EXTENSION

If you request an extension of time to file your federal partnership tax return (with federal Form 7004) you can receive the same five-month extension on your state return. If you do not file a federal extension, you can request a 180-day Arkansas extension using Form AR1055 before fifth day of the fourth month of the close of your tax year.

ELECTRONIC FILING

Arkansas is accepting Modernized e-File (MeF) for: Individual, Corporate, S-Corporate, Partnership Income Tax returns, and corresponding forms and schedules.

For further information or forms go to: <https://www.dfa.arkansas.gov/income-tax/partnership-llc/>

ELECTRONIC PAYMENT

Credit card payments may be made by calling (800) 272-9829, or by visiting: www.officialpayments.com and clicking on the "Payment Center" link.

WEBSITE

<https://www.dfa.arkansas.gov/income-tax/>

MAILING ADDRESS/PHONE NUMBER

State Income Tax
P.O. Box 8026
Little Rock, AR 72203-8026
(501) 682-1100

INCOME TAX—INDIVIDUAL

Full-year, part-year, and non-residents who received income from Arkansas sources must file an Arkansas individual income tax return regardless of the amount of income received.

FORMS

Form AR1000F, Arkansas Individual Income Tax Return, Full-Year Resident.

Form AR1000S, Arkansas Individual Income Tax Return, Full-Year Resident/ Short Form.

Form AR1000R, Arkansas Individual Income Tax Return, Non-Resident and Part-Year Resident.

Form AR1000ES, Arkansas Estimated Tax for Individuals.

RATES

The two tax tables used for calculating individual income tax are the Low Income Tax Table and the Regular Tax Table. You can find tax tables at:

https://www.dfa.arkansas.gov/images/uploads/incomeTaxOffice/2018_Final_TaxTable_with_Cover_Sheet.pdf

DUE DATE

You can file your calendar year original individual tax return any time after December 31, but no later than April 15 of the following year – unless an extension is granted. If you file a fiscal year tax return, your return is due no later than 3½ months following the close of the income year.

ESTIMATED TAXES

A taxpayer who makes a Declaration of Estimated Tax for the income year must estimate an amount not less than 90% of the amount actually due (or at least 100% of prior year tax liability). You may have to pay a penalty if you do not pay enough tax either through withholding and/or estimated tax payments or if you fail to make required estimated tax payments by the due dates.

The first estimated tax payment for the next year's tax return is due April 15 for calendar year filers. You may pay the entire year's estimated tax at that time, or you may pay your estimated tax in four installments. The four installment payments are due April 15, June 15, September 15, and January 15 of the next year.

Fiscal year filers must file their Declaration of Estimated Tax on or before the fifteenth day of the fourth month of the income year with the subsequent payments being made on a quarterly installment basis.

DUE DATE EXTENSION

If you request an extension of time to file your federal income tax return (by filing federal Form 4868 with the IRS) you are entitled to receive the same extension on your Arkansas income tax return. The federal automatic extension extends the deadline to file until October 15.

You do not have to attach a copy of federal Form 4868 to your state tax return. When your Arkansas return is complete and ready to file, simply check the box on the face of the return indicating you filed a federal extension.

If you do not file a federal extension, you can file an Arkansas extension using Form AR1055-IT before the filing due date of April 15. Inability to pay is not a valid reason to request an Arkansas extension.

An extension extends the amount of time to file your return, but does not extend the amount of time to pay. Any tax due must be paid by April 15 to avoid failure to pay penalty and interest. Payments made on extension should be made on Form AR1000ES, Voucher 5.

ELECTRONIC FILING

The State of Arkansas participates in the combined Federal and State Electronic Filing Program. This program allows you to file your Arkansas tax return electronically at the same time your federal tax return is electronically filed. Electronic filing provides more accurate processing of your tax return and a fast turn-around time for your refund. Electronic filing of your state return usually can only be done if you file your federal return electronically. Your Arkansas return must be filed as a paper return if you do not file your federal return electronically.

Exception: Arkansas accepts state-only electronically filed returns for full-year residents if your preparer offers this service.

More information on electronic filing for Arkansas returns can be found online at: <https://www.dfa.arkansas.gov/income-tax/arkansas-efile/>

ELECTRONIC PAYMENT

The State of Arkansas allows payments to be made for Individual Income Tax liabilities by credit card. The credit card transactions are made through the Official Payments Corporation.

Credit card payments may be made over the telephone by calling (800) 272-9829 or over the internet by visiting: www.officialpayments.com and clicking the "Payment Center Link."

WEBSITE

More information on individual income tax filing in Arkansas can be found online at: <https://www.dfa.arkansas.gov/income-tax/individual-income-tax/>

MAILING ADDRESS/PHONE NUMBER

Arkansas State Income Tax
P.O. Box 2144
Little Rock, AR 72203-2144
(501) 682-1100

FED RETURN ATTACHED TO STATE RETURN

Part-year residents and non-residents must attach a complete copy of their federal return to their Arkansas state income tax return or the return will not be processed.

STATE CONSTRUCTION-RELATED CREDITS

None

IRC CONFORMITY

Arkansas adopts specified sections of the IRC with varying conformity dates for corporations and individuals. Arkansas adopts the IRC § 163 in effect on January 1, 2017. Arkansas has not yet adopted legislation to conform to the business interest deduction limitations of IRC § 163(j) as enacted by the Tax Cuts and Jobs Act.

While Arkansas does allow individual taxpayers to take certain deductions allowed under the IRC, the IRC § 199A deduction is not among Arkansas' permitted deductions.

NET WORTH OR STOCK TAX

REGISTRATION

Franchise tax registration for Arkansas can be found at:
<https://www.sos.arkansas.gov/business-commercial-services-bcs/franchise-tax/>

FORMS

All franchise tax forms can be found at:
<https://www.sos.arkansas.gov/business-commercial-services-bcs/franchise-tax/franchise-tax-report-forms>

TAXABLE BASIS/RATES

Corporation with Stock – .3% of outstanding capital stock; \$150 minimum

Corporation without Stock – \$300

Limited Liability Company – \$150

For rates of other types of entities, see: <https://www.sos.arkansas.gov/business-commercial-services-bcs/franchise-tax/>

DUE DATE

The franchise tax report is due on or before May 1 of the reporting year. Each year, the Secretary of State mails report forms to every corporation. Corporations failing to receive such forms by March 20 must request them in writing from the Secretary of State on or before March 31.

DUE DATE EXTENSION

None

ELECTRONIC FILING

Arkansas franchise tax can be filed electronically at:
<https://www.ark.org/sos/franchise/index.php>

ELECTRONIC PAYMENT

The electronic filing site allows taxpayers to pay their franchise taxes online with a credit card or electronic check. Accepted credit cards include Visa, MasterCard, Discover, and American Express. An electronic check is a method of debiting the funds from your checking account just as you would write a check.

WEBSITE

<https://www.ark.org/sos/franchise/index.php>

MAILING ADDRESS/PHONE NUMBER

Arkansas Secretary of State
State Capitol, Suite 256
500 Woodlane Street
Little Rock, AR 72201
(501) 682-1010

GROSS RECEIPTS TAX (SALES TAX)

REGISTRATION

Vendors located and operating in Arkansas must register under the Gross Receipts Tax Law if the vendor sells property or services subject to sales tax. Sales tax is levied on sales of tangible personal property and various types of services performed within Arkansas. A completed application for a sales tax permit and a \$50 non-refundable fee is required to register new businesses. It will take approximately eight to ten working days to process the application. The permit will be mailed to the address listed on the application.

See State Sales (Gross Receipts) and Use Tax section for more details.

LOCAL BUSINESS LICENSE TAX

REGISTRATION

Arkansas has 75 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. A local business license is typically required based on the job's location.

FORMS

Each county or city will have their specific forms for the local license. There are no local or municipal income taxes in Arkansas.

RATES

Some local municipalities in Arkansas impose an occupational tax on wages paid within their jurisdiction. Contact the local municipality to determine if an occupational tax is imposed and the reporting and payment requirements.

STATE SALES (GROSS RECEIPTS) AND USE TAX

REGISTRATION

Vendors located and operating in Arkansas must register under the Gross Receipts Tax Law if the vendor sells property or services subject to sales tax. Sales tax is levied on sales of tangible personal property and various types of services performed within Arkansas. Submit Form AR-1R, Combined Business Tax Registration Form, for a sales tax permit. A \$50 non-refundable fee is required to register new businesses. It will take approximately eight to ten working days to process the application. The permit will be mailed to the address listed on the application.

Register a new business by submitting Form AR-1R, Combined Business Tax Registration Form, or by visiting ATAP at: <https://atap.arkansas.gov/>

TAXABLE BASIS

Sales tax is computed by multiplying the tax rate by the seller's total gross receipts or gross proceeds from all taxable sales for the preceding month without regard to the amount that may be allocated to gross receipts tax on the taxpayer's books of accounts.

Gross Receipts, or Gross Proceeds, means the total amount of consideration for the sale of tangible personal property and taxable services, whether the consideration is in money or otherwise.

Use tax is computed by multiplying the tax rate of the sales price of the tangible personal property purchased for storage, use, distribution, or consumption in the state.

Sales Price, or Purchase Price, for purposes of Arkansas compensating use tax means the total amount of consideration, including cash, credit, property, and services for which tangible personal property or services are sold, leased or rented, and valued in money or otherwise.

FORMS

Form AR-1R, Combined Business Tax Registration Form.

Form ET-1, Arkansas Excise Tax Return.

Additional forms can be found at: <https://www.dfa.arkansas.gov/excise-tax/sales-and-use-tax/sales-and-use-tax-forms/>

RATES

6.5% for State Sales and Use Tax. Special and local rates may apply.

DUE DATE

Returns and payments for the preceding month must be made monthly by the 20th of each month except that large retailers must make early payments. Penalties do not apply if the tax is paid by the first day of the following month.

If the tax does not amount to more than \$100 in any month, returns and payments may be made on a quarterly, instead of monthly, basis. Quarterly returns are due by the 20th day of January, April, July, and October.

Taxpayers may be notified by the Department to file quarterly reports if the average amount of tax for which the taxpayer is liable for the previous fiscal year starting July 1 and ending on June 30 is not more than \$100 per month. Taxpayers whose average tax liability for the previous fiscal year starting on July 1 and ending on June 30 is not more than \$25 per month may be notified to file yearly reports.

ELECTRONIC FILING

Electronic filing is allowed at: www.atap.arkansas.gov

ELECTRONIC PAYMENT

Electronic payment is allowed at: www.atap.arkansas.gov

WEBSITE

<https://www.dfa.arkansas.gov/excise-tax/sales-and-use-tax/>

MAILING ADDRESS/PHONE NUMBER

Department of Finance and Administration
P.O. Box 3861
Little Rock, AR 72203-3861
(501) 682-7104

TAXABLE SERVICES

Generally, contractors are considered consumers of tangible personal property and taxable services used in the performance of a contract and are liable for the gross receipts tax or use tax on their purchase of such.

The services of providing cleaning or janitorial work are taxable. The cleaning of the interior or exterior of any building or structure, including vents, ducts, windows, walls, ceilings, or floors, is a taxable service.

The initial installation, alteration, addition, cleaning, refinishing, replacement and repair of motors, electrical appliances, machines, and other mechanical items are taxable. For example, initial installation in existing structures and the repair or replacement of dishwashers, stoves, ovens, refrigerators, heating and air conditioning units, garbage disposals, water heaters, ceiling fans, garage door motors, electric signs, washing machines, and dryers is taxable.

The initial installation in existing buildings and the alteration, addition, cleaning, refinishing, replacement and repair of carpet and rugs remain taxable.

The replacement or repair of elevators is a taxable service.

For more information on taxable services, including contracting, see Arkansas Gross Receipts Tax Rules at:

http://www.dfa.arkansas.gov/offices/policyAndLegal/Documents/et2008_3.pdf

SALES TO THE GOVERNMENT

Federal – The gross receipts or gross proceeds derived from sales to the United States Government are exempt from the tax. Contractors purchasing tangible personal property or taxable services pursuant to a contract with the United States Government are the consumers of such property or services and must pay the tax when they purchase the property or services. Sales to United States Government employees who pay for the articles purchased with their own funds are not exempt.

State and Local – There is no general exemption for state and local government transactions, and the definition of “person” for sales and use tax purposes includes any individual, partnership, limited liability company, limited liability partnership, corporation, estate, trust, fiduciary, or any other legal entity. However, specific exemptions may apply to some state government transactions.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

All local sales and use taxes are paid through the state. No additional registration is needed.

Local taxes are collected and remitted similar to the state sales and use tax. You must report each city tax or county tax separately on the form.

Businesses that hold an active Arkansas Sales and Use Tax permit and file Excise Tax returns with the Department may deduct the amount of additional city or county tax on business purchases on which the full amount of local tax has been collected by the seller. The total amount of the additional tax for a qualifying rebate for each city and county for which the tax was paid must be listed on the form. When completing the form, a credit for any additional tax paid will be deducted from the local tax due for that reporting period.

FORMS

Form ET-1, Arkansas Excise Tax Return.

Form ET-1 is used to report all state and local taxes levied under the Gross Receipts Sales) Tax and Compensating Use Tax Acts.

RATES

See instructions to Form ET-1 for local sales and use tax rates. Or go to the following site to enter your address in Arkansas and retrieve the applicable tax rate for that location: http://www.arkansas.gov/dfa/excise_tax_v2/st_zip.html

DUE DATE

Same as state.

ELECTRONIC FILING

Electronic filing is allowed at: [https://atap.arkansas.gov/ /](https://atap.arkansas.gov/)

ELECTRONIC PAYMENT

Electronic payments are allowed at: [https://atap.arkansas.gov/ /](https://atap.arkansas.gov/)

WEBSITE

<https://www.dfa.arkansas.gov/excise-tax/sales-and-use-tax/local-sales-and-use-tax-information/>

MAILING ADDRESS/PHONE NUMBER

Department of Finance and Administration
P.O. Box 3861
Little Rock, AR 72203-3861
(501) 682-7104

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form AR3MAR, Arkansas DFA Employer's Annual Reconciliation of Income Tax Withheld

Form AR941M, Monthly Withholding Payment Voucher

Form AR941A, Arkansas DFA Employer's Annual Report for Income Tax Withheld

The Arkansas Withholding Tax Section does not send blank Arkansas Withholding Tax Return (Form AR-3MAR) or payment vouchers (Forms AR941M, AR941A) to taxpayers. Contact (501) 682-7290 to request these forms and the forms will be mailed to your business in two to three weeks. For faster service, file your Withholding Tax payments and returns online at: <https://atap.arkansas.gov/> /

RATES

Rate tables and formulas can be found at: <https://www.dfa.arkansas.gov/income-tax/withholding-tax-branch/withholding-tax-forms-and-instructions/>

DUE DATES

January 31

Furnish each employee a completed Form W-2, Wage and Tax Statement; furnish each other payee a completed Form 1099.

File AR941, Employers Annual Report for Income Tax Withheld and pay any tax due for the previous calendar year.

February 28

File AR3MAR, Employers Annual Reconciliation of Income Tax Withheld for the previous calendar year.

File AR3PAR, Pension and Annuity Reconciliation of Income Tax Withheld for the previous calendar year.

File Copy 1 – For State, City or Local Tax Department of all paper Forms W-2 with Form ARW3, Transmittal of Wage and Tax Statements to the Arkansas Withholding Tax Section.

File Copy 1 – For State Tax Department of all paper Forms 1099 with a photocopy of Federal Form 1096, Annual Summary and Transmittal of U.S. Information returns.

Furnish each non-resident member of a pass-through entity a complete AR1099PT by the 15th day of the third month following the end of the pass-through entity's tax year.

File AR-3Q-TX (Annual Reconciliation of Texarkana Exempt Wages) and state copy of the AR-TX (Wage exemption).

April 15

File AR941PT, Pass-Through Entity Report for Income Tax Withheld.

ELECTRONIC FILING

Electronic filing is permitted. See: [https://atap.arkansas.gov/ /](https://atap.arkansas.gov/)

ELECTRONIC PAYMENT

Electronic filing is permitted. See: [https://atap.arkansas.gov/ /](https://atap.arkansas.gov/)

WEBSITE

<https://www.dfa.arkansas.gov/income-tax/withholding-tax-branch/>

MAILING ADDRESS/PHONE NUMBER

Department of Finance and Administration
P.O. Box 8055
Little Rock, AR 72203-8055
(501) 682-7290

UNEMPLOYMENT

REGISTRATION

Businesses can register for an Arkansas Department of Workforce Services employer account at: <https://www.workforce.arkansas.gov/Tax21/home.aspx>

FORMS

Form ARK-DWS-209B, Employer's Quarterly Contribution and Wage Report – Reimbursable.

DWS-ARK-209BR, Employer's Quarterly Contribution and Wage Report – Reimbursable.

Form DWS-ARK-209BS, Employer's Quarterly Contribution and Wage Report – Seasonal.

RATES

Arkansas' base unemployment insurance tax rates range from 0.1% to 5% with deficit employer rates ranging from 6% to 14%. In addition to the base rates and deficit employer rates, additional taxes may be in effect.

The additional taxes are: Advanced Interest tax 0.2%, Extended Benefit tax 0.1%, and Stabilization tax 0.3%. Together the base/deficit rate and the additional taxes constitute the total tax rate. The base/deficit rates and the additional taxes (when in effect) are due on the first \$12,000 (taxable wage base) of covered wages of each employee during the calendar year. The total tax amount is calculated by multiplying the quarterly taxable wages by the total tax rate.

For more information on how to calculate your unemployment tax, refer to the Arkansas Unemployment Insurance Handbook, which can be found here:

<https://www.dws.arkansas.gov/wp-content/uploads/2017/08/UI-Employer-Handbook-20170824.pdf>

DUE DATE

Employers are required by law to file wage reports on a quarterly basis whether or not wages have been paid in the quarter.

Wage reports are due quarterly. Reports for the preceding quarter must be filed by the end of the month following the quarter. For example, wages paid in January, February, and March (calendar quarter ends March 31) must be reported by April 30.

DUE DATE EXTENSION

A liable employer whose report is filed or postmarked late will be assessed a penalty charge as follows:

- \$10 or 5% of tax due (whichever is greater) if the report is filed within 20 days after the due date.
- \$20 or 10% of tax due (whichever is greater) if the report is filed more than 20 days after the due date.
- \$30 or 15% of tax due (whichever is greater) if it is necessary to estimate the wages, subpoena wage records, or if you fail to supply all information, including but not limited to, employer wage information, employee Social Security numbers, and any non-compliance of electronic reporting.

Any reimbursable employer whose report is filed or postmarked late will be assessed a penalty charge as follows:

- \$10 if the Quarterly Report is filed within 20 days after the due date.
- \$20 if the Quarterly Report is filed more than 20 days after the due date.

ELECTRONIC FILING

Employers are required by law to file wage reports on a quarterly basis whether or not wages have been paid in the quarter. Quarterly reports may be filed in the following formats:

1. Online through the Tax 21 at:
<https://www.workforce.arkansas.gov/Tax21/home.aspx>
2. Paper reports may be submitted using Forms ARK-DWS-209B or DWS-ARK-209BR (Reimbursable Employers Only) or Form DWS-ARK-209BS (Seasonal Industries Only).
3. Reports via magnetic media (i.e., CD/DVD).

If an employer has 250 or more employees, it is required to file electronically. Failure to fully comply with the electronic reporting requirements could result in the assessment of additional penalties.

For additional information contact the Electronic Media Reporting Unit at (501) 682-1190.

ELECTRONIC PAYMENT

If you choose to electronically file and pay your Employer's Quarterly Contribution and Wage Report, you can do so here:

<https://www.workforce.arkansas.gov/Tax21/home.aspx>

WEBSITE

Arkansas Department of Workforce Services: <http://dws.arkansas.gov/index.htm>

Arkansas Department of Workforce Services Unemployment Insurance Handbook:
<https://www.dws.arkansas.gov/wp-content/uploads/2017/08/UI-Employer-Handbook-20170824.pdf>

MAILING ADDRESS/PHONE NUMBER

Arkansas Department of Workforce Services
P.O. Box 2981
Little Rock, AR 72203
(855) 225-4440

NEW HIRE

Federal and state law requires employers to report newly hired and re-hired employees in Arkansas to the Arkansas New Hire Reporting Center. For information about reporting new hires including reporting online and other reporting options, visit:
<http://newhire-reporting.com/AR-Newhire/default.aspx>

TERMINATION

Terminated employees do not need to be reported to the Arkansas New Hire Reporting Center. Only new hires and re-hires are required to be reported to the Arkansas New Hire Reporting Center. However, if the terminated employee had an Income Withholding Order for child support, the termination should be reported to the agency that issued the Order.

PROPERTY TAX

PERSONAL PROPERTY

Personal Property Assessments will need to be filled out at the county level. For information on each individual county, you can go to:

<http://www.arkansas.gov/services/property-tax-center/>

Enter the county you are doing business in and it will give you access to the county's contact information or website.

REAL PROPERTY

Real Property Assessments will need to be filled out at the county level. For information on each individual county, you can go to:

<http://www.arkansas.gov/services/property-tax-center/>

Enter the county you are doing business in and it will give you access to the county's contact information or website.

INTANGIBLES

REGISTRATION

The Arkansas General Assembly has exempted all intangible personal property from all tax levies of counties, cities, and school districts.

Intangible property of taxpayers subject to assessment by the Arkansas Public Service Commission is not included in the general exemption on intangible property.

FUEL TAX

REGISTRATION

Form AR-1R, Combined Business Tax Registration Form.

Registration forms can be found here: <https://www.dfa.arkansas.gov/excise-tax/motor-fuel-tax/motor-fuel-tax-forms/>

FORMS

Fuel tax forms can be accessed here: <https://www.dfa.arkansas.gov/excise-tax/motor-fuel-tax/motor-fuel-tax-forms/>

RATES

Various fuel tax rates can be found here: <https://www.dfa.arkansas.gov/excise-tax/miscellaneous-tax/>

Arkansas motor fuel tax rates can be found here: <http://www.dfa.arkansas.gov/offices/exciseTax/MotorFuelTax/Documents/MotorFuelTaxRates.pdf>

DUE DATE

For the most up to date due date information go to: <https://www.dfa.arkansas.gov/excise-tax/motor-fuel-tax/due-dates/>

International Fuel Tax Association (IFTA) reports must be filed and paid quarterly.

ELECTRONIC FILING

Electronic filing can be done here: <https://atap.arkansas.gov/>

For IFTA reporting, go to: <https://amcs.arkansas.gov/ARMcsWeb/SignOn>

ELECTRONIC PAYMENT

Forms for electronic payments can be found at: <https://www.dfa.arkansas.gov/excise-tax/motor-fuel-tax/motor-fuel-tax-forms/>

WEBSITE

<https://www.dfa.arkansas.gov/excise-tax/motor-fuel-tax/>

MAILING ADDRESS/PHONE NUMBER

Arkansas Department of Finance and Administration
P.O. Box 1752
Little Rock, AR 72203
(501) 682-4800

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

The State of Arkansas requires businesses and government agencies to file unclaimed property reports annually with the Arkansas State Auditor's Unclaimed Property (UCP) Division.

Information reports are required of persons holding property that has reached the state-prescribed level of abandonment. The report is made to the Auditor of State and is due before November 1 for each year and cover the 12 months next preceding July 1 of that year, but a report with respect to a life insurance company must be filed before May 1 of each year for the calendar year next preceding. The report requires identification of the property and its former owner and dates when the property became payable and when the last transaction with the owner occurred.

Online Reporting – Account holders may submit their information to the UCP division electronically with the online [Holder Report Online Filing System](#). Reporting holders can either report their NAUPA formatted file by uploading it into our system or by entering their information into our online filing system.

This method of NAUPA electronic reporting is required for holders with more than 25 records, but can be used for reports of any size.

IMPACT FEES

Impact fees are imposed at the city level and will vary.

STATE ISSUES OTHER THAN TAXES

For information on obtaining various types of contractor's licenses, visit: <http://www.contractors-license.org/ar/Arkansas.html#ar2> or see below.

PLUMBER'S LICENSES

You must have a license to do plumbing work in Arkansas unless you work only on your own residence or agricultural buildings. The agricultural buildings must be outside city limits and they mustn't be connected to a public water line, sewer, or gas line.

Arkansas issues master, journeyman, restricted, plumber, and/or gas inspector and apprentice licenses. You'll have to take an exam to get a master or journeyman license.

ELECTRICIAN'S LICENSES

You'll need a state license to do electrical work in Arkansas. These classes of license are issued by the board: master electrician, journeyman electrician, industrial maintenance electrician, residential master electrical, residential journeyman electrician, and air-conditioning electrician.

An applicant for a state electrician's license must pass an exam, in addition to meeting experience or education requirements.

MINIMUM WAGE

As of January 2019, the Arkansas minimum wage is \$9.50 per hour.

REGISTERED AGENTS

The registered agent is the "mailbox" for the corporation. He or she is the person or entity designated by the corporation to receive any service of legal action or other official communication on its behalf. The registered agent may or may not be an owner, shareholder, or officer of the corporation. Many corporations use their attorney or a professional corporate service company for this service. The registered agent's address must be a street address in Arkansas, and the agent must be located at that address. Please review A.C.A. 4-27-501 (profit) or 4-33-501 (nonprofit). A post office box or "mail drop" may not be used as the registered agent address.

DAVIS BACON

For specific details on Davis Bacon Act enforcement in Arkansas go to:
<https://www.labor.arkansas.gov/minimum-wage-and-overtime>

DRUG TESTING FACILITIES

For a list of drug testing centers in Arkansas, visit:
<http://www.testcountry.com/drug-testing-center-facilities/Arkansas.htm>

OTHER

Arkansas released Opinion No. 20170901 providing guidance on the taxability of contractors' construction purchases.

Arkansas also released Revenue Legal Opinion No. 20171116 on pollution control exemption and information on a direct pay permit.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 19, 2019

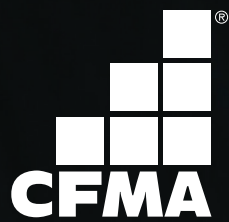
DATE OF LAST UPDATE

May 4, 2015

SUBJECT MATTER EXPERT

John P. Eardley, CPA, MST
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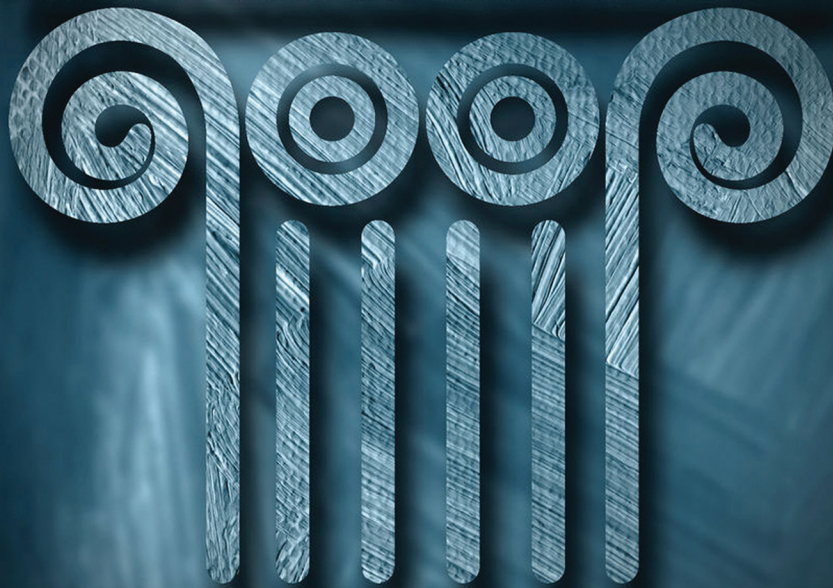
John.Eardley@crowe.com



**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



CALIFORNIA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes reserving the entity name, filing the Articles of Organization with the Secretary of State, and paying the fees to file of \$100. For foreign corporations, file a Statement and Designation Form with the Secretary of State, with the required \$100 fee.

FORMS

All forms are available on the Secretary of State's website. There is a Name Reservation Request Form for Domestic Entities and a Name Reservation Request Form for Foreign Entities.

California has similar forms for Limited Liability Companies (LLCs), Limited Partnerships (LPs), Limited Liability Partnerships (LLPs), and Limited Liability Limited Partnerships (LLLPs).

RATES, FEES, COSTS

The initial filing fee for California is \$100 to the Secretary of State. Name Reservation Forms are \$10 per form. Depending on the type of business and nature of activities in California, there may be other forms to file with the Secretary of State which vary in rates.

WEBSITE

<http://www.sos.ca.gov/>

MAILING ADDRESS/PHONE NUMBER

California Secretary of State
1500 11th Street, 2nd and 3rd Floors
Sacramento, CA 95814
(916) 653-6814

ADDITIONAL ASSISTANCE

The Secretary of State website is comprehensive with all forms needed and fairly user-friendly to navigate.

ANNUAL RENEWALS

Renewals are required annually or bi-annually.

FORMS

Renewals are handled by filing the Statement of Information with the Secretary of State.

RATES

California's annual or bi-annual Statement of Information must be accompanied with a \$25 fee made payable to Secretary of State.

DUE DATE

The initial Statement of Information is due 90 days after the Articles of Incorporation are filed. For each subsequent year, the entity must file a Statement of Information during its filing period, which is a five-month period starting with the month that the original articles of incorporation were filed. For example, if the Articles of Incorporation were filed on January 1, 2018, the initial Statement of Information would be due by March 31, 2018. The subsequent annual Statement of Information would then be due by May 30, 2019.

ELECTRONIC FILING

Electronic filing is available through the states website:
<https://businessfilings.sos.ca.gov/>

ELECTRONIC PAYMENT

If filing online, payment can only be made electronically using a Visa or MasterCard credit card. Electronic payment is only available if filing through the state's website.

REGISTRATION WITH THE EMPLOYMENT DEVELOPMENT DEPARTMENT/DEPARTMENT OF TAX AND FEE ADMINISTRATION

Registration is required for businesses that will have reporting requirements for withholding and sales and use taxes, among other types of taxes. Since all construction companies will have these taxes, registration is required for contractors. There is no separate income tax registration requirement with the Franchise Tax Board. The Franchise Tax Board will assign an entity ID number after an initial payment or filing is made. A different department governs and monitors withholding and sales tax:

<http://www.edd.ca.gov/>

<http://www.cdtfa.ca.gov/>

FORMS

Fill out Form DE 1 for registration with the Employment Development Department for withholding and unemployment insurance taxes. Registration can also be filed for free online. For registration with the Department of Tax and Fee Administration, registration is filed online through their website. The paper registration form appears to be obsolete.

RATES

There is no cost to register with the Employment Development Department or Department of Tax and Fee Administration.

WEBSITE

https://www.edd.ca.gov/payroll_taxes/e-Services_for_Business.htm

Enter the required information to begin the registration process.

<https://onlineservices.cdtfa.ca.gov/Directory/>

Enter the required information to begin the registration process.

MAILING ADDRESS/PHONE NUMBER

Employment Development Department
P.O. Box 826880, MIC 83
Sacramento, CA 94280-0001
(888) 745-3886

Department of Tax and Fee Administration
P.O. Box 942879
Sacramento, CA 94279
(800) 400-7115

LICENSES—GC & SPECIALTY

REGISTRATION

Licensing is required by a contractor who undertakes to construct or alter, or offer to construct or alter, any building, highway, road, parking facility, railroad, excavation, or other structure in the State of California where the cost of the undertaking including labor and materials is \$500 or more. Contractors, including subcontractors, who engage in the business of home improvement must be licensed before submitting bids.

TESTS AND EXAMS

All applicants must request classification within the following major classifications:

- 1) General Engineering.
- 2) General Building.
- 3) Specialty Construction.

Applicants not qualifying for a major classification should request specific sub-classification(s) and/or specialty classifications, Class “C” or “D.”

Applicants must pass the written Law and Business exam, and a specific trade exam if required, depending on classification applying for.

FORMS

The initial application is a lengthy document that requires relevant work experience for the classification(s) requested. A “Certification of Work Experience” form is required, which are reference letters from fellow employees, other journeymen, or contractors or engineers. In addition, all applicants are required to obtain workers compensation insurance with a California insurance carrier as well as fingerprints for conducting a full background check. The form is available for PDF download through the state’s website or can be mail ordered online.

Active licenses are required to be renewed every two years. Inactive licenses are required to be renewed every four years.

RATES

The nonrefundable single classification fee is \$300. An initial license fee of \$180 is to be paid after the exam. California accepts money orders or personal, business, certified, or cashier’s checks.

For renewals, the fee is \$360 for active licenses timely renewed, \$180 for inactive licenses timely renewed, \$540 for active license delinquently renewed, and \$270 for inactive licenses delinquently renewed.

DUE DATE

After initial licensing, the renewal period is two years for active licenses and four years for inactive licenses. A notice is sent approximately 60 days prior to the contractor's license expiration.

DUE DATE EXTENSION

There is no extension for renewing the license. However, if attempting to renew past the expiration date, you may petition for a retroactive renewal if the Contractors State License Board received a written petition within 90 days of the expiration date, and proof that the delay was due to circumstance beyond control.

ELECTRONIC FILING

Not applicable at this time.

ELECTRONIC PAYMENT

Not applicable at this time.

WEBSITE

<http://www.cslb.ca.gov/>

MAILING ADDRESS/PHONE NUMBER

Contractors State License Board
P.O. Box 26000
Sacramento, CA 95826
(916) 255-3900

RECIPROCITY STATES

California currently reciprocates with Arizona, Nevada, and Utah. The business law exam must still be taken and passed. Only the trade exam is waived if reciprocity is available.

EXPERIENCE REQUIREMENT

Applicants, whom is the person acting as the qualifying individual, must have had, within the 10 preceding years prior to the filing of the contractors application, at least four full years of experience as a journeyman, foreman, supervising employee, or as a foreman, supervisor, or contractor in the classification for which he or she is applying.

EQUITY REQUIREMENT

Applicants must have a minimum of \$2,500 of operating capital to be licensed.

There is no financial statement requirement.

California requires a contractor license bond or cash deposit with the Registrar in the amount of \$12,500. A Limited Liability Company license is required to deposit a separate \$100,000 surety bond.

LOCAL LICENSES

REGISTRATION

California has 58 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. A local business license may be required based on the job's location and contractor classification type and required fee will vary.

FORMS

Each county or city will have their specific forms for the local license. There are no local or municipal income taxes in California or occupation taxes on wages paid.

RATES

Some local municipalities in California impose a sales and use tax within their jurisdiction. See section 7 for further detail.

INCOME TAX

INCOME TAX—C CORPORATION

Every corporation doing business within the limits of this state and not expressly exempted from taxation by the provisions of the Constitution of this state or by this part, shall annually pay to the state a tax according to or measured by its net income.

California imposes two types of taxes: franchise tax based on net income and income tax. The franchise tax is imposed on corporations organized in California and foreign corporations doing business in the state. The income tax is imposed on corporations deriving income from California sources but not subject to the franchise tax. Typically, corporations with California sourced income are subject to the franchise tax.

In addition, a California return is required if any of the following thresholds are exceeded:

- A. \$50,000 of property located in California;
- B. \$50,000 of payroll in California;
- C. \$500,000 of sales in California; or
- D. 25% of total property, total payroll, or total sales in California.

These thresholds are adjusted annually, for inflation.

FORMS

Form 100 is the corporate income tax form. Form 100W is the Water's Edge filers form. Form 100X is the amended return form. Form 100-ES is the estimated tax form. Form 3539 is the form used to pay tax when an extension is requested.

RATES

The tax rate for C corporations is 8.84% of the corporation's net income.

The minimum franchise tax is \$800 per member with California Nexus included in the return.

An underpayment penalty will be charged when taxes are not paid by the due date. The penalty is 5% of the unpaid tax as of the due date plus 0.5% each month, or part of a month the tax remains unpaid, not to exceed 40 months. The maximum penalty is 25% of the total unpaid tax.

Additional penalties may also be assessed for underpayment due to negligence and underpayment due to fraud.

Interest on an unpaid balance accrues at 3%.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

Amended returns claiming a refund have a general four-year statute.

DUE DATE EXTENSION

Payment for extension request is due the same day as the due date for the related tax return. The extended filing date is the 15th day of the 10th month following the close of the taxable year.

ELECTRONIC FILING

Although not mandated returns may be filed electronically.

ELECTRONIC PAYMENT

Corporations remitting an estimated tax payment or extension payment in excess of \$20,000 or having a total tax liability in excess of \$80,000 must remit all of their payments through EFT or Web Pay. After meeting this threshold, all future payments must be through EFT/Web Pay.

ESTIMATED TAX

A corporation is required to make estimated tax payments if its estimated tax exceeds the minimum franchise tax plus the QSub annual tax (if applicable).

It should be noted that corporations are required to pay 30% for the first required installment, 40% for the second required installment, 0% (no payment required) for the third installment, and 30% for the fourth required installment.

FORMS

Form 100-ES is used to pay estimated taxes.

RATES

An underpayment penalty will be charged when taxes are not paid by the due date. The penalty is 5% of the unpaid tax as of the due date plus 0.5% each month, or part of a month the tax remains unpaid, not to exceed 40 months. The maximum penalty is 25% of the total unpaid tax.

Additional penalties may also be assessed for underpayment due to negligence and underpayment due to fraud.

Interest on an unpaid balance accrues at 3%.

DUE DATE

Generally the estimates are due on the 15th of the 4th, 6th, 9th, and 12th month.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

These are common federal tax differences for California for contractors:

- No state tax deduction for taxes measured by net income or profits.
- Federal exempt interest income.
- Dividends-received deduction.
- California de-couples from the federal special depreciation provisions under IRC 168.
- Domestic production activities deduction.

ALLOCATION AND APPORTIONMENT FACTORS

California uses a single-sales factor formula, except for specific industries.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

California has adopted UDITPA as a basis for determining how income of multistate corporations is to be apportioned to California. The impact of the three-factor election under UDITPA is currently being litigated in the California courts.

OTHER MULTISTATE COMPACT

Not Applicable

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

California allows for special apportionment for construction contractors. These rules apply when either the completed contract or the percentage-of-completion method is used. Regulation 25137-2. See California's website for additional information.

SPECIFIC EXCLUSION OF INCOME ITEMS

No specific exclusion of income items for the construction industry.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items for the construction industry.

Net Operating Losses (NOL)'s carryforward periods vary depending on when the NOL was incurred; NOLs incurred after 2007 are allowed a 20-year carryforward. Beginning in 2013 a two-year carryback is being phased in. Losses incurred in 2013

may be carried back 50%, losses incurred in 2014 may be carried back 75%, and thereafter 100% of the NOL can be carried back.

CREDITS AND TAX INCENTIVES

California has a number of tax credits and incentives available. The prominent ones are:

- California Competes Tax Credit is an income tax credit available for businesses that want to come to California or to stay and grow in California.
- Enterprise Zone Hiring & Sales or Use Tax – Business incentives for trade or business activities conducted within an enterprise zone. Refer to FTB 3805Z for additional information.
- New Employment Hiring Tax Credit – The credit is available for a taxpayer that hires a full-time employee and pays or incurs wages in a designated census tract or economic development area, and received a tentative credit reservation for that full-time employee.
- Prior-Year Alternative Minimum Tax – Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in the current year.

For additional credits & incentives, refer to FTB 100 Credit or visit:

www.business.ca.gov.

ALTERNATIVE MINIMUM TAX

Corporations that claim certain types of deductions, exclusions, and credits may be subject to California Alternative Minimum Tax (AMT). Generally, corporations that complete Federal Form 4626 must also complete California Schedule P (100).

WEBSITE

www.ftb.ca.gov

MAILING ADDRESS/PHONE NUMBER

Franchise Tax Board
P.O. Box 942857
Sacramento, CA 94257-0500
(800) 852-5711

INCOME TAX—S CORPORATION

California recognizes the federal election on Form 2553. No other election is required.

REGISTRATION

Rules for S corporation registration are identical with C corporations.

FORMS

Form 100S is the California S Corporation form. Form FTB 3539 is used to remit payment for automatic extension.

RATES

The general tax rate is 1.5%. The tax rate for built-in gains and excess net passive income is 8.84%. The minimum franchise tax is \$800. There is also an \$800 annual tax for QSubs, which is to be paid by the parent S Corporation.

DUE DATE

Fifteenth day of the third month following the close of the taxable year.

DUE DATE EXTENSION

Payment for extension request is due the same day as the due date for the related tax return. The extended filing date is the 15th day of the 10th month following the close of the taxable year.

ELECTRONIC FILING

Although not mandated returns may be filed electronically.

ELECTRONIC PAYMENT

Corporations remitting an estimated tax payment or extension payment in excess of \$20,000 or having a total tax liability in excess of \$80,000 must remit all of their payments through EFT or Web Pay. After meeting this threshold, all future payments must be through EFT/Web Pay.

COMPOSITE RETURNS FOR S CORPORATIONS

Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, is required to report the amount of tax due for nonresident individual shareholders. Form 540NR is mailed separately from Form 100S.

Form 588, Nonresident Withholding Waiver Request, may be used to request a waiver from withholding on payments of California source income to nonresident

payees. If the partner is a foreign (non-U.S.) partner, Form 589, Nonresident Reduced Withholding Request should be used in place of Form 588.

RATES

The income included in a group return is taxed at the highest marginal rate of 12.3%. Plus an additional 1% tax is imposed on any portion of the taxpayer's income in excess of \$1 million.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

Amended returns claiming a refund have a general three-year statute.

DUE DATE EXTENSION

California allows for an automatic extension of time to file Form 540NR. Form FTB 3519, Estimated Tax for Individuals, is used to remit group return extension payments.

No extensions are available past the first six-month automatic extension.

ELECTRONIC FILING

Electronic filing is required for all tax preparers that prepare 100 or more California returns.

ELECTRONIC PAYMENT

Corporations remitting an estimated tax payment or extension payment in excess of \$20,000 or having a total tax liability in excess of \$80,000 must remit all of their payments through EFT or Web Pay. After meeting this threshold, all future payments must be through EFT/Web Pay.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

California requires withholding on each nonresident shareholder whose income exceeds \$1,500.

WEBSITE

www.ftb.ca.gov

MAILING ADDRESS/PHONE NUMBER

Franchise Tax Board
P.O. Box 942857
Sacramento, CA 94257-0500
(800) 852-5711

INCOME TAX—PARTNERSHIPS, LLC

FORMS

Every entity which is required to file a Federal Form 1065 that has business or derives income from property in California or has members domiciled in California is required to file a California return. Partnerships file using Form 565, Partnership Return of Income. Limited Liability Companies (LLCs) file using Form 568, Limited Liability Company Return of Income.

The composite return form for nonresident partners is 540NR.

Estimated tax payments for composite returns are paid with Form PTE-V.

Extension tax payments for partnerships are paid with Form FTB 3538.

Extension tax payments for LLCs are paid with Form FTB 3537.

The annual LLC tax of \$800 is paid with Form 3522. The annual LLC tax is due and payable by the 15th day of the fourth month after the **beginning** of the LLC's taxable year.

There is no net operating loss carryback for a composite return.

RATES

Limited Partnerships, Limited Liability Partnerships, and LLCs doing business, registered, or organized in California owe the \$800 annual tax. In addition, LLCs with California income of \$250,000 or more are subject to a flat franchise tax based on total income from California sources. The LLC fee, based on the level of California sourced income, is as follows:

If total California annual income from Form 568, Side 1, line 1 is:				The fee is:
	Equal to or over -		but not over -	
	\$ 250,000		\$ 499,999	\$ 900
	500,000		999,999	2,500
	1,000,000		4,999,999	6,000
	5,000,000		and over	11,790

If a partnership files a composite return and makes composite tax payments on behalf of nonresident partners, the rate is five percent (5%) times that partner's allocated California taxable income.

DUE DATE

The 15th day of the third month following the end of the tax year for a partnership. For single member limited liability companies (SMLLC) owned by pass-through entities are due the 15th day of the third month. For all other SMLLCs the original due date is the 15th day of the fourth month after the closing of the tax year.

DUE DATE EXTENSION

California allows for an automatic six-month extension. However, the \$800 annual tax is due by the original due date of the return.

ELECTRONIC FILING

Although not mandated returns may be filed electronically.

ELECTRONIC PAYMENT

Corporations remitting an estimated tax payment or extension payment in excess of \$20,000 or having a total tax liability in excess of \$80,000 must remit all of their payments through EFT or Web Pay. After meeting this threshold, all future payments must be through EFT/Web Pay.

COMPOSITE RETURNS FOR S

Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, is required to report the amount of tax due for nonresident individual shareholders. Form 540NR is mailed separately from Form 100S.

Form 588, Nonresident Withholding Waiver Request, may be used to request a waiver from withholding on payments of California source income to nonresident payees. If the partner is a foreign (non-U.S.) partner, Form 589, Nonresident Reduced Withholding Request should be used in place of Form 588.

INCOME TAX—INDIVIDUAL

Full-year residents are taxed on all income, regardless of the source, except certain specified tax exempt income. California does not tax Social Security income or income from a defined benefit pension plan. Filing is required if the income exceeds certain levels based on the standard deduction and personal exemptions.

Nonresidents who work in California or receive income from California sources are required to file California Form 540NR with the completed allocation form if California income exceeds the allowable prorated personal exemption.

FORMS

Form 540 is used for residents. Form 540NR is for nonresidents or part-year residents.

Form 540-ES is used to make estimated individual tax payments.

Use Form 540X to file an amended return.

RATES

A graduated rate schedule applies to individual returns with a maximum rate of 12.3%. An additional tax of 1% is imposed on taxable income exceeding \$1 million.

A credit for taxes paid to other states is allowed for full-year residents and nonresidents.

DUE DATE

April 15

DUE DATE EXTENSION

The California extension is an automatic six-month extension of time to file. No written request is required.

ELECTRONIC FILING

Electronic filing is mandatory for returns prepared by income tax preparers who prepare more than 100 individual state income tax returns. Taxpayer's may elect not to e-file their tax return. Form FTB 8454 allows preparers to record a client's election not to e-file and should be retained.

ELECTRONIC PAYMENT

Individuals are required to remit all payments electronically once they make an estimated or extension payment exceeding \$20,000 or filing an original tax return with a total tax liability greater than \$80,000.

Electronic payments can be made using Web Pay, Electronic Funds Withdrawal, or by credit card.

WEBSITE

www.ftb.ca.gov

MAILING ADDRESS/PHONE NUMBER

Tax Owed:

Franchise Tax Board
P.O. Box 942867
Sacramento, CA 94267-0009

Refund or No Tax Due:

Franchise Tax Board
P.O. Box 942840
Sacramento, CA 94240-0009
(800) 852-5711

FED RETURN ATTACHED TO STATE RETURN

Attach a copy of the Federal Form 1040 and all supporting forms and schedules only if any forms or schedules other than Federal Schedules A or B were attached to the Federal Form 1040.

Attach Federal Schedule A if you are itemizing deductions in California, but not for federal purposes.

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for California. However, California does offer the enterprise zone hiring and sales or use tax credit for businesses with employees within the enterprise zone.

IRC CONFORMITY

There are numerous differences from the federal return. Form 540 instructions direct taxpayers to go to: www.ftb.ca.gov and search for “conformity” for updates regarding federal acts. California Tax Booklets are not considered authoritative law.

California adopts the IRC as in effect on January 1, 2015 for both corporations and individuals. California has not yet adopted legislation to conform to the federal business interest deduction limitation of IRC § 163(j) nor the IRC § 199A as enacted by the Tax Cuts and Jobs Act.

ALTERNATIVE MINIMUM TAX

If certain types of deductions, exclusions, and credits are claimed. AMT is owed if total income is more than:

\$91,793 married/RDP filing jointly or qualifying widow(er).

\$68,846 single or head of household.

\$45,895 married/RDP filing separately.

AMT income does not include any income, adjustments or items of tax preference related to a trade or business of a qualified individual who has net receipts of less than \$1,000,000 from all trades or businesses during the taxable year.

NET WORTH OR STOCK TAX

California does not have a net worth or stock tax.

GROSS RECEIPTS TAX

California does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Sales tax is generally required to be paid by the contractor at the time the materials are purchased. The contractor, whether the general or the sub, is generally deemed to be the consumer of the materials and is therefore the party who is responsible for the payment of the tax.

A contractor may be liable for a use tax, which is essentially the same as the sales tax, if the materials are purchased in a different jurisdiction or another state at a lower rate than the rate at the point of use.

Contractors can be a “fabricator” and a “contractor” with a somewhat more complicated sales tax situation for products sold to third parties and products fabricated by them and used on their contracts.

FORMS

The type of return to be filed is determined by the CA Department of Tax and Fee Administration (CDTFA) after companies register for a permit and is generally filed online.

RATES

The general sales and use tax rate for the State of California is 7.25%. The following schedule provides the sales and use tax rates by county and city:
<http://www.cdtfa.ca.gov/formspubs/cdtfa95.pdf>

DUE DATE

California assigns a filing frequency (quarterly prepay, quarterly, monthly fiscal, and yearly) based on the company’s estimated taxable sales and sales tax at the time of registration. If the due date falls on a weekend or holiday, the due date is extended to the next business day. The schedule for filing sales and use tax returns can be found here: <https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-returns-filing-dates.htm>

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Nearly all sales and use tax returns are filed electronically through the CDTFA website. Found here: <https://onlineservices.cdtfa.ca.gov/Directory/>

ELECTRONIC PAYMENT

Payment is required to be made electronically.

WEBSITE

<https://www.cdtfa.ca.gov/taxes-and-fees/sutprograms.htm>

MAILING ADDRESS/PHONE NUMBER

California Department of Tax and Fee Administration
P.O. Box 942879
Sacramento, CA 94279
General Tax Questions: 1-(800) 400-7115
Tax Practitioner Hotline: 1-(800) 401-3661

TAXABLE SERVICES

In California many types of labor charges are subject to tax. Tax applies to charges for producing, fabricating, or processing tangible personal property for your customers. Generally, if you perform taxable labor in California, you must obtain a seller's permit and report and pay tax on your taxable sales.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

Many of California's 58 counties and local jurisdictions have local sales or use taxes. Local sales or tax rates can be an additional 1-2.5% on top of the state-wide 7.25% rate.

Local tax allocation is based on whether the transaction is subject to sales tax or use tax. The sale is subject to sales tax if the retailer's registered place of business in California participates in the sale and title of the goods passes to the customer within this state. If both conditions are not met, the applicable tax is use tax. Local tax allocation procedures differ between sales and use tax. The allocation of local sales tax is determined by the nature of the participation of the retailer's registered place of business in the sale. In general, a contractor's job site is considered as its place of sale for purpose of allocation of local taxes.

Use tax is imposed on the purchase for storage, use, or other consumption in this state of tangible personal property purchased from a retailer. When title to property transfers to the California customer outside this state, the transaction is subject to use tax regardless of whether any registered place of business of the retailer participates in the sale. The local use tax is generally allocated through a countywide pool to the local jurisdictions in the county where the property is put to its first functional use. The ship-to-address is presumed to be the place of use.

Contractors may not purchase machinery and equipment to be used on the construction job, without payment of sales tax in order to allocate the use tax to the specific jobsite.

An installing construction contractor or subcontractor may elect to obtain a sub-permit for the job site of a contractor or subcontractor may elect to obtain a sub-permit for the job site of a contract valued at \$5,000,000 or more. This option provides local jurisdictions the opportunity to receive the local tax on materials consumed and fixtures furnished by the contractor is strictly voluntary. For assistance contact Local Revenue Allocation Unit for assistance at (916) 324-3000.

Refer to the Sales Tax section above.

FUEL TAX

California assesses tax on gasoline, diesel fuel, and aviation fuel.

PROPERTY TAX

PERSONAL PROPERTY

California counties have business personal property tax as well as specific property tax on real property, vessels, and aircrafts. Vessels and aircrafts are subject to an annual appraisal. Their values are determined by reviewing sales of comparable marine and aircraft.

Filing requirements are determined based on ownership of property as of January 1 of the tax year.

FORMS

Form 571-L is the Business Property Statement for each county.

Form BOE-577 is the Aircraft Property Statement.

Form BOE-576D is the Vessel Property Statement.

RATES

Rates are set annually by the taxing jurisdictions.

DUE DATE

Due date for filing business property statement is April 1, and May 7 is the last day to submit property statement before penalty applies.

DUE DATE EXTENSION

Extensions are available if requested from the Tax Assessor or Tax Commissioner of the county in which the return is filed.

ELECTRONIC FILING

Electronic filing is determined by each county.

ELECTRONIC PAYMENT

Not applicable at this time.

WEBSITE

<http://www.boe.ca.gov/proptaxes/proptax.htm>

MAILING ADDRESS/PHONE NUMBER

Department of Tax and Fee Administration
P.O. Box 942879
Sacramento, CA 94279
General Tax Questions: 1-(800) 400-7115
Tax Practitioner Hotline: 1-(800) 401-3661

REAL PROPERTY

Annually, whoever owns taxable property on January 1 (the lien date) becomes liable for a tax calculated at 1% of the taxable value of the property. Additional rates vary from county to county.

DUE DATE

Bills for real property are due in two equal installments. The first installment is due November 1 and becomes delinquent December 10. The second installment is due on February 1 and becomes delinquent on April 10.

INTANGIBLES TAX

California does not have an intangibles tax.

EMPLOYMENT TAXES

WITHHOLDING TAX

California has two methodologies for calculating state withholding taxes:

Method A – Wage Bracket Calculation Method: (Limited to wages and salaries less than \$1 million). Provides a quick and easy way to select the appropriate withholding amount, based on the payroll period, filing status, and number of withholding allowances (regular and additional) if claimed. The standard deduction and exemption allowance credit are already included in the wage bracket tables.

Method B – Exact Calculation Method: This method is based upon applying a given percentage to the wages (after deductions) which fall within a taxable income class, adding to this product the accumulated tax for all lower tax brackets; and then subtracting a tax credit based upon the number of allowances claimed on the Employee's Withholding Allowance Certificate (Form W-4 or DE 4). This method also takes into consideration special treatment of additional allowances for estimated deductions.

REGISTRATION

Registration is required on the following website:
https://www.edd.ca.gov/About_EDD/Employer_Services_Online.htm

FORMS

California has an individual income tax with a top rate of 12.3%.

Form 590 is the employee's withholding allowance certificate.

Form 592 is the employer's monthly return of income tax withheld.

Form DE 9 is the quarterly contribution return and report of wages.

California has a booklet for employers:
http://www.edd.ca.gov/pdf_pub_ctr/de44.pdf

DUE DATE

Monthly filers' forms are due the 15th of the following month.

Quarterly filers' forms for 2018 are due on April 30, July 31, November 2, and February 1, 2019.

Check the Employers Tax Guide for the details on when payments and forms are due.

ELECTRONIC PAYMENT

An employer is mandated to remit taxes by EFT if their State Disability Insurance and Personal Income Tax deposits averaged \$20,000 or more during the prior state fiscal year (July 1 to June 30).

WEBSITE

http://www.edd.ca.gov/payroll_taxes/

MAILING ADDRESS

Employment Development Department
Taxpayer Assistance Center
P.O. Box 826880 – DICO, MIC 29
Sacramento, CA 94280-0001

NEW HIRE

All California employers are required to report information about new employees to the California New Employee Registry. Every newly hired or rehired employee must be reported to the California New Employee Registry. This includes employees of all ages, those who work less than a full day, part-time, and seasonal employees, and those who discontinue their employment prior to the 20th day of work.

FORMS

Employers may use any of the following to report new employee information:

Submit a *Report of New Employee(s)* (DE 34) electronically.

Submit a paper *Report of New Employee(s)* (DE 34).

Submit a copy of the employee's W-4 form, but you must add the employee's start-of-work date, your California employer account number, and Federal Employer Identification Number (FEIN) to the W-4.

You may create your own form with all of the required information.

NEW HIRE REPORTING

Employment Development Department
New Employee Registry
P.O. Box 997016, MIC 96
West Sacramento, CA 95799-7016
(916) 255-0951

TERMINATION OF EMPLOYEES

For terminated employees, there are two forms that must be given to all terminated employees. One is the EDD booklet (ED2320) and the other is the “NOTICE TO EMPLOYEE AS TO CHANGE IN RELATIONSHIP” (ISSUED TO PURSUANT TO PROVISIONS OF SECTION 1089, CALIFORNIA UNEMPLOYMENT INSURANCE CODE).

INDEPENDENT CONTRACTOR TREATMENT

Whether a worker or an employee or independent contractor depends on the application of factors contained in the California common law of employment and statutory provisions of the California Unemployment Insurance Code.

If a worker is an employee under the common law of employment, the business by which the worker is employed must report the worker’s earnings to the Employment Development Department (EDD) and must pay employment taxes on those wages. If the worker is an independent contractor and the business pays the worker \$600 or more in payments, the business must file a Form 1099-MISC with the Internal Revenue Service and must file a *Report of Independent Contractor(s)* (DE 542) with the EDD within 20 days of either making payments totaling \$600 or more, or entering into a contract for \$600 or more with an independent contractor in any calendar year.

WEBSITE

www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm

UNEMPLOYMENT

Unemployment Insurance Tax is paid by the employer. Tax-rated employers pay a percentage on the first \$7,000 in wages paid to each employee in a calendar year. The Unemployment Insurance (UI) rate schedule and amount of taxable wages are determined annually. New employers pay 3.4% (.034) for a period of two to three years. EDD notifies employers of their new rate each December. The maximum tax is \$434 per employee per year. (Calculated at the highest UI tax rate of 6.2% x \$7,000).

FORMS

Form DE 1545, Notice of Wages Used for Unemployment Insurance Claim.

Form DE 1545 and DE 1545T, Explanations and Instructions for Notice of Wages Used for Unemployment Insurance (UI) Claim.

Form (DE 1545R and DE 1545TR), Explanations and Instructions for Notice of Wages Used for Unemployment Insurance (UI) Claim.

DUE DATE

Ruling requests and facts about eligibility must be submitted in writing to the address in the upper left corner of the DE 1545R form.

DUE DATE EXTENSION

The time limit is extended if good cause is shown.

ELECTRONIC FILING

All quarterly unemployment tax returns are required to be filed electronically.

ELECTRONIC PAYMENT

All employers are required to pay amounts due the California Department of Labor electronically.

WEBSITE

<http://www.edd.ca.gov/>

MAILING ADDRESS/PHONE NUMBER

Tax Assistance: Employers – General Correspondence
Employment Development Department
Taxpayer Assistance Center
P.O. Box 826880
Sacramento, CA 94280-0001

Payroll tax assistance:
1-(888) 745-3886

INDEPENDENT CONTRACTOR TREATMENT

California uses a reserved right of control test to determine whether a worker is an employee or an independent contractor. This is a common-law right to control test.

There are penalties for incorrectly reporting a worker as an independent contractor who is actually an employee. The fine for the first offense is equal to the amount of the tax that should have been withheld, and then goes up for subsequent offenses.

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Any holder of property presumed abandoned shall make a report to the California State Controller concerning the property. The report must be verified and must contain, at a minimum, all of the information designated under Section 1530. The report shall be filed (or a requested extension granted) before November 1 of each year and cover the 12 months preceding July 1 of that year.

IMPACT FEES

Not applicable at this time.

STATE ISSUES OTHER THAN TAXES

California's annual contractor's license renewal booklet is cumbersome and much more involved than surrounding states.

MINIMUM WAGE

\$12.00 per hour.

REGISTERED AGENTS

To qualify to do business in California, an entity must name a registered agent for service of process, who must be physically located in California.

NOTICES OF COMMENCEMENT, ETC.

Not required at this time.

DAVIS BACON

California's index to prevailing wage journeyman determinations can be found here:
<http://www.dir.ca.gov/OPRL/Pwd/>.

DRUG TESTING FACILITIES

Drug testing may be justified only in very limited and strictly defined circumstances. An employer may drug test as a condition of employment after a job offer is tendered but before the employee goes on the payroll.

OTHER

CFMA Chapters in California:

Orange County, Anaheim, CA: <http://cafe.cfma.org/OC/Home/>
San Diego, CA: <http://cafe.cfma.org/SanDiegoCA/Home/>
Sacramento, CA: <http://cafe.cfma.org/SacramentoCA/Home/>
San Francisco, CA: <http://cafe.cfma.org/SanFran/Home/>
Silicon Valley, San Jose, CA: <http://cfmasv.com/>
Inland Empire, Redlands, CA: <http://cafe.cfma.org/inlandempire/Home/>

California state agencies, cities, and counties cannot require private employers to use the federal E-Verify system to confirm the legal immigration status of workers they hire except when required by federal law or as a condition of receiving federal funds.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 19, 2019

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June 5, 2015

SUBJECT MATTER EXPERT

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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



COLORADO

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes submitting Articles of Incorporation, filing the required forms, and paying the fees. Corporations incorporated in a state other than Colorado must file a statement of foreign entity authority to transact business or conduct activities in Colorado.

FORMS

Most registration forms are required to be filed online at:
<http://www.sos.state.co.us/pubs/business/fileAForm.html>

The following common forms are required to be filed online:

- Trade Name Registrations
- Articles of Incorporation
- Statement of Foreign Entity Authority
- State of Registration of True Name
- Periodic Report

Domestic corporations are formed by filing Articles of Incorporation with the Secretary of State. The articles are submitted online. The minimum requirements for the articles include the exact name of the corporation, the number of shares authorized, the street address and county of the initial registered agent, and the name of the registered agent, the name and address of the incorporator, and the initial principal office address.

Limited Liability Company's similarly submit Articles of Organization with the Secretary of State.

Limited Partnerships similarly submit their State of Trade Name with the Secretary of State.

Changes in address or officers require another registration filing and fee.

Foreign corporations and foreign LLCs must appoint a registered agent for service of process physically in Colorado and file a Statement of the Foreign Entity Authority online.

Registration is available online.

RATES, FEES, COSTS

Name Reservation:	\$ 25
Articles of Incorporation:	\$ 50
Statement of Foreign Entity Authority:	\$100
Statement of Registration of True Name:	\$ 25
Period Report:	\$ 10

The current fee schedule is dated February 5, 2019.

WEBSITE

http://www.sos.state.co.us/pubs/info_center/fees/business.html

MAILING ADDRESS/PHONE NUMBER

Colorado Secretary of State
1700 Broadway, Suite 200
Denver, CO 80290
(855) 428-3555

ADDITIONAL ASSISTANCE

The Colorado Secretary of State (SOS) website has FAQ as well as guidance, instructions, etc.

ANNUAL RENEWALS

Renewals are required annually.

FORMS

Online filing is generally required.

RATES

Annual renewals are generally \$25.

DUE DATE

Annual renewals are due during the three-month period beginning with the first day of the entity's anniversary month of formation, also referred to as the Periodic Report Month.

ELECTRONIC FILING

If you have signed up for the Business Division's e-mail notification service, an e-mail notice that a Periodic Report is due will be sent at the beginning of the three-month period for filing the Periodic Report on time. The notice will indicate the last day

for filing the Periodic Report on time and will provide instructions for filing the report through the Secretary of State's website.

ELECTRONIC PAYMENT

Payment can be made online with credit cards; for further instructions see:
http://www.sos.state.co.us/pubs/business/online_payment.html#ISSUES

PENALTY

If a Periodic Report is not filed on or before the due date, the entity's status will become "Noncompliant." After the due date, when the entity becomes "Noncompliant," the entity will have an additional two months to file a late Periodic Report, and a late fee will be imposed. If the Periodic Report is not filed within two months after becoming Noncompliant, the entity's status will become "Delinquent." Refer to section 7-90-903, C.R.S., for information about the effects of delinquency.

If the entity's status becomes "Delinquent," a Statement Curing Delinquency must be submitted in order to return the status to "Good Standing." The entity will remain in "Delinquent" status until a Statement Curing Delinquency, Articles of Dissolution, Statement of Foreign Entity Withdrawal, or other appropriate document is filed.

WEBSITE

www.sos.state.co.us

MAILING ADDRESS/PHONE NUMBER

Same address and phone as the Initial Registration.

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration with the Department of Revenue is not required.

LICENSES—GC & SPECIALTY

REGISTRATION

General Construction (GC) contractors in Colorado are licensed by the city and county governments. Each GC must check with the local government for specific licensing. The local Codes Official will advise you of the requirements specific to your region.

WEBSITE

<https://www.colorado.gov/dora>

MAILING ADDRESS/PHONE NUMBER

Department of Regulatory Agencies
1560 Broadway, Suite 110
Denver, CO
(800) 886-7675

LOCAL LICENSES

REGISTRATION

There are 63 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. The location of the job site or the main place of business are generally the only place that a license is required if there are numerous job sites for the construction company in the other jurisdictions.

FORMS

Each county or city will have their specific forms for the local license. There are no local or municipal income taxes in Colorado.

INCOME TAX

INCOME TAX—C CORPORATION

A return is required to be filed by all corporations doing business in the state, deriving income from state sources, or having a physical presence in the state. In addition, a Colorado return is required if any of the following thresholds are exceeded:

- \$50,000 of property located in Colorado;
- \$50,000 of payroll in Colorado;
- \$500,000 of sales in Colorado; or
- 25% of total property, total payroll, or total sales in Colorado.

Colorado has a corporate income tax with a rate of 4.63%. The starting basis for Colorado taxable income is the federal taxable income. The accounting period and method are the same as the federal. A copy of the federal return including all the supporting schedules are required attachments to the return. Any federal audit changes require an amended state return within 180 days of final federal determination.

FORMS

Form 112 is the corporate income tax form. Form 112EP is used to pay estimated taxes. Form DR 158-C is used to make a payment with an extension request. Form 112X is used to file an amended return.

RATES

Colorado corporate income tax rate is 4.63%. It is not a graduated schedule.

The late payment penalty is the greater of \$5 or 5% of the balance due for the first month, plus 1/2% per additional month or fraction thereof, limited to 12%.

The late filing penalty is the greater of \$5 or 5% of the balance due for the first month, plus 1/2% per additional month or fraction thereof, limited to 12%.

Deficiency due to negligence is 25% of the deficiency.

Fraudulent failure to file is the greater of \$75 or 100% of tax.

Interest on any unpaid balances accrues at the prime rate plus 3%, rounded to the nearest full percentage.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

The statute of limitations for assessments or refund claims is generally four years from the due date of the return. If there is a federal waiver of the statute of limitations, the Colorado statute of limitations is extended by the period of the federal waiver.

DUE DATE EXTENSION

The extension request is due the same day as the due date for the related tax return. Colorado does recognize the federal extension for an automatic six-month extension. However, to avoid late payment penalties, 90% of the tax liability must be paid on or before the original due date of the return and the balance when the return is filed by the end of the six-month extension period.

ELECTRONIC FILING

Electronic filing of the returns is only required if claiming an enterprise zone credit.

ELECTRONIC PAYMENT

Electronic funds transfer is mandated for payment of employee withholding tax if annual estimated tax liability is more than \$50,000. Otherwise, voluntary EFT registration is available by filing Form DR-5785, Authorization for Electronic Funds Transfer (EFT) for Tax Payments.

ESTIMATED TAX

Estimated tax is required if the net tax liability is expected to exceed \$5,000.

FORMS

Form 112EP is used for estimated tax. Online payments are available in lieu of paper filing.

Form DR 0205 is used to compute the underpayment of estimated tax.

RATES

The underpayment penalty is 6% per annum for underpayment.

Failure to pay penalty is the greater of \$5 or 5% of the balance due for the first month, plus 1/2% per additional month or fraction thereof, limited to 12%.

DUE DATE

Generally the estimates are due on the 15th of the 4th, 6th, 9th, and 12th month.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Colorado generally conforms to federal law. A few common differences are included below:

- Corporations doing business both within and outside Colorado who incur a loss shall compute the net operating loss carryover deduction for Colorado by apportioning federal income modified for Colorado adjustments. Effective after December 31, 2017, the Colorado net operating loss deduction is limited to 80% of taxable income. Net operating losses can be carried forward 20 years prior to January 1, 2018. Indefinite NOL carryforward for NOLs arising after 2017. Net operating losses cannot be carried back.
- Colorado income tax deducted on the federal return will be added back to the Colorado return.
- Salary and wage expenses allowed as a federal credit on the federal return will be subtracted from the federal taxable income as a Colorado deduction.
- Other differences are outlined in the Form 112 instructions.

UNITARY TAXATION

Colorado allows separate return filing in addition to combined, consolidated, and a hybrid combined/consolidated approach for affiliated groups. Please refer to publication FYI Income 60 for additional information on the four possible filing alternatives for C corporations.

ALLOCATION AND APPORTIONMENT FACTORS

Colorado uses a single sales factor for apportionment.

All business income is required to be apportioned. Nonbusiness income may either be directly allocated to the source-state or treated as business income, subject to apportionment.

A business that is involved in a joint venture must include its pro rata share of the joint venture's gross receipts in its own apportionment formula.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Not Applicable

OTHER MULTISTATE COMPACT

Not Applicable

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

No specific apportionment formulas for the construction industry.

SPECIFIC EXCLUSION OF INCOME ITEMS

No specific exclusion of income items for the construction industry.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items for the construction industry.

CREDITS AND TAX INCENTIVES

Credits that may be contractor related include:

- Job Growth Tax Incentive
- Enterprise Zone Tax Credits
- Local Government Incentives
- Job Training Grant Programs
- Public Infrastructure Grants
- Employers Credit for Approved Employee Retraining
- Employer's Jobs Tax Credit
- Qualified Transportation Credit
- Business Enterprise Vehicle Credit
- Qualified Health Insurance Expense Credit
- Quality Jobs Credit

Additional information is available at: <https://choosecolorado.com/>.

WEBSITE

www.colorado.gov

ALTERNATIVE MINIMUM TAX

Colorado does not have an alternative minimum tax.

MAILING ADDRESS

Form 112 and Form 112X:
Colorado Department of Revenue
Denver, CO 80261-0006

Form DR 158-C:
Colorado Department of Revenue
Denver, CO 80261-0008

Form 112EP:
Colorado Department of Revenue
Income Tax Section, Room 238
Denver, CO 80261-0008

INCOME TAX—S CORPORATION

Colorado recognizes the federal election. No other election is required.

REGISTRATION

Registration rules for S corporation registration are identical with C corporations.

FORMS

S corporations file Form 106 for any year it is doing business in Colorado.

Use Form 106 and mark the Amended Return box at the top of page 1 if filing an amended return.

Estimated tax payment for composite returns are paid with Form 106EP.

There is no net operating loss carryback or carryforward on a composite return.

RATES

S Corporations are not subject to tax in Colorado. A nonresident shareholder is taxed on its share of subchapter S income from Colorado sources. This income would be apportioned to Colorado by multistate S corporations.

DUE DATE

Fifteenth day of the fourth month following the end of the taxable year.

DUE DATE EXTENSION

Colorado allows an automatic six-month extension if at least 90% of net tax liability is paid by the original due date of the return. Payment of taxes at the extension due date is with Form DR 158-C.

A federal extension of time for filing is not accepted for Colorado purposes. No extensions are available past the first six-month automatic extension.

ELECTRONIC FILING

If payment is made via EFT, no estimated/extension voucher needs to be submitted.

ELECTRONIC PAYMENT

Electronic funds transfer is mandated for payment of employee withholding tax if annual estimated tax liability is more than \$50,000. Otherwise, voluntary EFT registration is available by filing Form DR-5785, Authorization for Electronic Funds Transfer (EFT) for Tax Payments.

EFT/Electronic Payment help phone number is: (303) 205-8333
<https://www.colorado.gov/pacific/tax/electronic-funds-transfer>

COMPOSITE RETURNS FOR S CORPORATION SHAREHOLDER

S corporations are responsible for ensuring that its shareholders report Colorado income earned from the S corporation by filing a Colorado return. There are three options available to the S corporation to ensure its shareholders meet the filing requirement:

Option 1: File a composite return on Form 106 for nonresident shareholders.

Option 2: A completed Form DR 0107 is required to be signed annually by each nonresident shareholder not included in a composite return and for whom there is no withholding payments made. The signed Form DR 0107 should be included with the S corporation's tax return.

Option 3: Use Form DR 0108 to remit withholding payments on behalf of nonresident shareholders. Withholding at 4.63% is required for income reported to nonresident shareholders and partners. The reporting and payment are due no later than the due date of the related entity return.

RATES

The tax rate used for composite returns is 4.63%.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

Amended returns claiming a refund have a general four-year statute.

DUE DATE EXTENSION

Colorado allows an automatic six-month extension if at least 90% of net tax liability is paid by the original due date of the return. Payment of taxes at the extension due date is with Form DR 0158N.

A federal extension of time for filing is not accepted for Colorado purposes. No extensions are available past the first six-month automatic extension.

ELECTRONIC FILING

Electronic filing of the returns is only required if claiming an enterprise zone credit.

ELECTRONIC PAYMENT

Electronic funds transfer is mandated for payment of employee withholding tax if annual estimated tax liability is more than \$50,000. Otherwise, voluntary EFT registration is available by filing Form DR-5785, Authorization for Electronic Funds Transfer (EFT) for Tax Payments.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Colorado requires withholding on nonresident shareholders unless Form DR 0107 is completed. Use Form DR 0108 to remit withholding payments on behalf of nonresident shareholders. Withholding at 4.63% is required for income reported to nonresident shareholders and partners. The reporting and payment is due no later than the due date of the related entity return.

WEBSITE

<https://www.colorado.gov/tax>

MAILING ADDRESS/PHONE NUMBER

Colorado Department of Revenue
Denver, CO 80261-0009
(303) 238-SERV (7378)

INCOME TAX-PARTNERSHIPS—LLC

FORMS

Every entity which is required to file a Federal Form 1065 that has business or derives income from property in Colorado or has members domiciled in Colorado is required to file Colorado Form 106. Further, pass-through entities that exceed any of the following thresholds are required to file a return:

- \$50,000 of property located in Colorado;
- \$50,000 of payroll in Colorado;
- \$500,000 of sales in Colorado; or
- 25% of total property, total payroll, or total sales in Colorado.

Partnerships file Form 106 for any year it is doing business in Colorado.

Use Form 106 and mark the Amended Return box at the top of page 1 if filing an amended return.

Estimated tax payment for composite returns are paid with Form 106EP.

There is no net operating loss carryback or carryforward on a composite return.

RATES

Partnerships are not subject to tax in Colorado. A nonresident partner is taxed on its share of partnership income from Colorado sources. This income would be apportioned to Colorado by multistate partnerships.

DUE DATE

Fifteenth day of the fourth month following the end of the taxable year.

DUE DATE EXTENSION

Colorado allows an automatic six-month extension if at least 90% of net tax liability is paid by the original due date of the return. Payment of taxes at the extension due date is with Form DR 158-C.

A federal extension of time for filing is not accepted for Colorado purposes. No extensions are available past the first 6 month automatic extension.

ELECTRONIC FILING

If payment is made via EFT, no estimated/extension voucher needs to be submitted.

ELECTRONIC PAYMENT

Electronic funds transfer is mandated for payment of employee withholding tax if annual estimated tax liability is more than \$50,000. Otherwise, voluntary EFT registration is available by filing Form DR-5785, Authorization for Electronic Funds Transfer (EFT) for Tax Payments.

EFT/Electronic Payment help phone number is: (303) 205-8333
<https://www.colorado.gov/pacific/tax/electronic-funds-transfer>

COMPOSITE RETURNS FOR PARTNERSHIP MEMBER

Partnerships are responsible for ensuring that its partners report Colorado income earned from the Partnership by filing a Colorado return. There are three options available to the Partnership to ensure its partners meet the filing requirement:

Option 1: File a composite return on Form 106 for nonresident partners.

Option 2: A completed Form DR 0107 is required to be signed annually by each nonresident partner not included in a composite return and for whom there is no withholding payments made. The signed Form DR 0107 should be included with the Partnership's tax return.

Option 3: Use Form DR 0108 to remit withholding payments on behalf of nonresident partners. Withholding at 4.63% is required for income reported to nonresident partners and partners. The reporting and payment is due no later than the due date of the related entity return.

RATES

The tax rate used for composite returns is 4.63%.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

Amended returns claiming a refund have a general four-year statute.

DUE DATE EXTENSION

Colorado allows an automatic six-month extension if at least 90% of net tax liability is paid by the original due date of the return. Payment of taxes at the extension due date is with Form DR 0158N.

A federal extension of time for filing is not accepted for Colorado purposes.

No extensions are available past the first six-month automatic extension.

ELECTRONIC FILING

Electronic filing of the returns is only required if claiming an enterprise zone credit.

ELECTRONIC PAYMENT

Electronic funds transfer is mandated for payment of employee withholding tax if annual estimated tax liability is more than \$50,000. Otherwise, voluntary EFT registration is available by filing Form DR-5785, Authorization for Electronic Funds Transfer (EFT) for Tax Payments.

WITHHOLDING ON NON-RESIDENT PARTNER

Colorado requires withholding on nonresident partners unless Form DR 0107 is completed. Use Form DR 0108 to remit withholding payments on behalf of nonresident partners. Withholding at 4.63% is required for income reported to nonresident partners and partners. The reporting and payment is due no later than the due date of the related entity return.

WEBSITE

<https://www.colorado.gov/tax>

MAILING ADDRESS/PHONE NUMBER

Colorado Department of Revenue
Denver, CO 80261-0009
(303) 238-SERV (7378)

INCOME TAX—INDIVIDUAL

Full-year residents are taxed on all income, regardless of the source, except certain specified tax exempt income. Colorado does not tax Social Security income or income from a defined benefit pension plan. Filing is required if the income exceeds certain levels based on the standard deduction and personal exemptions.

Part-year Colorado residents who receive taxable income while residing in the state must file a return. Colorado tax is calculated only on income received in Colorado or from sources within Colorado.

Nonresidents who receive income from sources within Colorado must file a return. Colorado tax is calculated only on income received in Colorado or from sources within Colorado.

FORMS

Form 104 is used for full-year, part-year, and nonresident individuals. Part-year and nonresident individuals must also complete Schedule 104PN to compute Colorado taxable income by apportioning gross income.

Form 104EP is used to make estimated tax payments.

Form 104X is used to file an amended individual income tax return.

If credit for taxes paid to other states is claimed, a completed Form 104CR and a full copy of the other state's return is required as an attachment to the Colorado return.

RATES

The current income tax rate is 4.63%.

A credit for taxes paid to other states is allowed for full-year residents and, under certain circumstances, for part-year residents.

DUE DATE

April 15

DUE DATE EXTENSION

Colorado allows an automatic extension until October 15 if at least 90% of net tax liability is paid by the original due date of the return. Payment of taxes at the extension due date is with Form DR 158-I.

ELECTRONIC FILING

Electronic filing is allowed for resident, part-year resident, and nonresident taxpayers.

Electronic filing is required to report contributions to more than one Colorado tuition savings plan account.

ELECTRONIC PAYMENT

Electronic payments are available via credit card, e-check, or EFT. Visit the Colorado website for additional information on electronic payment methods.

WEBSITE

www.colorado.gov/tax

MAILING ADDRESS/PHONE NUMBER

Colorado Department of Revenue
Denver, CO 80261-0005
(303) 238-SERV (7378)

FEDERAL RETURN ATTACHED TO STATE RETURN

Colorado does not require taxpayers to attach a copy of the federal return to the Colorado return.

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner credits for Colorado. Colorado does offer multiple enterprise zone credits, including enterprise zone new business facility employee credits. Colorado also offers a long-term care insurance credit and various contribution credits.

IRC CONFORMITY

There are numerous differences from the federal return, which are listed in the instructions to Colorado Form 104.

Colorado adopts the current IRC for corporations. Colorado conforms to IRC § 163, as amended, so it adopts the changes made by the 2017 Tax Cuts and Jobs Act.

Colorado adopts the current IRC for individuals. Colorado conforms to the IRC § 199A qualified business income (pass-through) deduction because Colorado's personal income tax calculation starts with federal taxable income. Colorado conforms to the IRC on a rolling basis and has not decoupled from IRC § 199A.

ALTERNATIVE MINIMUM TAX

Individuals may be subject to the Colorado AMT. Generally, if you pay AMT on your federal income tax return, you will pay the same for your Colorado return. Colorado AMT is the amount by which 3.47% of the Colorado alternative minimum taxable income exceeds the normal tax.

Taxpayers owing Colorado AMT must complete and submit Schedule 104 AMT with their return.

For more information on Colorado AMT, see publication FYI Income 14.

NET WORTH OR STOCK TAX

Colorado does not have a net worth nor stock tax.

GROSS RECEIPTS TAX

Colorado does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

The Colorado sales tax license is for state sales tax and any state-collected county, city, and special district taxes that the Colorado Department of Revenue collects and distributes back to local governments.

STATE SALES AND USE TAX

REGISTRATION

Colorado sales tax law requires state sales or use tax be collected and paid on all tangible personal property that is sold, leased, used, stored, distributed, or consumed in Colorado. Colorado has two types of sales tax licenses. The Standard License is for a business with one or more permanent locations in Colorado. The Special Event License is for a business that has no permanent place of business but sell goods at fairs.

Taxpayers may apply for a sales tax license online at: www.colorado.gov/cbe and receive their Colorado Account Number (CAN) license number immediately. Taxpayers may also complete and mail in Form CR 0100, Sales Tax/Withholding Account Application.

Sales tax is usually required to be paid by the contractor at the time the materials are purchased. The contractor, whether the general or the sub, is generally deemed to be the consumer of the materials and are therefore the party who is responsible for the payment of the tax.

A contractor may be liable for a use tax, which is essentially the same as the sales tax, if the materials are purchased in a different jurisdiction or another state at a lesser rate than the rate at the point of use.

Contractors performing only lump-sum contracts on real property should not obtain a Colorado sales tax license. They must pay all applicable Colorado sales and use taxes on all purchases of building supplies, construction materials, and other tangible personal property. The only non-taxable purchases of building materials a contractor may make are those for construction work for tax-exempt organizations. To benefit from the exempt purchases, contractors must present an exemption certificate to its supplier(s) at the time of purchase.

FORMS

Form CR 0100 is the application for registration for sales tax, retailer's use, W-2 withholding tax, 1099 withholding, or an oil/gas withholding account. Colorado will issue a special sales tax number to each applicant. Application can be filed online or mail the completed application to:

Colorado Department of Revenue
Registration Control Section
P.O. Box 17087
Denver, CO 80261-0087

Colorado does not issue individual Certificates of Exemption to subcontractors. The prime contractor should make a copy of the certificate for each subcontractor involved in the project and complete it by filling in the subcontractor's name and address and signing it.

Form DR 0172 is the Contractor Application for Exemption Certificate. The exemption certificate must be used only for the purposes of purchasing construction and building materials for the exempt projects described on the form.

Form DR 0100 is the retail sales tax reporting form.

Use tax payments may be remitted on the Form DR 0252.

EXEMPTION

Used only for purchasing construction and building materials for tax-exempt organization projects. This license is issued to only the general contractor. Subcontractors must obtain a copy of the certificate from the general contractor. For contractors who do not need a sales tax license, trade name registration and renewal is handled by the Colorado Secretary of State Business Center.

RATES

The overall state rate is 2.9%. There are numerous county and local sales taxes.

Those rates can be found here:

<https://www.colorado.gov/pacific/sites/default/files/DR1002.pdf>.

A contractor may purchase materials in one jurisdiction for use in another. If the rates are the same for both, no additional filing or adjustment is required. If the rate in the location of use is more than in the location of purchase, the contractor owes the difference.

FILING FREQUENCY AND DUE DATES

Filing frequency is determined by the amount of sales tax collected by the taxpayer.

Filing due dates for a quarterly or monthly filer are the 20th of the month following the reporting period.

While a typical contractor may have no tax liability, the DR 100 form is a required monthly filing, even with zeroes, to demonstrate that there is no liability.

ELECTRONIC FILING

Electronic filing is required if the liability for state sales tax for the previous calendar year was more than \$75,000.

WEBSITE

www.colorado.gov/revenueonline

MAILING ADDRESS/PHONE NUMBER

The returns are mailed to:
Colorado Department of Revenue
Denver, CO 80261-0013

For Questions:
Colorado Department of Revenue
Taxpayer Services Division
Denver, CO 80261-0013
(303) 238-7378

TAXABLE SERVICES

Repair services or installation of tangible personal property are generally not subject to tax.

LOCAL SALES AND USE TAX (City/County/Special)

OVERVIEW

The total sales or use tax rate imposed by the state, a county, and a city or town in any locality may not exceed 8.3%. Home-rule cities have the authority to levy sales and use taxes.

Local sales tax is not due on building and construction materials if the purchaser presents a building permit or other acceptable documentation acceptable to the local jurisdiction where the materials are purchased showing that a local use tax has been paid or is required to be paid to another local entity. City and county use taxes on building materials are remitted directly to the local jurisdiction, not to the Department of Revenue.

Local use tax may be imposed on the privilege of using or consuming in a town, city, or county any construction and building materials purchased at retail. Construction and building materials do not include parts or materials used in the fabrication, construction, assembly, or installation of passenger tramways by ski area operators or their contractors. Local use tax may not apply to the storage of construction and building materials. Construction equipment located within the boundaries of a home rule city, town, or city and county for 30 consecutive days or less will be subject to local use tax calculated by multiplying the purchase price of the equipment by 1/12th. The result is then multiplied by the use tax rate. Prior to or on the date that the equipment is located within the locality's boundaries, the taxpayer must file an equipment declaration with the home rule city, town, or city and county, unless the purchase price of the equipment is less than \$2,500.

FUEL TAX

Motor Fuel Reports compile taxpayer returns for licensed distributors and carriers of motor fuels in Colorado. In each report, gallons reflect what was actually tracked for the time period of the report, whereas excise taxes reflect what was processed during the time period of the report. Because motor fuel excise taxes are levied on a distributor when they remove fuel from a terminal for distribution, only statewide data is available for these taxes.

Current Motor Fuel Excise Tax Rates:

Passenger-mile	1.0 mill/passenger-mile
Aviation Gasoline	6¢/gallon
Aviation Jet Fuel	4¢/gallon
Gasoline	22¢/gallon
Special Fuel	20.5¢/gallon

PROPERTY TAX

PERSONAL PROPERTY

The county assessor determines the actual value (value in use) of taxable commercial and industrial personal property by considering the three approaches to value. However, statute also requires that if a taxpayer has timely and properly filed a personal property declaration schedule, including cost of acquisition, installation, sales/use tax, and freight point of use, the cost approach shall establish the maximum value and the market or income approaches can only be used to establish value if they produce a lower value than the cost approach as required by statute.

Using the cost approach, the actual value of the subject property is based on an estimate of the cost to reproduce or replace property. Accumulated depreciation is subtracted from the reproduction/replacement cost new to arrive at the conclusion of value.

REAL PROPERTY

The county assessor determines the actual value of commercial and industrial real property by considering different approaches.

Real property notices are mailed out by May 1 of each year and personal property notices of valuation are mailed by June 15 each year. The notices of valuation list the location, classification, and value of the property for both the prior and current years.

FORMS

Form DS 056 is a standard state-wide form which is filed with the county in which the property is located as of January 1.

RATES

The rates are set annually by the taxing jurisdictions.

DUE DATE

April 15

DUE DATE EXTENSION

Extensions are available if requested in writing from the Tax Assessor or Tax Commissioner of the county in which the return is filed. Fees may apply.

ELECTRONIC FILING

Electronic filing is determined by each county.

REAL PROPERTY

Colorado does not impose real property taxes on businesses. Local governmental units assess property taxes. Real property is subject to an annual property tax. While there is a form to file to return the value for tax assessment, the county will generally assess and notify of the value, with a right to appeal by the property owner. It is assessed on the Fair Market Value (FMV) of the property as of January 1 with payment later in the year.

INTANGIBLES TAX

REGISTRATION

Colorado does not have an intangibles tax.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form DR 1094, (Income Withholding Tax Return) is used by employers to report Colorado W-2 income taxes that have been withheld from the employee's pay.

Form IRS-W4 is used by Colorado as their state tax withholding form. The form should be clearly labeled as the state tax withholding form.

RATES

Colorado has an individual income tax with a rate of 4.63%.

Tables provide the proper amount of withholding on the following website:
<https://www.colorado.gov/pacific/sites/default/files/DR1098.pdf>

FILING FREQUENCY AND DUE DATES FOR REPORTING WITHHOLDING TAX

- Quarterly Filers — Employers whose Colorado wage withholding tax reported during the year was less than \$7,000. The due date for quarterly filers is the last day of the month following the close of the calendar quarter. Quarters end on March 31, June 30, September 30, and December 31. For example, a return for the quarter ending March 31 is due April 30.
- Monthly Filers — Employers whose Colorado wage withholding tax reported during the year was at least \$7,000 but not more than \$50,000. Monthly filers must file a withholding return on or before the 15th day of the following month.
- Weekly/Frequent — Employers whose Colorado wage withholding tax reported during the year was more than \$50,000 must remit any Colorado withholding taxes accumulated as of any Friday on or before the third business day following that Friday.

ELECTRONIC FILING

Employers can remit employment taxes through:
<https://www.colorado.gov/pacific/tax/electronic-funds-transfer>

ELECTRONIC PAYMENT

Employers who withhold more than \$50,000 annually must file all payments by EFT.

If an employer pays less than \$50,000 and cannot file by EFT or through Revenue Online, the Income Withholding Tax Return Form, DR 1094, should be completed and mailed along with a check or money order to the Department of Revenue.

WEBSITE

<https://colorado.gov/revenue>

MAILING ADDRESS/PHONE NUMBER

Colorado Department of Revenue
P.O. Box 17087
Denver, CO 80217-0087
(303) 238-7378

INDEPENDENT CONTRACTOR TREATMENT

Not Available.

UNEMPLOYMENT FORMS

UITR-3, Unemployment Insurance Quarterly Report Adjustment
UTIR-6a, Multiple Quarter Adjustment of Worker's Wages
UTIR-6c, Social Security Number Corrections

WEBSITE

<https://www.colorado.gov/pacific/cdle/node/17266>

MAILING ADDRESS/PHONE NUMBER

Unemployment Insurance Employer Services
P.O. Box 8789
Denver, CO 80201-8789
(303) 318-9100

TERMINATION

Not Available

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Any holder of property presumed abandoned shall make a report to the Colorado State's Treasurer concerning the property. The report must be verified and must contain, at a minimum, all of the information designated under Colorado's Unclaimed Property Act. The report shall be filed (or a requested extension granted) before November 1 of each year and cover the 12 months next preceding July 1 of that year.

IMPACT FEES

Not applicable at this time.

STATE ISSUES OTHER THAN TAXES

As each municipality issues contractor's licenses in Colorado, these issues are complex and employers should seek professional guidance.

MINIMUM WAGE

\$11.10 per hour.

REGISTERED AGENTS

To qualify to do business in Colorado, an entity must name a registered agent for service of process, who must be physically located in Colorado.

NOTICES OF COMMENCEMENT, ETC.

Not required at this time.

DAVIS-BACON WAGES/PREVAILING WAGES

Colorado does not have a state prevailing wage law, therefore all public works projects contracted by the state fall under the Federal Davis-Bacon Act.

DRUG TESTING FACILITIES

Colorado does not have legal provisions or statutory guidance for employer drug testing. The state does provide for unemployment and wrongful termination claims related to drug testing.

COMMUNICATIONS

See above under Drug Testing.

OTHER

CFMA Chapters in Colorado:

Denver, CO:

<http://cafe.cfma.org/DenverColorado/Home/>

Pikes Peak, Colorado Springs, CO: <http://cafe.cfma.org/PikesPeak/Home/>

Colorado E-Verify

All Colorado employers must now use the Federal E-Verify system to confirm that an employee is eligible to work in the United States within 20 calendar days after hiring a new employee.

Colorado's FYI Publication Sales 6 issued guidance on tax implications of lump-sum and time-and-materials contracts, etc. for Contractors and Retailer-Contractors.

On May 14, 2018, Colorado released GIL 18-007 about Colorado sales tax guidance on rentals of scaffolding.

On June 12, 2018, Colorado released GIL 18-008 about Colorado sales tax guidance for installation of commercial signs.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 19, 2019

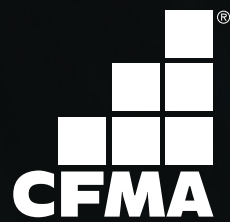
DATE OF LAST UPDATE

June 5, 2015

SUBJECT MATTER EXPERT

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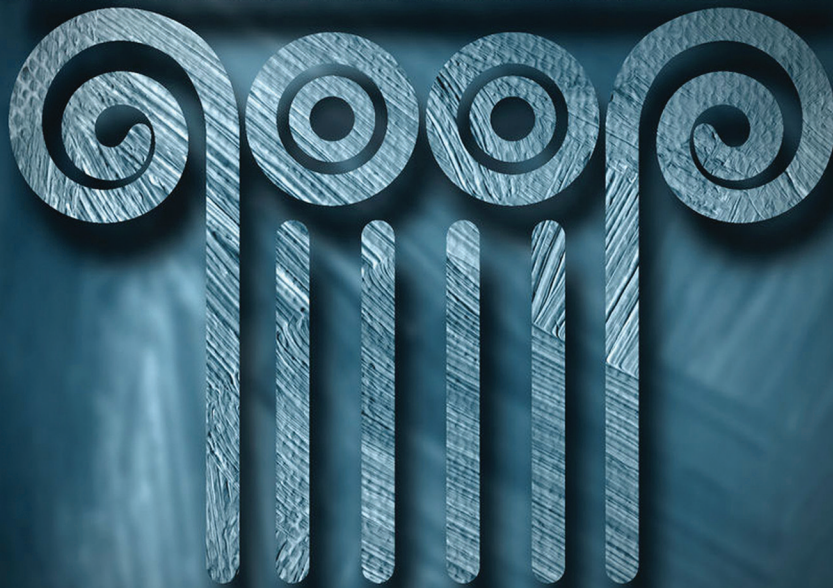
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



CONNECTICUT

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

All domestic and foreign entities must register with the Connecticut Secretary of State before conducting business. Among other actions, registration entails selecting a name and business type, applying for a Connecticut tax registration number, and obtaining a license or permit to operate.

FORMS

Form CNR-1-1.0, Application for Reservation of Name – Can be mailed or filed online. You may reserve for exclusive use the name of one of the following types of business: a corporation, limited liability company, limited partnership, limited liability partnership, or statutory trust.

All registration forms can be found at: <https://portal.ct.gov/SOTS/Commercial-Recording/Commercial-Recording/Commercial-Recording-Division-Forms-Index>

Domestic

Corporation: Form CIS-1-1.0, Certificate of Incorporation.

Name of corporation, total # of shares, terms, and appointment of registered agent.

Corporation: Form COS-1-1.0, Organization and First Report.

Name of corporation, date of organization meeting, address of principal office, mailing address, officers, and directors.

Limited Liability Company: Form LC-1-1.0, Articles of Organization.

Limited Liability Partnership: Form LLP-1-1.0, Certificate of LLP.

Foreign

Corporation: Form CFAS-1-1.0, Application for Certificate of Authority.

A foreign corporation desiring to transact business in Connecticut may obtain a Certificate of Authority by filing the “Application of Authority.” The application includes an appointment of the registered agent.

Limited Liability Company: Form LCF 1-1.0, Application for Registration.

Limited Liability Partnership: Form LLPF-1-1.0, Certificate of Authority.

Foreign name of limited liability partnership, state of jurisdiction, and appointment of registered agent.

RATES, FEES, COSTS

Form CNR-1-1.0, Application for Reservation of Name	\$ 60
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Domestic

Corporation: Form CIS-1-1.0, Certificate of Incorporation	\$100
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Corporation: Form COS-1-1.0, Organization and First Report	\$150
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Limited Liability Company: Form LC-1-1.0, Certificate of Organization	\$120
---	-------

Limited Liability Partnership: Form LLP-1-1.0, Certificate of LLP	\$120
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Foreign

Corporation: Form CFAS-1-1.0, Application for Certificate of Authority	\$385
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Limited Liability Company: Form LCF 1-1.0, Application for Registration	\$120
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Limited Liability Partnership: Form LLPF-1-1.0, Certificate of Authority	\$120
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WEBSITE

<https://portal.ct.gov/SOTS>

MAILING ADDRESS/PHONE NUMBER

Commercial Recording Division
Connecticut Secretary of the State
P.O. Box 150470
Hartford, CT 06115-0470
(860) 509-6003

ADDITIONAL ASSISTANCE

For additional assistance, go to: <https://portal.ct.gov/SOTS>

ANNUAL RENEWALS

FORMS

All businesses registered in Connecticut are required to file their annual reports with the Secretary of the State's office online.

RATES

Domestic Stock Corporations (profit corporations)	\$150
Foreign Stock Corporations	\$435
Domestic and Foreign LLCs	\$ 20
Domestic and Foreign LPs	\$ 20
Domestic and Foreign LLPs	\$ 20
Domestic and Foreign Nonstock Corporations (nonprofit)	\$ 50
Charity Annual Renewal	\$ 50

DUE DATE

Due on or before the last business day of the month in which occurs the anniversary of incorporation or qualification.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Mandatory online filing: <https://portal.ct.gov/SOTS/Common-Elements/V5-Template---Redesign/Business-Services---Home-Page>

ELECTRONIC PAYMENT

Checks and credit card payments accepted.

WEBSITE

<https://portal.ct.gov/SOTS>

MAILING ADDRESS/PHONE NUMBER

Office of the Secretary of the State
State of Connecticut
30 Trinity Street
Hartford, CT 06106
(860) 509-6200

REGISTRATION WITH DEPARTMENT OF REVENUE

All businesses that do business in Connecticut must register with the Department of Revenue.

You may register for most taxes online using the Taxpayer Service Center (see Electronic Filing section below). If you register online and there is a fee, you must make direct payment from your savings or checking account. Credit card payments are not accepted. If you register for sales tax, room occupancy tax, or as an over-the-counter cigarette dealer (retailer), a temporary permit will be available to print immediately. Be sure to print a copy of the temporary permit for your records. Once you have the temporary permit you may begin using it immediately.

After you complete the registration, you will receive a confirmation number which serves as an official acknowledgement that your application has been received by the Department of Revenue Services (DRS) and acts as your temporary tax identification number. You will receive your registration package with your permanent Connecticut tax registration number in approximately ten business days.

FORMS

Form REG-1, Business Taxes Registration Application.

Use Form REG-1 to obtain a Connecticut tax registration number or to register for additional tax types, such as income, sales and use, and withholding taxes, under your current Connecticut tax registration number.

RATES

If registering for sales and use taxes or room occupancy taxes, you must pay a \$100 fee.

DUE DATE

Before starting business in Connecticut.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. To register online, visit:

<https://drsbustax.ct.gov/REG/REGISTRATION.ASPX>

ELECTRONIC PAYMENT

Optional. If you register online and there is a fee, you must make direct payment from your savings or checking account. Credit card payments are not accepted.

WEBSITE

<http://www.ct.gov/drs/cwp/view.asp?a=1454&q=506012>

MAILING ADDRESS/PHONE NUMBER

Department of Revenue Services
P.O. Box 2937
Hartford, CT 06104-2937
(860) 297-5962

LICENSES—GC & SPECIALTY

REGISTRATION

Connecticut requires new businesses to obtain permits and licenses that correspond to their available services. The cost of the license or permit will depend on the trade or occupation. For example, licenses exist for medical laboratory services, landscape construction, casino and bingo gaming, and real estate appraising. Visit the Connecticut Licensing Info Center at: <http://www.ct-clic.com/> for a list of possible permits and licenses. The site includes online verification and registration for licenses.

TESTS AND EXAMS

Many specialty contractors may require testing, such as plumbers, electricians, and crane operators as a prerequisite to obtain the required license. Contact Connecticut's Business Response Center for possible contractor testing requirements.

FORMS

Form MCO-01, Major Contractor Registration Application.

Form CPFR-13, Application for Home Improvement Contractor.

Form CPNHC-01, Application for New Home Construction Contractor.

Form MEC-01, Mechanical Contractor Registration Application.

RATES

Form MCO-01, Application fee	\$500
Form CPFR-13,	\$220
(Registration fee)	\$120
(Guaranty fund fee)	\$100
Form CPNHC-01, Application fee	\$720
Form MEC-01, Application fee	\$110

DUE DATE

Home improvement contractor registrations expire annually on November 30; new home construction contractor registrations expire biennially in each odd-numbered year on September 30; and mechanical contract registration expires annually on August 31. Renewal notices are mailed approximately 30-45 days prior to the expiration date.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Generally not allowed as most of the registration forms include an affidavit that must be notarized.

ELECTRONIC PAYMENT

Optional

WEBSITE

<http://www.ct.gov/dcp/cwp/view.asp?a=4308&q=508080>

MAILING ADDRESS

Department of Consumer Protection
License Services Division
165 Capitol Avenue
Hartford, CT 06106

RECIPROCITY STATES

None

EQUITY REQUIREMENT

Not Applicable

FINANCIAL STATEMENT REQUIREMENTS

Major contractors must submit one credit reference letter from the industry (supplier or subcontractor) and one credit reference letter from a financial institution with their application.

LOCAL LICENSES

REGISTRATION

The local government in your area, such as that of your city or county, may require specific permits and licenses. Each municipality may have its own unique regulations. Here are some of the most common licenses and permits you may need.

- Alarm Permit.
- Building Permit.
- Business License and/or Tax Permit.
- Health Permit.
- Occupational Permit.
- Signage Permit.
- Zoning Permit.

INCOME TAX

INCOME TAX—C CORPORATION

Connecticut imposes an annual corporate income tax, the “corporation business tax,” on almost all corporations having taxable contacts with the state. A corporation is taxable if it carries on business in the state, or has the right to carry on business in Connecticut.

The starting basis for Connecticut taxable income is the federal taxable income (loss) before net operating loss and special deduction. A corporation must use the same accounting period and method of accounting for Connecticut tax purposes as it does for federal tax purposes. If a corporation’s accounting period or method of accounting is changed for federal tax purposes, the same change must be made for Connecticut tax purposes. A copy of the federal return including all supporting schedules and attachments are required with the return. The corporate taxpayers that amend their federal returns must amend their state returns within 90 days from the date of the final federal determination on the return.

FORMS

Form CT 1120, Corporation Business Tax Return.

Note: Paper returns are provided for reference and to calculate the tax. Only amended returns and taxpayers who have valid electronic filing waivers from the DRS may submit paper returns.

Forms CT-1120 ESA, ESB, ESC, and ESD, Estimated Tax forms.

Form CT-1120EXT, Application for Extension of Time to File Tax Return.

Form CT-1120CC, Combined Return Consent form. Applies to initial income year for which the election is being made. The election to file a combined return must be made by the electing corporations not later than the due date or the extended due date of the returns for which the election is made. The election to file a combined return must be in effect for at least five income years, and will continue in effect thereafter, until it is revoked.

Connecticut Schedule J is used to compute depreciation differences from the federal 4562 (Bonus Depreciation Recovery).

Connecticut Schedule H is used to report Apportioned Operating Loss Carryover.

Connecticut Schedule I is used for Dividend Deduction Calculation.

Form CT-1120X, Amended Corporation Business Tax Return. Attach a copy of the federal Form 1120X.

RATES

Connecticut has a corporate income tax rate of 7.5%. State computes tax both on a net income basis and on a capital stock basis. Tax is paid on the basis that yields the higher tax. The corporate excess tax is equal to 3.1 mills on each dollar in taxable basis with a minimum of \$250 and a maximum of \$1 million. See Net Worth or Stock Tax section below.

For income years beginning on or after January 1, 2018, and before income tax years beginning on or after January 1, 2019 if gross income is \$100 million or more and tax liability exceeds minimum tax (threshold exception does not apply to mandatory combined reporting groups) an additional 10% corporation surcharge is imposed.

The penalty for late payment or underpayment of corporation business tax is 10% of the tax due or \$50, whichever is greater. The late payment penalty is not due if the return is amended due to an IRS audit.

Interest on an unpaid balance accrues at 1% per month or fraction of a month on the underpayment of tax from the original due date of the return through the date of payment.

The penalty for willful failure to file or pay is up to \$5,000 or imprisonment from one to five years, or both.

The penalty for willful failure to file or pay is up to \$1,000 or imprisonment up to one year, or both, in addition to any other penalty.

Interest rates on overpayment is 2/3% per month.

DUE DATE

The statutory due date is May 15 for calendar year taxpayers or the 15th day of the month following the month in which their federal return for the income year is due if a federal return is filed. For corporations that do not have to file a federal return, the deadline is the 15th day of the fifth month next succeeding the end of the income year.

DUE DATE EXTENSION

The Extension Request, Form CT-1120EXT, is due the same day as the due date for the related tax return.

ELECTRONIC FILING

All corporation business tax returns (except Form CT-1120CR) must be filed and paid electronically. If you can show that filing and paying electronically creates an undue

hardship, the Commissioner of Revenue Services may grant a one-year waiver of the electronic filing and payment requirement. Request a waiver by completing Form DRS-EWVR, Electronic Filing and Payment Waiver Request, no fewer than 30 days before the due date of your first electronic filing and payment.

The return can be filed electronically through the DRS Taxpayer Service Center (TSC). The TSC allows taxpayers to electronically file, pay, and manage state tax responsibilities. Visit: www.ct.gov/TSC to make electronic transactions or administer your tax account online. If you file electronically you are expected to pay electronically at the time of filing.

ELECTRONIC PAYMENT

Mandatory: www.ct.gov/TSC

WEBSITE

www.ct.gov

MAILING ADDRESS/PHONE NUMBER

File a paper return only if a waiver from the electronic filing requirement has been granted. To apply for a waiver from the electronic filing requirement, complete Form DRS-EWVR.

Mail paper return with payment to:
Department of Revenue Services
State of Connecticut
P.O. Box 2974
Hartford, CT 06104-2974

Mail paper return without payment to:
Department of Revenue Services
State of Connecticut
P.O. Box 150406
Hartford, CT 06115-0406

Tax Information: (800) 382-9463
Forms and Publications: (800) 297-4753

ESTIMATED TAX

If Connecticut corporation business tax is expected to exceed \$1,000, taxpayer must make its required annual payment in four installments.

FORMS

Forms CT-1120 ESA, ESB, ESC, and ESD, Estimated Tax forms.

Beginning with the 2014 income year, the DRS requires all corporations to file and pay their estimated taxes electronically. See below on how to file and pay estimated taxes electronically.

RATES

The required annual payment is the lesser of:

- 90% of the tax (including surtax) shown on the return for the income year, or, if no return is filed, 90% of the tax for such year; or
- 100% of the tax (including surtax) shown on the return for the previous income year without regard to any credit, if the previous income year was an income year of 12 months and if the company filed a return for the previous income year showing a liability for tax.

The underpayment of corporation business tax is 10% of the tax due or \$50, whichever is greater.

DUE DATE

Generally the estimates are due on the 15th of the 3rd, 6th, 9th, and 12th month of the income year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Mandatory: www.ct.gov/TSC

Filings made without a waiver from the electronic filing and payment requirement will be subject to penalty. To apply for a waiver from the electronic filing requirement, complete Form DRS-EWVR.

ELECTRONIC PAYMENT

Mandatory: www.ct.gov/TSC

Payments made without a waiver from the electronic filing and payment requirement will be subject to penalty. To apply for a waiver from the electronic payment requirement, complete Form DRS-EWVR.

WEBSITE

www.ct.gov/TSC

MAILING ADDRESS/PHONE NUMBER

File a paper estimated tax only if a waiver from the electronic filing requirement has been granted. To apply for a waiver from the electronic filing requirement, complete Form DRS-EWVR.

Department of Revenue Services
Processing Section
P.O. Box 2990
Hartford, CT 06104-2990
Tax Information: (800) 382-9463
Forms and Publications: (800) 297-4753

ALTERNATIVE MINIMUM TAX

Connecticut does not have a corporate level alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

The following typical items are not adopted for Connecticut:

Any income taxes levied by another state, political subdivision of a state, or the District of Columbia, which were paid or accrued during the corporation's income year must be added back to federal taxable income when computing Connecticut net income. Taxes count as "income taxes" if they are imposed or measured by the corporation's income or profits.

Connecticut Schedule J is used to compute depreciation differences from the federal IRC Section 168(k) bonus depreciation.

Interest expense between related members: a corporation must add back otherwise deductible interest expenses and costs directly or indirectly paid, accrued or incurred to, or in connection with one or more direct or indirect transactions with one or more related members.

Section 199, Domestic Production Deduction, is disallowed and must be added back.

Intangible expenses connected with related member: A corporation must add back otherwise deductible intangible expenses and costs directly or indirectly connected with one or more related members of the corporation. Intangible property includes patents, patent applications, trade names, trademarks, copyrights, and similar types of intangible assets.

Dividends received from a domestic corporation can be subtracted.

Any net capital loss is allowed as a capital loss carryforward to reduce, but not below zero, any net capital gain in each of the five immediately following income years.

A corporation may carry forward and deduct an apportioned share of net operating losses from income.

Other differences are on the Schedule D, the Instruction Booklet.

ALLOCATION AND APPORTIONMENT FACTORS

Effective on or after January 1, 2016, most multistate corporations, not subject to industry specific apportionment methodologies, must determine their Connecticut net income using only unweighted Connecticut sales factor. However, manufacturers that derive at least 75% of their sales from the federal government may elect to apportion their Connecticut income by using the three-factor apportionment formula.

The receipts factor is computed by dividing gross receipts from business carried on in Connecticut by worldwide gross receipts. Dividends and intercompany receipts are excluded from the receipts factor.

Connecticut draws no distinction between business and nonbusiness income for apportionment purposes.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Connecticut has not adopted UDITPA.

OTHER MULTISTATE COMPACT

Connecticut has not adopted the Multistate Tax Compact, but it is an associate member of the Multistate Tax Commission. Associate members have all the rights of Compact members, except the right to vote or to hold a Commission office. Connecticut also participates as a project member in some programs operated by the Multistate Tax Compact but not in others such as the national Nexus program.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

There is no special apportionment formula for construction contractors; consequently, the general apportionment rules apply: Contractors should use a one factor gross receipts formula since it derives its net income from the manufacture, sale, or use of tangible personal or real property.

Special formulas apply to insurance, motor carriers and motor bus companies, corporations that have investments in Connecticut partnerships, air carriers, financial

services companies, and manufacturers and broadcasters. Corporations providing securities brokerage services, services to regulated investment companies and credit card operations may elect to use special apportionment formulas. (Single-factor gross receipts formula). In unusual circumstances, any corporation may petition to use (or be required to use) a special formula if the applicable standard formula does not accurately reflect Connecticut's share of income.

SPECIFIC EXCLUSION OF INCOME ITEMS

No specific exclusion of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

Connecticut offers a wide variety of credits against the corporation business tax:

- Enterprise zone credit (50%) and manufacturing facility credits (25%).
- Service facility credit.
- Enterprise zone credit for qualifying corporations.
- New Jobs creation credit.
- Machinery and equipment expenditure credit.
- Research and development (incremental) expenditures credit.
- Digital Animation credit.
- Research and development (non-incremental) expenditures credit.
- Urban reinvestment and industrial site investment project credits.
- Electronic data processing equipment property tax credit.
- Apprenticeship training credit in the manufacturing, plastics, plastics-related, or construction trades.
- Human capital investment credit.
- Fixed capital investment credit.

Additional tax credit information is available, on the instruction booklet.

INCOME TAX—S CORPORATION

Every pass-through entity (PTE), including S corporations, that does business in Connecticut or has income derived from or connected with sources within Connecticut must file Form CT-1065/CT-1120SI, Connecticut Pass-Through Entity Tax Return, regardless of the amount of its income (loss).

Connecticut recognizes federal S corporation status. There is no separate election for Connecticut tax purposes.

REGISTRATION

Rules for S corporation registration are identical with C corporations.

FORMS

Form CT-1065/CT-1120SI, Connecticut Pass-Through Entity Tax Return.

Note: Paper returns are provided for reference and to calculate the tax. Only amended returns and taxpayers who have valid electronic filing waivers from DRS may submit paper returns.

RATES

For taxable years commencing on or after January 1, 2018, S corporations, partnerships, limited liability partnerships and limited liability companies (LLCs) treated as a partnership are subject to the pass-through entity tax of 6.99%. S corporations are exempt from the corporation business tax. In addition, S corporations are subject to a biennial business entity tax of \$250. All payments are required to be made electronically.

For taxable years beginning on or after January 1, 2018, Pass-through Entities are no longer required to pay composite income tax on behalf of nonresident, noncorporate members. Must now pay Pass-through Entity tax on their own behalf based upon their own income.

DUE DATE

Fifteenth day of the third month following the close of the taxable year.

DUE DATE EXTENSION

To get a six-month extension of time to file Form CT-1065/CT-1120SI and the same extension of time to furnish Schedule CT K-1 to its members, the PTE must electronically file Form CT-1065/CT-1120SI EXT on or before the 15th day of the third month following the close of the taxable year together with an electronic payment of the total tax due.

Timely filing this form automatically extends the due date for six months only if federal Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, has been filed with the Internal Revenue Service. If federal Form 7004 was not filed, a PTE may apply for a six-month extension to file Form CT-1065/CT-1120SI only if there is reasonable cause for the request.

ELECTRONIC FILING

S corporation E-filing rules are the same as C corporations. Form CT-1056/CT-1120SI, must be filed and paid electronically, and all associated payments, including extension requests and payments, must be made electronically: www.ct.gov/TSC

If you can show that filing and paying electronically creates an undue hardship, the Commissioner of Revenue Services may grant a one-year waiver of the electronic filing and payment requirement. Request a waiver by completing Form DRS-EWVR, Electronic Filing and Payment Waiver Request, no fewer than 30 days before the due date of your first electronic filing and payment.

ELECTRONIC PAYMENT

Mandatory. See Electronic Filing above or go to: www.ct.gov/TSC

WEBSITE

<http://www.ct.gov/Drs/cwp/view.asp?a=1454&q=277146&drsPNavCtr=|41594|#42029>

MAILING ADDRESS/PHONE NUMBER

File amended returns and returns where an electronic filing waiver has been granted to the corresponding address listed below.

Mail paper return with payment to:
Department of Revenue Services
State of Connecticut
P.O. Box 5019
Hartford, CT 06102-5019

Mail paper return without payment to:
Department of Revenue Services
State of Connecticut
P.O. Box 2967
Hartford, CT 06104-2967
(800) 382-9463

COMPOSITE RETURNS FOR S

For taxable years beginning on or after January 1, 2018, PEs are no longer required to pay composite income tax on behalf of their nonresident, noncorporate members. Instead, PEs must now pay PE Tax on their own behalf based upon their own income

See Income Tax – S Corporation section above for details.

ESTIMATED TAX FOR S

A PTE is not required to make estimated Connecticut income tax payments on behalf of its nonresident members.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

FORMS

Composite returns and withholding are no longer required.

RATES

Composite returns and withholding are no longer required.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS

Not Applicable

PAYMENT ON INCOME OR DISTRIBUTIONS

Composite returns and withholding are no longer required.

RECOGNIZE FEDERAL S ELECTION

Connecticut recognizes federal S corporation status. There is no separate election for Connecticut tax purposes.

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

COMPOSITE RETURNS

No, composite returns are no longer required.

FORMS

Form CT-1065/CT-1120SI, Connecticut Pass-Through Entity Tax Return.

Form CT-1065/CT-1120SI EXT, Application for Extension of Time to File Connecticut Pass-Through Entity Tax Return.

Connecticut partnerships are required to file Form CT-1065/CT-1120SI, if the entity is required to file the federal partnership return (Form 1065) and the entity has any income, gain, loss, or deduction derived from or connected with sources within Connecticut.

Connecticut pass-through entity tax return is required to attach a copy of completed federal Form 1065.

RATES

For taxable years commencing on or after January 1, 2018, S corporations, partnerships, limited liability partnerships and limited liability companies (LLCs) treated as a partnership are subject to the pass-through entity tax of 6.99%. In addition, PTE are subject to a biennial business entity tax of \$250. All payments are required to be made electronically.

For taxable years beginning on or after January 1, 2018, Pass-through Entities are no longer required to pay composite income tax on behalf of nonresident, noncorporate members. Must now pay Pass-through Entity tax on their own behalf based upon their own income.

Interest and penalty will be assessed on the Connecticut income tax payment required to be made.

DUE DATE

March 15, or the 15th day of the third month after the end of the taxable year.

DUE DATE EXTENSION

To get a six-month extension of time to file Form CT-1065/CT-1120SI and the same extension of time to furnish Schedule CT K-1 to its members, the PTE must electronically file Form CT-1065/CT-1120SI EXT on or before the 15th day of the third month following the close of the taxable year together with an electronic payment of the total tax due.

Timely filing this form automatically extends the due date for six months only if federal Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, has been filed with the Internal Revenue Service. If federal Form 7004 was not filed, a PTE may apply for a six-month extension to file Form CT-1065/CT-1120SI only if there is reasonable cause for the request.

ELECTRONIC FILING

Effective for tax periods beginning on or after January 1, 2014, all taxpayers registered for composite income tax returns are required to file returns and pay tax electronically: www.ct.gov/TSC. Penalties will apply if taxpayers fail to file and remit electronically.

If you can show that filing and paying electronically creates an undue hardship, the Commissioner of Revenue Services may grant a one-year waiver of the electronic filing and payment requirement. Request a waiver by completing Form DRS-EWVR, Electronic Filing and Payment Waiver Request, no fewer than 30 days before the due date of your first electronic filing and payment.

ELECTRONIC PAYMENT

All taxpayers registered for pass through entity income tax returns are required to file returns and pay tax electronically. Penalties will apply if taxpayers fail to file and remit electronically.

Visit: www.ct.gov/TSC to use the TSC to make a payment.

WEBSITE

<http://www.ct.gov/Drs/cwp/view.asp?a=1454&q=290362&drsPNavCtr=%7C41594%7C>

MAILING ADDRESS

File amended returns and returns where an electronic filing waiver has been granted to the corresponding address listed below.

Mail paper return with payment to:
Department of Revenue Services
State of Connecticut
P.O. Box 5019
Hartford, CT 06102-5019

Mail paper return without payment to:
Department of Revenue Services
State of Connecticut
P.O. Box 2967
Hartford, CT 06104-2967

INCOME TAX—INDIVIDUAL

Connecticut personal income tax applies to nearly all state residents who earn income subject to federal income tax. It also applies to nonresidents with Connecticut-source income.

FORMS

Form CT-1040, Individual Income Tax.

Form CT-1040 X, Amended Individual Income Tax.

Form CT-1040NR/PY, Nonresident and Part-Year Resident Income Tax Return.

RATES

The rates are 3%, 5%, 5.5%, 6%, 6.5%, 6.9% and 6.99% depending on taxable income, filing status and tax year.

Connecticut has no county, municipal, or district surtaxes or special rates, the rate of the personal income tax is uniform statewide.

Resident and part-year resident taxpayers who have paid income taxes to other states are allowed a credit against Connecticut income tax.

DUE DATE

Your Connecticut income tax return is due on or before April 15. If you are not a calendar year filer, your return is due on or before the 15th day of the fourth month following the close of your taxable year.

DUE DATE EXTENSION

Use Form CT-1040 EXT to request a six-month extension to file your Connecticut income tax return for individuals by April 15.

An individual taxpayer who does not have tentative tax due may be granted an extension of time to file a Connecticut return, without having to file an application on Form CT-1040 EXT if a federal extension has been requested.

If tentative tax is due, a taxpayer who has received an extension of time to file his or her federal income tax return for the taxable year may obtain an automatic extension of time to file the Connecticut return, by filing an application on Form CT-1040 EXT by April 15.

ELECTRONIC FILING

Optional. Personal income taxpayers can file electronically on a voluntary basis using either the DRS Taxpayer Service Center: (www.ct.gov/TSC) or the federal-state e-file program.

ELECTRONIC PAYMENT

Optional. Go to: www.ct.gov/TSC

WEBSITE

<http://www.ct.gov/drs/cwp/view.asp?a=1450&q=512012>

MAILING ADDRESS

For tax forms with payment enclosed:
Department of Revenue Services
P.O. Box 2977
Hartford, CT 06104-2977

For tax forms requesting refunds or tax forms without payment enclosed:
Department of Revenue Services
P.O. Box 2976
Hartford, CT 06104-2976

For payments without tax forms:
Department of Revenue Services
Revenue Accounting
P.O. Box 5088
Hartford, CT 06102-5088

FED RETURN ATTACHED TO STATE RETURN

Not Required

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Connecticut.

IRC CONFORMITY

There are numerous differences from the federal return, which are listed in the instruction booklet.

Connecticut adopts the IRC in effect on the last day of the income year for corporations. For purposes of determining net income for income years commencing on or after January 1, 2018, Connecticut does not conform to IRC Sec. 163(j), as revised by the 2017 Tax Cuts and Jobs Act (TCJA), which limits the amount of the business interest deduction for tax years beginning after December 31, 2017.

Colorado adopts the current IRC for individuals. Connecticut does not conform to the IRC § 199A qualified business income (pass-through) deduction because Connecticut's personal income tax calculation begins with federal adjusted gross income.

ALTERNATIVE MINIMUM TAX

A taxpayer is subject to the alternative minimum tax and must file Form CT-6251 if either: (1) the taxpayer is a Connecticut resident or part-year resident who had a federal alternative minimum tax liability under IRC § 55 or, (2) the taxpayer was a nonresident with federal alternative minimum tax liability and Connecticut-source income.

Alternative Minimum Tax – The lesser of 19% of adjusted federal tentative minimum tax or 5.5% of adjusted federal alternative minimum taxable income.

NET WORTH OR STOCK TAX

Every taxable corporation, whether domestic or foreign, has to separately compute its liability under the regular corporation business tax (see Income Tax – C corporation section above) and the capital stock tax and pay the larger of the two.

For most corporations, the corporate excess tax is equal to 3.1 mills on each dollar in taxable basis, with a minimum of \$250 and a maximum of \$1 million.

The corporate capital stock is payable at the same time and on the same form as the corporation business tax.

GROSS RECEIPTS TAX

Connecticut does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, some cities, counties and municipalities throughout Connecticut might have additional registration requirements that may affect your business. Contact the local government office and/or the county assessor's office in your jurisdiction for further guidance.

STATE SALES AND USE TAX

REGISTRATION

Sales and use tax registration can be done in person, by mail, or online at:
<https://drsbusntax.ct.gov/REG/REGISTRATION.ASPX>

To obtain a Connecticut Sales and Use Tax Permit, you must complete Form REG-1, Business Taxes Registration Application, and remit the \$100 permit fee. For information on how to apply and how long it will take to obtain the permit, visit: <http://www.ct.gov/drs/cwp/view.asp?a=1509&q=266240>. The permit will be valid for five years from the date of issuance.

You must obtain a Sales and Use Tax Permit from the DRS if you intend to engage in any of the following activities in Connecticut:

- Sale, rental, or lease of goods;
- Sale of a taxable service; or
- Operation of a hotel, motel, or lodging house.

You must obtain a Sales and Use Tax Permit before making any sales. If you are purchasing an existing business, you may not use the Sales and Use Tax Permit issued to the previous owner. You are required to obtain a new Sales and Use Tax Permit if you will have more than a single place of business, and you must obtain and display a Sales and Use Tax Permit for each location.

The requirement to obtain a permit applies to individuals, corporations, partnerships, and all other business entities that will make sales in this state, regardless of the number of sales that will be made or the amount of tax that will be collected. (Please note: These rules do not apply to casual or isolated sales, which are infrequent sales of a nonrecurring nature made by a person not engaged in the business of selling tangible personal property or taxable services). Manufacturers and wholesalers as well as retailers must obtain a permit.

As a seller, you are responsible to collect sales and use taxes and you are liable for their payment whether or not you collect them as required from your customers. You must file returns and pay the full amount of tax due to DRS. Failure to obtain a tax permit will result in a fine of not more than \$500 or imprisonment of not more than three months, or both, for each offense.

FORMS

Form OS-114 (SUT), Sales and Use Tax Return.

Form OS-114 (BUT), Sales and Use Tax Return – Business Use Tax.

Note: Paper returns are provided for reference and to calculate the tax. Only amended returns and taxpayers who have valid electronic filing waivers from the DRS may submit paper returns.

RATES

There is one statewide sales tax rate. The statewide rate is 6.35% which applies to the retail sale, lease, or rental of most goods and taxable services.

DUE DATE

The last day of the month following the reporting period.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

All sales and use tax returns must be filed and paid electronically. If you can show that filing and paying electronically creates an undue hardship, the Commissioner of Revenue Services may grant a one-year waiver of the electronic filing and payment requirement. Request a waiver by completing Form DRS-EWVR, Electronic Filing and Payment Waiver Request, no fewer than 30 days before the due date of your first electronic filing and payment.

The return can be filed electronically through the DRS TSC. The TSC allows taxpayers to electronically file, pay, and manage state tax responsibilities. Visit: www.ct.gov/TSC to make electronic transactions or administer your tax account online. If you file electronically you are expected to pay electronically at the time of filing.

ELECTRONIC PAYMENT

Mandatory: www.ct.gov/TSC

WEBSITE

<http://www.ct.gov/DRs/cwp/view.asp?a=1454&q=271482&drsPNavCtr=%7C>

MAILING ADDRESS/PHONE NUMBER

File a paper return only if a waiver from the electronic filing requirement has been granted. To apply for a waiver from the electronic filing requirement, complete Form DRS-EWVR.

Department of Revenue Services
P.O. Box 5030
Hartford, CT 06102-5030
(860) 297-5962

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Generally, sales to the government of the United States are exempt from the sales and use tax. Sales to state or local governmental units and agencies are not subject to the sales or use tax. A contractor's labor is not subject to tax if performed in conjunction with government property.

Contractors purchasing materials and supplies pursuant to a contract with the United States government are exempt from Connecticut sales or use tax provided that title to the items purchased passes to the government immediately upon transfer from the vendor. Note, however, that purchases of services used to fulfill a government contract remain taxable if the contractor accepts and receives the services and the service is merely incidental to the primary purpose of the government contract.

There is no general exemption for sales by the federal or state governments. As a result, unless some other exemption applies, persons buying property or taxable services from governments must pay tax.

TAXABLE SERVICES

Taxable services include, but are not limited to:

- Advertising or public relations services not related to the development of media advertising or cooperative direct mail advertising;
- Business analysis, management, management consulting, and public relations services, excluding any environmental consulting services;
- Cable and satellite television services;
- Computer and data processing services, including but not limited to, charges for online access to computer services (but excluding services rendered in connection with the creation, development, hosting, or maintenance of all or part of a website on the World Wide Web and Internet access services).
The tax on computer and data processing services is 1%;
- Credit information and reporting services;
- Employment agencies and agencies providing personnel services;
- Exterminating services;
- Flight instruction and chartering by a certificated air carrier;
- Furnishing storage space for tangible personal property;
- Furniture reupholstering and repair services;
- Health and athletic club services;

- Janitorial services (including the cleaning of homes, offices, and commercial property);
- Landscaping and horticulture services;
- Lobbying or consulting services;
- Locksmith services;
- Maintenance services;
- Miscellaneous personal services (Industry Group 729 in the Standard Industrial Classification manual or U.S. Industries 532220, 812191, 812199, or 812990 in the NAICS manual), exclusive of services rendered by licensed massage therapists and licensed electrologists;
- Motor vehicle parking, except metered space, in a lot with 30 or more spaces;
- Motor vehicle repair services;
- Painting and lettering services;
- Personnel training services;
- Photographic studio services;
- Piped-in music provided to business or professional establishments;
- Prepaid telephone calling service (including but not limited to calling cards) and the recharge of such service;
- Private investigation and security services;
- Radio or television repair services;
- Refuse removal for commercial, industrial, or income-producing property;
- Repair services to electrical or electronic devices;
- Repair or maintenance services to tangible personal property (other than services to vessels, shoe repair, and repairs to certain medical equipment);
- Repair or renovation services to industrial, commercial, and income-producing real property;
- Sales agent services for selling tangible personal property, except for the services of a consignee selling works of art or clothing, or the services of an auctioneer;
- Sign painting and lettering services;
- Stenographic services;
- Storage or mooring of any noncommercial vessel on land or in the water, other than during the period from November 1 through April 30;
- Swimming pool cleaning and maintenance services;
- Telecommunications services;
- Telephone answering services;
- Warranty and service contracts for any item of tangible personal property; and
- Window cleaning services.

For a complete list of taxable services, see Conn. Gen. Stat. §12-407(a)(37).

LOCAL SALES AND USE TAX (City/County/Special)

Connecticut has a combined rate of 6.35%. County and city jurisdictions do not impose a tax. Refer to the Sales Tax section above.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

- Form CT-941, DRS Connecticut Quarterly Reconciliation of Withholding
- Form CT-941 HHE, Connecticut Reconciliation of Withholding for Household Employers
- Form CT -W3, DRS Connecticut Annual Reconciliation of Withholding
- Form CT-941X, Amended Connecticut Reconciliation of Withholding
- Form CT-W4, Employees Withholding Certificate
- Form CT-W4NA, Employee's Withholding Certificate – Nonresident Apportionment
- Form UC-2, DOL Employer Contribution Return
- Form UC-5a, DOL Employee Quarterly Earnings Report
- Form 941, IRS Employer's Quarterly Federal Tax Return
- Form 8109, Connecticut Withholding Tax Payment Form
- Form REG-1, Application for Tax Registration Number
- Form CT-8809, Request for Extension of Time to File Informational Returns

Connecticut Circular CT Employer's Tax Guide is available on the website:
[https://portal.ct.gov/-/media/DRS/Publications/pubsip/2019/IP-2019\(1\).pdf?la=en](https://portal.ct.gov/-/media/DRS/Publications/pubsip/2019/IP-2019(1).pdf?la=en)

RATES

The maximum tax rate is 6.99%. Tables provide the proper amount of withholding.

Nonresident employees working in Connecticut: A resident of State X works in Connecticut for an employer that is doing business in Connecticut and in State X. The employer is required to withhold Connecticut income tax because the services are performed in Connecticut. The employer should contact State X for withholding requirements in that state.

DUE DATE

Page 5 of the Employer's Tax Guide (link above) has all the due date information for weekly, monthly, and quarterly due dates.

Quarterly Due Dates:

First QuarterApril 30
Second QuarterJuly 31
Third QuarterOctober 31
Fourth QuarterJanuary 31

DUE DATE EXTENSION

Form CT-8809 must be completed on or before March 31 if filing electronically or the last day of February if not filing electronically. DRS only notifies payers whose extension requests have been denied.

ELECTRONIC FILING

Generally required. There is a penalty for filing a paper return if electronic filing is required. No cost for filing online:

<http://www.ct.gov/drs/cwp/view.asp?a=1433&Q=265878&PM=1>

ELECTRONIC PAYMENT

Employers whose annual wage withholding tax liability exceeds \$2,000 for the 12-month period ending on the June 30 immediately preceding the quarterly period for which the requirement to pay by Electronic Funds Transfer (EFT) is established, and who are notified by DRS to pay Connecticut withholding tax by EFT, must pay that tax by EFT.

A penalty is imposed for failure to pay by EFT, the penalty for the first failure is the lesser of 10% of the tax payment required to be made by EFT or \$2,500; for the second failure, the penalty is the lesser of 10% of the tax payment required to be made by EFT or \$10,000; for the third and subsequent failures, the penalty is 10% of the tax payment required to be made by EFT. To be considered timely, an EFT payment must be initiated on or before the due date of such payment. Any payment not considered timely will be subject to interest and late payment penalty.

WEBSITE

Department of Revenue Services:

<http://www.ct.gov/drs/cwp/view.asp?a=1454&q=510148#how> and
<http://www.ct.gov/Drs/cwp/view.asp?a=1479&q=269984&drsPNavCtr=%7C41594%7C>

Department of Labor: www.ct.gov/dol

MAILING ADDRESS

Connecticut Department of Labor
200 Folly Brook Boulevard
Wethersfield, CT 06109

NEW HIRE

Employers with offices in Connecticut or transacting business in Connecticut are required to report the name, address, and Social Security Number (SSN) of new or

rehired employees to the Connecticut Department of Labor (DOL). Each new employee's Form CT-W4 must be sent to DOL no later than 20 days after the date of hire to assist in the enforcement of child support obligations. Employers should verify all employee and employer items have been completed legibly before submitting Form CT-W4 to DOL.

If an employee returns to work for your company after a separation of 60 days or more, the employee should be reported as a new hire. Also, the date of hire is the first day compensated services are performed by an employee.

For further information, visit: <http://www1.ctdol.state.ct.us/newhires/index.asp>

TERMINATION

An employer must pay wages the next business day if discharged. If employee is laid off or quit, wages must be paid the next regular pay day.

All employers must provide employees with a signed and completed Unemployment Notice, (Form UC-61), and employee information packet "immediately" upon layoff or separation from employment.

All employers must immediately provide an employee with a copy of any documented notice of the employee's termination of employment. Employer must include a statement in the document explaining that the employee can submit a written statement disagreeing with anything in the termination notice. The employer must keep the employee's statement in the employee's personnel file and include it whenever the file is transmitted or disclosed to a third party. The DOL can issue civil penalties of up to \$500 for first-time violations and up to \$1,000 for subsequent violations.

INDEPENDENT CONTRACTOR TREATMENT

Independent contractors whose services are valued at \$5,000 or more and are not themselves registered with the DOL for unemployment insurance tax purposes or are not employees of a registered employer, are to be reported as a new hire by the company contracting their services.

UNEMPLOYMENT

REGISTRATION

All employers of one or more persons (full or part-time) must register with the DOL by filing an Employer Status Report. Failure to receive a copy of the form does not relieve the employer of the obligation to register.

FORMS

Form UC-5A, Employee Quarterly Earnings Report.

Form UC-2, Employer Contribution Return.

Additional forms can be found at: <http://www.ctdol.state.ct.us/uitax/cashiers-forms.htm>

RATES

2019

Taxable on the first \$15,000.

New employer rate: 3.4%.

Minimum rate: 1.9%.

Maximum rate: 6.8%. \$25.00 for any given quarter and is imposed when the forms are not received by due dates.

DUE DATE

Quarter	Taxable Employers	Non-Profit Reimbursable
First Quarter	April 30	May 15
Second Quarter	July 31	August 15
Third Quarter	October 31	November 15
Fourth Quarter	January 31	February 15

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Paper or electronic filing (preferred):
<https://sso.ctdol.state.ct.us/English/CommonLogin/CommonLogin.aspx>

ELECTRONIC PAYMENT

ACH credit payment option, electronic funds transfer (ACH debit), and paper check are all appropriate payment options.

WEBSITE

Department of Revenue Service: www.ct.gov/DRS

Department of Labor: <http://www.ctdol.state.ct.us/uitax/txmenu.HTM> and
<http://www.ctdol.state.ct.us/uitax/empl-guide.pdf>

MAILING ADDRESS/PHONE NUMBER

Connecticut Department of Labor
Employment Security Division
P.O. Box 2940
Hartford, CT 06104-2940
(860) 263-6470

NEW HIRE

Employers with offices in Connecticut or transacting business in Connecticut are required to report the name, address, and SSN of new or rehired employees to DOL. Each new employee's Form CT-W4 must be sent to DOL no later than 20 days after the date of hire to assist in the enforcement of child support obligations. Employers should verify all employee and employer items have been completed legibly before submitting Form CT-W4 to DOL.

If an employee returns to work for your company after a separation of 60 days or more, the employee should be reported as a new hire. Also, the date of hire is the first day compensated services are performed by an employee.

For further information, visit: <http://www1.ctdol.state.ct.us/newhires/index.asp>

TERMINATION

An employer must pay wages the next business day if discharged. If employee is laid off or quit, wages must be paid the next regular pay day.

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All employers must immediately provide an employee with a copy of any documented notice of the employee's termination of employment. Employer must include a statement in the document explaining that the employee can submit a written statement disagreeing with anything in the termination notice. The employer must keep the employee's statement in the employee's personnel file and include it whenever the file is transmitted or disclosed to a third party. The DOL can issue civil penalties of up to \$500 for first-time violations and up to \$1,000 for subsequent violations.

INDEPENDENT CONTRACTOR TREATMENT

Independent contractors whose services are valued at \$5,000 or more and are not themselves registered with the DOL for unemployment insurance tax purposes or are not employees of a registered employer, are to be reported as a new hire by the company contracting their services.

The Unemployment Compensation Law defines employment as any service performed under any expressed or implied contract of hire creating the employer and employee relationship. To be considered an independent contractor, an individual must meet all three of the following tests:

- 1) He must be free from control and direction in connection with the performance of the service, both under his contract of hire and in fact, and
- 2) His service is performed either outside the usual course of business of the employer or outside of all the employer's places of business, and
- 3) The individual must be customarily engaged in an independently established trade, occupation, profession, or business of the same nature as the service performed.

PROPERTY TAX

PERSONAL PROPERTY

Connecticut state law authorizes the taxation of property, including real estate, motor vehicles, business-owned personal property, and some personal property that individuals own. The DOR does not administer the property tax. The property tax is administered by each city and town in Connecticut:

<https://www.ct.gov/dmv/cwp/view.asp?a=814&q=245268>

If you have questions about the tax bill or mill rate on your personal property (including your automobile), you should contact the tax collector in the town in which the property is located. Information about mill rates can be found at:

http://www.ct.gov/opm/cwp/view.asp?a=2987&q=385976&opmNav_GID=1807

If you have general questions about the property tax, you may contact the Office of Policy and Management, the state agency with oversight authority of the property tax, at: <http://www.ct.gov/opm/site/default.asp>

Some cities and towns contain specific taxing districts, such as fire districts, that provide services that the city or town does not provide. The assessment of property that a city or town assessor determines is the basis for the tax that a district collects:

<http://www.ct.gov/opm/cwp/view.asp?a=2985&q=383128#pers>

In general, personal property is anything that is moveable and is not a permanent part of real estate, including items such as business-owned furniture, fixtures, machinery or equipment, as well as horses and unregistered motor vehicles and snowmobiles that anyone owns. Motor vehicles are subject to taxation in the city or town where, in the normal course of their operation, they most frequently leave from and return to or remain, although state law provides some exceptions to this general rule.

REGISTRATION

There is no registration. Filing requirements are based on ownership of property as of October 1 of the tax year.

FORMS

Forms are available from local jurisdiction website.

RATES

The rates are set annually by the local taxing jurisdiction.

DUE DATE

The assessment date is October 1 (Chapter 203 - Sec. 12-62a). Ownership of property on an assessment date makes a taxpayer liable for property taxes, unless the property is exempt from taxation. Certain property of non-residents may also be subject to taxation if located in Connecticut for a period of time prior to an assessment date (Chapter 203 - Sec. 12-43).

A taxpayer must file a Personal Property Declaration with the assessor of the city or town in which personal property is subject to taxation by November 1 annually (Chapter 203 - Sec. 12-41). When the first day of November is a Saturday or Sunday, the declaration may be filed or postmarked on the next business day following.

DUE DATE EXTENSION

An assessor may grant a taxpayer an extension of up to 45 days to file a declaration (Chapter 203 - Sec. 12-42).

ELECTRONIC FILING

Electronic filing is determined by each taxing jurisdiction.

ELECTRONIC PAYMENT

Electronic payment is determined by each taxing jurisdiction.

WEBSITE

<http://www.ct.gov/opm/cwp/view.asp?a=2985&q=383128>

MAILING ADDRESS/PHONE NUMBER

For contact information of cities and towns in Connecticut, visit:
<https://www.ct.gov/dmv/cwp/view.asp?a=814&q=245268>

REAL PROPERTY

The DOR does not administer the property tax. The property tax is administered by each city and town in Connecticut:
<https://www.ct.gov/dmv/cwp/view.asp?a=814&q=245268>

If you have questions about the tax bill or mill rate on your real property, you should contact the tax collector in the town in which the property is located. Information about mill rates can be found at:
http://www.ct.gov/opm/cwp/view.asp?a=2987&q=385976&opmNav_GID=1807

If you are requesting information on the sale of real property as a result of tax delinquencies or liens, you should also contact the tax collector in the town in which the property is located.

If you have general questions about the property tax, you may contact the Office of Policy and Management, the state agency with oversight authority of the property tax, at: <http://www.ct.gov/opm/site/default.asp>

Real estate is all land and all improvements on or to land (such as buildings, fences, and paved driveways), as well as easements to use air space (Chapter 203 - Sec. 12-64). With the exception of certain classified land, the assessment of each parcel of real property represents 70% of its estimated fair market value as of the date of a revaluation (Chapter 203 - Sec. 12-62, Sec. 12-62a, and Sec. 12-63). Assessors value classified farm, forest, open space, and maritime heritage on the basis of use, rather than on a fair market value basis (Chapter 203 - Sec. 12-107b through Sec. 12-107f and Public Act 07-127).

State law also imposes reporting requirements that affect owners of certain income-producing real estate in conjunction with revaluations (Chapter 203 - Sec. 12-63c): <http://www.ct.gov/opm/cwp/view.asp?a=2985&q=383128#pers>

INTANGIBLES TAX

Connecticut does not have an intangibles tax.

FUEL TAX

REGISTRATION

IFTA: must obtain a license.

FORMS

Form IFTA-100-MN and Form IFTA-101-MN if Interstate.

Form O-MF3, Gasohol Tax Return.

RATES

IFTA – 25 cents/gallon.

Connecticut: Gasoline – 25 cents/gallon; Diesel Fuel – 43.9 cents/gallon.

Connecticut collects tax from distributors of fuel who, in turn, are expected to collect the tax from purchasers. However, anyone who receives fuels from an unlicensed distributor or under circumstances that preclude collection of the tax from a distributor and who sells or uses such fuels in a taxable manner is considered a distributor and must make the same report and pay the same tax as a distributor would.

DUE DATE

Quarterly. Last day of the month following the end of a quarter if IFTA.

Monthly if CT only. Monthly report due before the 25th of the subsequent month.

DUE DATE EXTENSION

Not applicable

ELECTRONIC FILING

IFTA – Yes

Connecticut – No

ELECTRONIC PAYMENT

No

WEBSITE

Connecticut IFTA: <http://www.ct.gov/drs/cwp/view.asp?a=1429&q=265808>

MAILING ADDRESS

State of Connecticut
Department of Revenue Services
P.O. Box 5031
Hartford, CT 06102-5031

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Unclaimed property is usually savings or checking accounts, uncashed checks, matured certificates of deposit, stock bonds, mutual funds, traveler's checks, money orders, and/or proceeds from insurance policies. It does not pertain to real estate of any kind, such as land or homes. Funds are deemed unclaimed if there is no activity or contact with the rightful owner for a set period of time, generally three to five years. Before funds are transferred to the state, banks and/or companies must send a letter, by first-class mail, to the owner at the last known address on their records. If the owner does not respond to the letter, the property is deemed unclaimed and sent to the State Treasurer for safekeeping until the rightful owner comes forward to claim the funds.

There is no time limit for claiming property that rightfully belongs to you. The State Treasurer as custodian of the money holds the funds until they are claimed by the rightful owner or their heirs.

There are two ways to claim your money:

1) Visit: <http://www.ctbiglist.com/> to search for your property and download a claim form anytime – seven days a week, 24 hours a day. Once you create a claim online, your name will no longer appear on the website. This prevents anyone else from claiming the same property; or

2) Call 1-(800) 833-7318, Monday through Friday between 8 am and 5 pm EST.

Mail your completed claim form to:

Office of the State Treasurer
Unclaimed Property Division
P.O. Box 5065
Hartford, CT 06102

Note: Only owners of the property or their legal heirs may file a claim.

For further details on unclaimed property, visit:

http://www.ott.ct.gov/unclaimed_faq.html

IMPACT FEES

Connecticut law does not explicitly authorize development impact fees. Moreover, a Connecticut Supreme Court decision on another type of development fee suggests that one cannot be imposed without an enabling act.

Contact your local government office for further guidance on impact fees.

MINIMUM WAGE

As of January 1, 2018, Connecticut's minimum wage is \$10.10 per hour with no change for 2019.

REGISTERED AGENTS

Every Connecticut business must have an agent for service of process in the state. This is an individual or business entity that agrees to accept legal papers on the business' behalf if it is sued. The agent should agree to accept service of process on behalf of the limited liability company prior to designation. The registered agent may be: (1) an individual who is a full-time resident of Connecticut (including a member or manager of the business), or (2) a Connecticut business entity, or (3) a foreign business entity which has obtained a Certificate of Authority to transact business in Connecticut.

DAVIS BACON

Connecticut's prevailing wage law applies to each contract for the construction, remodeling, refinishing, refurbishing, rehabilitation, alteration, or repair of any public works project by the state or its agents, or by any political subdivision of the state.

Connecticut provides monetary thresholds which must be met before the law is applicable. The prevailing wage law does not apply where the total cost of all work to be performed by all contractors and subcontractors in connection with new construction of a public works project is less than \$400,000. The prevailing wage law does not apply in connection with remodeling, refinishing, refurbishing, rehabilitation, alteration, or repair of any public works project under \$100,000.

For more information, go to: <http://www.ctdol.state.ct.us/wgwkstnd/prevaling-rates/PrevailingWageGuide/>

DRUG TESTING FACILITIES

For information on drug testing centers throughout Connecticut, visit: <http://www.testcountry.com/drug-testing-center-facilities/Connecticut.htm>

COMMUNICATIONS

Department of Administrative Services - Communications – 4 Publications, Commissioner (860) 713-5100.

CFMA Chapter in Connecticut:

Connecticut Valley, Hartford, CT: <http://cafe.cfma.org/CtValleyCT/Home/>

OTHER

Issued December 19, 2018, Connecticut released Informational Publication 2018(2): Building Contractors' Guide to Sales and Use Taxes.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

AUTHOR

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DATE OF THIS UPDATE

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May 14, 2015

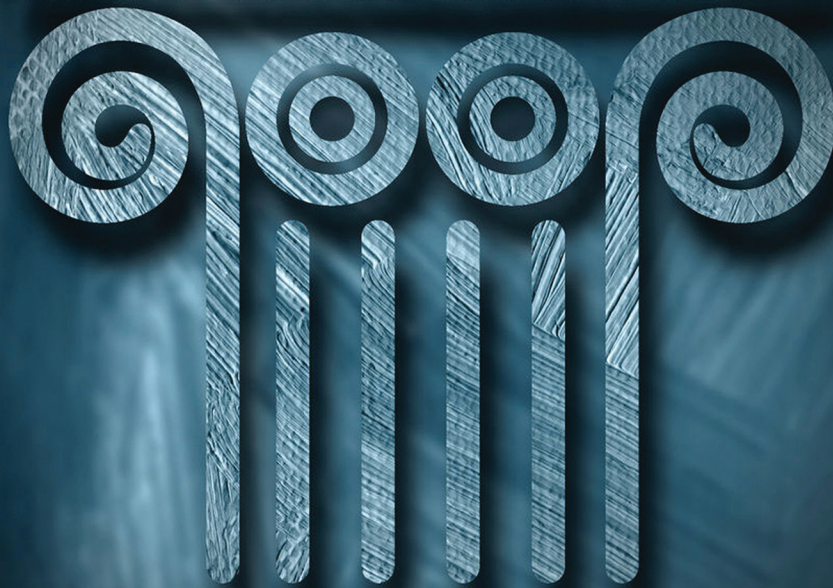
SUBJECT MATTER EXPERT

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John.Eardley@crowe.com



CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



DELAWARE

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes choosing the business entity type and filing the applicable corresponding paperwork, obtaining a registered agent, filing the required forms, paying all appropriate fees, and submitting completed Certificate for Filing.

FORMS

The fourth step in forming a new business entity in Delaware – after choosing your entity type, obtaining a registered agent, and reserving a name – is completing Certificate of Incorporation/Formation forms.

Forms, including Certificates of Incorporation/Formation, and with instructions and fees are available at: <http://corp.delaware.gov/newentit09.shtml>

The entity forms are PDF fillable and can be mailed or faxed. A cover sheet with your name or entity name, return address, and phone number is required. You may download a PDF fillable cover sheet at: <http://corp.delaware.gov/cvrmemo.shtml>

Name Reservation: The Delaware Division of Corporations allows for the reservation of an entity name. This is not a requirement in order to form the entity, but it will guarantee that the name is held for a period of 120 days.

Certified copies and Certificate of Status/Good Standing: Some financial institutions will require a Certificate of Good Standing or a certified copy of your new entity filing. Please check with your financial institution to determine whether additional information is required to establish a business account with them. You may order a Certificate of Status or Certificate of Good Standing at the time of filing your new entity by indicating this request in the comment section of the document filing sheet.

RATES, FEES, COSTS

Incorporation (Domestic)	\$ 89
Qualification (Foreign)	\$245
Partnership	\$200
Limited Liability Company (Domestic)	\$ 90
Limited Liability Company (Foreign)	\$200
Name Reservation	\$ 75

A full list of fees can be found at: <http://corp.delaware.gov/fee.shtml>

WEBSITE

<https://corp.delaware.gov/>

MAILING ADDRESS/PHONE NUMBER

Delaware Division of Corporations
401 Federal Street, Suite 4
Dover, DE 19901
(302) 739-3073

ADDITIONAL ASSISTANCE

Additional assistance, including live support, is available at:
<http://corp.delaware.gov/contact.shtml>

ANNUAL RENEWALS

All corporations are required to file an Annual Report. Notification of Annual Report are sent to all Delaware registered agents in December of each year. Delaware has mandated electronic filing of domestic corporation Annual Reports.

FORMS

Annual Reports are filed online at: <http://corp.delaware.gov/paytaxes.shtml>

RATES

The filing fee is \$50 plus taxes due upon filing of the Annual Report.

The penalty for late filing is \$200. Interest at 1.5% per month is applied to any unpaid tax balance.

DUE DATE

Must be received by Delaware Division of Corporations on or before March 1.

Foreign corporations are required to file an Annual Report on or before June 30.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available here: <https://corp.delaware.gov/paytaxes.shtml>

ELECTRONIC PAYMENT

Available here: <https://corp.delaware.gov/paytaxes.shtml>

WEBSITE

<http://corp.delaware.gov/frtax.shtml>

MAILING ADDRESS/PHONE NUMBER

Delaware Division of Corporations
401 Federal Street, Suite 4
Dover, DE 19901
(302) 739-3073

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is necessary for any person or entity conducting a trade or business in the State of Delaware. A business license must be obtained at the time business commences in Delaware. There are two ways to obtain a Delaware business license: complete registration online or complete Combined Registration Application (CRA) Form.

Delaware also has a One-Stop Business Registration and Licensing System that allows businesses to obtain a Delaware business license and register online with the following agencies:

- The Delaware Division of Revenue.
- The Delaware Division of Unemployment Insurance.
- The Delaware Office of Workers Compensation.

Contractors: Must complete a Resident Contractors Package or Nonresident Contractors Package. The information on the CRA determines which tax forms a business will need. Once the CRA is completed, mail it with the required license fee to:

Delaware Division of Revenue
P.O. Box 8750
Wilmington, DE 19899-8750

Once the Form CRA and license fee are received, the Delaware Division of Revenue (DOR) will send a business license, a “tax tips” package related to the activity

of your business, and personalized business tax forms needed for your business (throughout the year).

FORMS

Form CRA, Combined Registration Application.

Business License Application, Resident Contractor.

Business License Application, Non-Resident Contractor.

Business/Contractor registration forms are available at:

http://revenue.delaware.gov/services/Business_Tax/Forms_New.shtml#contforms

RATES

The license fee for construction contractors is \$75.

DUE DATE

Before initiating business operations in Delaware.

ELECTRONIC FILING

Register with the DOR at: <https://onestop.delaware.gov/osbrlpublic/Home.jsp>

ELECTRONIC PAYMENT

Pay for registration with the DOR at:

<https://onestop.delaware.gov/osbrlpublic/Home.jsp>

WEBSITE

<http://revenue.delaware.gov/services/BusServices.shtm>

MAILING ADDRESS/PHONE NUMBER

Delaware Division of Revenue
P.O. Box 8750
Wilmington, DE 19899-8750
(302) 577-8778 or (302) 577-8205

E-mail: BusTax@state.de.us

LICENSES—GC & SPECIALTY

Any contractor conducting a business activity in Delaware is required to register with and obtain a business license from the DOR.

REGISTRATION

To become a Delaware contractor, complete a Resident Contractors Package at:
http://revenue.delaware.gov/services/current_bt/contractor_res.pdf

Complete Non-Resident Contractors Package at:
http://revenue.delaware.gov/services/current_bt/contractor_nr.pdf

FORMS

General Contractors:

Form 1280, Payments Made by General Contractors to Subcontractors.

Form 1280-DEV, Deductions for Amounts Paid to Subcontractors.

Form 5060, Statement of Contracts Awarded.

Form UC-1, Report to Determine Liability.

IAB Form Division of Industrial Affairs, Workers Compensation Proof of Insurance.

Non-Resident Contractors:

Non-Resident Contractor, Bond.

Non-Resident Contractor, Cash Bond Receipt Form.

Non-Resident Contractor, Irrevocable Letter of Credit.

Non-Resident Contractor, Letter for Contract Under \$20,000.

RATES

Fee computed on Contractors Package Form.

Licenses are issued or renewed for a one-year period, expiring on December 31, for a fee of \$75.

WEBSITE

http://revenue.delaware.gov/services/Business_Tax/Cont_New.shtm

MAILING ADDRESS/PHONE NUMBER

Division of Revenue
P.O. Box 8750
Wilmington, DE 19899-8750

Contact Richard Jezyk at: (302) 577-8265 or
richard.jezyk@state.de.us

RECIPROCITY STATES

For license reciprocity guidance, visit:

<https://dpr.delaware.gov/boards/electrician/newlicense/>

EQUITY REQUIREMENT

None

FINANCIAL STATEMENT REQUIREMENTS

None

LOCAL LICENSES

REGISTRATION

In addition to state licensing, many cities, counties, and municipalities throughout Delaware have additional registration requirements that may affect your business. Contact the local mayor's office and the county assessor's office in the location in which you have an interest for information on local or county taxes and licensing that may be needed for your business.

And/or go to page 13 of the Delaware Combined Business Application at:
http://revenue.delaware.gov/services/current_bt/contractor_res.pdf

INCOME TAX

INCOME TAX—C CORPORATION

Every domestic or foreign corporation doing business in Delaware, not specifically exempt under Section 1902(b), Title 30, Delaware Code, is required to file a corporate income tax return.

FORMS

Form 1100, Corporate Income Tax Return.

Form 1100-T-EXT, Corporate Income Tax Request for Extension.

Form 1100X, Amended Corporation Income Tax Return.

Include a copy of the federal return for the income year, including all schedules and exhibits. If the corporation is a member of an affiliated group for federal income tax purposes, the corporation must furnish a spreadsheet of all items of income and deduction reconciling the separate items of each member corporation to the consolidated totals.

RATES

8.7% on federal taxable income allocated and apportioned to Delaware.

DUE DATE

The statutory due date is April 15 for calendar year taxpayers and the 15th day of the 4th month for fiscal year taxpayers.

DUE DATE EXTENSION

A request for an automatic extension of six months to the Internal Revenue Service (IRS), will automatically extend the filing date for the Delaware return. If an automatic federal extension has been granted, a copy of the extension must be attached to the return when filed.

An extension of time with payment for filing the Delaware corporate income tax return is made by filing Form 1100 T-EXT on or before the due date of the original return. A timely filed extension extends the period for filing a final return but does not extend the period of time for making payment. Payment of the anticipated liability must be made with the extension request, 1100 T-EXT coupon.

An extension beyond the automatic six-month period must be requested by letter on or before the extended due date of the return. A copy of the Division of Revenue Approval Letter must be attached to the final return when filed.

ELECTRONIC FILING

Delaware is accepting corporation income tax information returns by method of the Modernized e-File System (MeF). Authorized Electronic Return Originators (EROs) can submit both federal and state returns and state-only returns through the system. Each return must be in a separate submission.

Consult the Delaware Business (MeF) E-File Handbook for more information.

ELECTRONIC PAYMENT

Electronic payments are optional and accepted at:
http://revenue.delaware.gov/services/online_svcs.shtml

WEBSITE

<http://revenue.delaware.gov/services/BusServices.shtm>

MAILING ADDRESS/PHONE NUMBER

Delaware Division of Revenue
P.O. Box 2044
Wilmington, DE 19899-2044
(302) 577-8205

ESTIMATED TAX

Every corporation is required to declare the amount of its estimated tax liability and prepay the amount of its estimated tax liability in four installments.

FORMS

Form 1100-T, Delaware Corporate Tentative Tax Return, is used for the declaration of tentative tax and payments. Failure to make a declaration or file and pay the required tentative tax payments will result in a penalty.

Form 1100T-1, Voucher, is due even if the estimated tax liability is zero and no remittance is required.

Forms 1100T-2, 1100T-3, and 1100T-4 are not required to be filed if the estimated tax liability is zero for the remainder of the taxable year.

RATES

50% of the corporation's estimated tax liability due on or before the first day of the fourth month of the taxable year.

20% on 15th day of sixth month of taxable year.

20% on 15th day of ninth month of taxable year.

10% on 15th day of twelfth month of taxable year.

Corporations whose Delaware taxable income was \$200,000 or more in any of the last three preceding taxable years must make estimated payments equal to 80% of the current year's tax liability.

A penalty of 1.5% per month is imposed on any underpayment or late payment of tentative taxes from the due date of the tentative payment to the date the tax is paid. The penalty will not be imposed if total tentative taxes timely paid equal or exceed 80% of the current year's liability or equal or exceed 100% of the tax liability of the first preceding taxable year.

DUE DATE

See Rates section above.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available at: http://revenue.delaware.gov/services/online_svcs.shtml

ELECTRONIC PAYMENT

Electronic payments are optional and accepted at:
http://revenue.delaware.gov/services/online_svcs.shtml

WEBSITE

http://revenue.delaware.gov/services/online_svcs.shtml

MAILING ADDRESS

Delaware Division of Revenue
P.O. Box 830
Wilmington, DE 19899-0830

ALTERNATIVE MINIMUM TAX

Delaware does not have an alternative minimum corporate income tax.

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

Subtractions:

- 1) Foreign dividends, interest, and royalties.
- 2) Interest from U.S. securities.
- 3) Interest received from affiliated companies.
- 4) Gain from sale of U.S. or Delaware securities.
- 5) Handicapped accessibility deduction.

Additions:

- 1) State income taxed deducted on federal return.
- 2) Loss from sale of U.S. or Delaware securities.
- 3) Interest income from state obligations, other than Delaware.
- 4) Depletion expense.
- 5) Interest paid from affiliated companies.
- 6) Donations from which Delaware income tax credits were generated.

ALLOCATION AND APPORTIONMENT FACTORS

Three factor with triple weighted sales method of apportionment. The factors are property, wages, and sales in Delaware as a ratio of property, wages, and sales everywhere.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

The State of Delaware has not adopted by statute or regulation the provisions of the UDITPA.

OTHER MULTISTATE COMPACT

Delaware has not adopted the Multistate Tax Compact, nor is the state an associate member or project member.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

No construction specific apportionment formulas.

SPECIFIC EXCLUSION OF INCOME ITEMS

No construction specific exclusions of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

Corporate Income Tax Credits (Targeted Industry and Targeted Areas): Firms within targeted industries qualify for corporate income tax credits of \$400 for each new employee and \$400 for each new \$100,000 investment. Firms within targeted industries who also locate in a targeted area qualify for \$650 for each new employee and \$650 for each new \$100,000 investment. Firms must invest a minimum of \$200,000 and create a minimum of five new positions.

Research and Development Tax Credit: A taxpayer who takes into account for purposes of Delaware income taxation Delaware qualified research and development expenses in a taxable year may apply for a research and development tax credit as provided in this subchapter. Taxpayers must complete an application for the credit on a form prescribed by the Director. Such application must be received by the Director no later than September 15 of a tax year.

New Economy Jobs Program: Designed to provide an innovative tool to bring high-wage jobs to Delaware and make the state more competitive. The legislation provides businesses up to a 65% rebate on withholding taxes. To qualify, an employer must add at least 50 net new jobs for new Delaware taxpayers with each having an annual salary of at least \$100,000.

Public Utility Tax Rebates: Firms meeting the criteria for targeted industry tax credits are eligible for a rebate of 50% of the public utilities tax imposed on new or increased consumption of gas and electricity for five years. The public utilities tax rate is 4.25%. The utility tax on the consumption of electricity by licensed manufacturers and food or agribusiness processors is reduced from 4.25% to 2%. Additionally, electricity consumed in the manufacturing of automobiles is exempt from the utility tax.

Other Credits: New Business Facility Tax Credits, Economic Development, Green Industries, Land & Historic Resource Conservation, Travelink Traffic Mitigation, Neighborhood Assistance, Historic Property Preservation, and Veterans Opportunity credits.

Form 700, Credit Schedule, must be completed to claim credits on the Delaware income tax return

INCOME TAX—S CORPORATION

Every S corporation deriving income from sources within Delaware is required to file an S Corporation Reconciliation and Shareholders Information Return.

REGISTRATION

S corporation registration is the same as C corporation registration. Delaware recognizes the federal S corporation election.

FORMS

Form 1100S, S Corporation Reconciliation and Shareholders Information Return.

Form 1100-P-EXT, S Corporation Request for Extension.

Must attach a copy of your federal return for income year, including all schedules and exhibits, including Schedule K and K-1, when filing your Delaware return.

RATES

An S corporation is exempt from corporate taxation. Resident and nonresident shareholders must report their respective share of S distributive income on their individual personal income tax returns.

The S corporation must make an estimate of its distributive income for the taxable year (apportioned to Delaware) and multiply it by the percentage of stock owned by the nonresident shareholders. This amount is then multiplied by 6.60% to determine the amount of personal income tax required to be paid by the S corporation on behalf of its nonresident shareholders.

DUE DATE

Form 1100S is due on or before the first day of the third month following the close of the taxable year.

DUE DATE EXTENSION

A request for an automatic extension of six months to the IRS will automatically extend by six months the filing date for the Delaware return. If an automatic federal extension has been granted, a copy of the extension must be attached to the final return when filed.

An extension of time with payment for filing the Delaware S Corporation Reconciliation and Shareholders Information Return is made by filing Voucher 1100-P-EXT on or before the due date of the original return. A timely filed extension extends the period for filing a final return but does not extend the period of time for making payment. Payment of the estimated personal income tax required to be paid on behalf of its nonresident shareholders must be remitted with the request for extension.

An extension beyond the automatic six-month period may be requested by letter on or before the due date of the return. A copy of the Division of Revenue Approval Letter must be attached to the final return when filed.

ELECTRONIC FILING

Available here: http://revenue.delaware.gov/services/online_svcs.shtml

ELECTRONIC PAYMENT

Accepted here: http://revenue.delaware.gov/services/online_svcs.shtml

WEBSITE

<https://revenue.delaware.gov/>

MAILING ADDRESS/PHONE NUMBER

Delaware Division of Revenue
P.O. Box 2044
Wilmington, DE 19899-2044
(302) 577-8205

COMPOSITE RETURNS FOR S

A Composite Personal Income Tax Return for qualifying nonresident shareholders may be filed in lieu of individual nonresident personal income tax returns if the following conditions are met:

1. Nonresident shareholders included in the composite return must be non-residents of the State of Delaware for the full taxable year.
2. Nonresident shareholders included in the composite return must have no income (including spouses) from sources within the State of Delaware other than his or her distributive share from the S corporation.
3. All nonresident shareholders included in the composite return must have the same taxable year ending for income tax purposes.

ALLOWED OR NOT ALLOWED

Allowed, but not required.

FORMS

Form 200-C, Composite Personal Income Tax Return.

The composite return must be signed by a partner or corporate officer authorized to sign the S corporation income tax return.

RATES

6.6% of nonresidents' Delaware sourced income.

DUE DATE

Due 15th day of the fourth month following the close of the taxable year of the shareholders or partners included in the composite return.

DUE DATE EXTENSION

Federal extensions of time to file will be accepted as a valid extension to file Form 200-C.

ELECTRONIC FILING

Not allowed for composite returns.

ELECTRONIC PAYMENT

Accepted here: http://revenue.delaware.gov/services/online_svcs.shtml

WEBSITE

<https://revenue.delaware.gov/online-services/>

MAILING ADDRESS/PHONE NUMBER

Delaware Division of Revenue
P.O. Box 508
Wilmington, DE 19899-0508
(302) 577-8205

ESTIMATED TAX FOR S

S corporations are required to make withholding/composite estimated tax payments on behalf of nonresident S corporation shareholders. Payment forms must be filed even if the estimated tax due is zero. The payment schedule for regular

corporations is also the schedule to be followed by S corporations when paying personal income tax on behalf of its nonresident shareholders.

FORMS

Forms P-1, P-2, P-3, and P-4, S Corporation Personal Income Tax Voucher.

RATES

The S corporation must make an estimate of its distributive income for the taxable year (apportioned to Delaware) and multiply it by the percentage of stock owned by the nonresident shareholders. This amount is then multiplied by 6.60% to determine the amount of personal income tax required to be paid by the S corporation on behalf of its nonresident shareholders.

Failure to make a declaration or file and pay the required payments of personal income tax will result in a penalty. A penalty of 1.5% per month is imposed on any underpayment or late payment of estimated taxes from the due date of the estimated payment to the date the tax was paid. The penalty will not be imposed if the total estimated tax timely paid equals or exceeds 80% of the current year's liability or equals or exceeds 100% of the tax liability of the first preceding taxable year.

DUE DATE

The declaration, and remittance equal to 50% of the S corporation's estimated tax liability, are due on or before the first day of the fourth month of the taxable year. The declaration (Form P-1) is due even if the estimated tax liability is zero and no remittance is required. The remaining coupons – P-2, P-3, and P-4 – are not required to be filed if the estimated tax liability remains at zero for the remainder of the taxable year.

If the estimated tax liability is greater than zero during any of the remaining three quarters of the taxable year, quarterly estimated tax payments are due according to the following schedule: 20% on the 15th day of the sixth month of the taxable year; 20% on the 15th day of the ninth month of the taxable year, and 10% on the 15th day of the twelfth month of the taxable year.

S corporations whose Delaware taxable income was \$200,000 or more in any of the last three preceding taxable years must make estimated payments equal to 80% of the current year's liability.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

http://revenue.delaware.gov/services/online_svcs.shtml

WEBSITE

<https://revenue.delaware.gov/online-services/>

MAILING ADDRESS/PHONE NUMBER

Delaware Division of Revenue
P.O. Box 830
Wilmington, DE 19899-0830
(302) 577-8205

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

See S Corporation sections above for rules on Delaware Withholding on Non-Resident S Shareholders.

INCOME TAX—PARTNERSHIPS, LLC

A partnership return must be completed by any business treated as a partnership for federal purposes which has any income or loss, regardless of amount, derived from or connected with a Delaware source. If the partnership has no Delaware sourced income or loss, no return is required to be filed.

A Limited Liability Company (LLC) doing business in Delaware is classified as a partnership for Delaware income tax purposes, unless it has otherwise been classified for federal income tax purposes. A LLC is always classified in the same manner for Delaware income tax as it is for federal income tax purposes.

COMPOSITE RETURNS

Allowed but not required.

FORMS

Partnership:

Form 300, Delaware Partnership Return.

Limited Liability Company:

Limited liability companies classified as partnerships must file Delaware Form 300. Limited liability companies classified as corporations must file Delaware

Form 1100. Limited liability companies classified as a single-member “disregarded entity” are treated as sole proprietorships for tax purposes. This means that the LLC itself does not pay taxes and does not have to file a return with the State of Delaware.

RATES

A partnership, as such, is not subject to tax. Instead, the partnership’s partners are liable for Delaware personal income tax on their respective shares of partnership income.

Penalty for Failure to File – Amount of penalty imposed for each month such failure continues, is the product of \$25 times the number of partners during any part of the taxable year, but is limited to a maximum of five months.

DUE DATE

Partnership: Must file by 15th day of the third month following the close of their tax year.

Limited Liability Company: Due date follows partnership, C corporation, or S corporation due dates (depends on classification).

DUE DATE EXTENSION

Partnership: Extension of time to file may be obtained by submitting a copy of the federal extension application on or before the due date of the partnership return. A photocopy of the approved federal extensions MUST be attached to the final return when filed. The approved federal extension will extend the due date of the Delaware return to the same date as your federal extension due date.

Limited Liability Company: Extension rules follow partnership, C corporation, or S corporation rules (depends on classification).

ELECTRONIC FILING

Delaware is accepting partnership, limited liability partnership (LLP), and LLC returns by method of the (MeF). EROs can submit both federal and state returns and state-only returns through the system. Each return must be in a separate submission. Multiple submissions may be contained in a single message payload. Software developers must test with Delaware and receive approval prior to submitting live returns.

Delaware Form 300, including corresponding forms and schedules, is accepted for electronic transmission. An XML copy of pages 1 through 5 of the federal income tax return as filed with the IRS for the corresponding tax period must be attached to all business tax filings. In addition, copies of the federal K-1 forms must be included for partners.

ELECTRONIC PAYMENT

Accepted here: http://revenue.delaware.gov/services/online_svcs.shtml

WEBSITE

<https://revenue.delaware.gov/online-services/>

MAILING ADDRESS/PHONE NUMBER

Division of Revenue
P.O. Box 8703
Wilmington, DE 19899-8703
(302) 577-8205

INCOME TAX—INDIVIDUAL

FORMS

Form 200-01, Delaware Individual Resident Income Tax Form.
Form 200-02, Delaware Non-Resident Individual Income Tax Form.
Form 1027, Application for Automatic Extension.

RATES

Ranges from 2.2% to 6.6%. Zero tax for taxable income of up to \$2,000.

Both resident and nonresident individuals whose taxable income does not exceed \$60,000, or a lesser amount as the Director of Revenue may determine (but not less than \$20,000), must compute the personal income tax according to tax tables issued by the Director of Revenue.

Underpayment or Late Payment: Interest at rate of .5% will accrue from date prescribed for payments to date paid.

Late-filing of Balance Due Return: Late-filed returns with a balance due are subject to a penalty of 5% per month of balance due.

Failure to Pay: 1% per month (not to exceed 25%) of net tax liabilities for failure to pay tax liability due on a timely-filed or late-filed return. This penalty is in addition to the interest charged for late payment.

Failure to File/Pay Estimated Taxes: 1.5% per month of computed tax payment. This penalty is in addition to those penalties and interest listed above. The penalty is also assessed if the estimated payment is filed late.

DUE DATE

On or before April 30 for all taxpayers filing on a calendar-year basis. All others must file by the last day of the fourth month following the close of their taxable year.

DUE DATE EXTENSION

An extension of time to file is granted when the Application for Automatic Extension, (Form 1027), includes a payment for the amount of any tax reasonably estimated to be due.

To extend your due date beyond October 15, file with the DOR a photocopy of your approved federal extension on or before the expiration of the extension granted on Form 1027. The approved federal extension will extend the due date of your Delaware return to the same date as your federal extension due date and must be attached to your Delaware return.

ELECTRONIC FILING

Delaware participates in the Federal/State Electronic Filing program and allows the electronic filing of personal income tax returns. All EROs, transmitters, and software developers must meet federal electronic filing requirements, as well as the requirements for the Delaware electronic filing program. The DOR will accept electronic filing of state returns separately from the federal tax return.

ELECTRONIC PAYMENT

<https://dorweb.revenue.delaware.gov/scripts/olp/olp.dll/indpay>

WEBSITE

http://revenue.delaware.gov/services/PIT_SvcsTemp.shtml

MAILING ADDRESS

If Balance Due:

State of Delaware
Division of Revenue
P.O. Box 508
Wilmington, DE 19899-508

If Refund:

State of Delaware
Division of Revenue
P.O. Box 8710
Wilmington, DE 19899-8710

If Zero Due:

State of Delaware
Division of Revenue
P.O. Box 8711
Wilmington, DE 19899-8711

FED RETURN ATTACHED TO STATE RETURN

Yes – A copy of page 1 and 2 of your federal Form 1040 or 1040A, or 1040 EZ page 1. Also attach a copy of all federal schedules you are required to file with your federal return.

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Delaware.

IRC CONFORMITY

Internal Revenue Code (IRC) not incorporated by reference, but starting point for computing taxable income is federal taxable income as currently defined by the IRC.

Delaware adopts the current IRC for corporations and individuals. Delaware conforms to the IRC as currently amended and has not decoupled from the business interest deduction limitations of IRC §163(j) as enacted by the Tax Cuts and Jobs Act.

While Delaware permits individual taxpayers to take itemized deductions, with modifications, the IRC §199A deduction is not an itemized deduction.

ALTERNATIVE MINIMUM TAX

There is no alternative minimum tax for individuals in Delaware.

NET WORTH OR STOCK TAX

Corporations incorporated in Delaware but not conducting business in Delaware are not subject to corporate income tax, but do have to pay franchise tax administered by the Delaware Department of State.

Any corporation that is incorporated in Delaware (regardless of where you conduct business) must file an Annual Franchise Tax Report and pay franchise tax for the privilege of incorporating in Delaware.

REGISTRATION

Same as Secretary of State Registration.

TAXABLE BASIS

In Delaware, most corporations determine their franchise tax liability by separately computing taxable basis using two methods (authorized shares and assumed par-value capital), applying the appropriate rate for each basis, and selecting the computation that yields the lower tax liability. Corporations with any no-par stock use the authorized shares method exclusively. The authorized shares method is based on the number of authorized (not necessarily issued) shares of capital stock, while the assumed par-value capital method also looks at the number of issued shares, par values, and gross assets. As the franchise tax is not an income tax, income is irrelevant under either method.

Tax liability can be pro-rated if a corporation has a short taxable year or changed its amount of capital stock. A corporation that has been completely inactive for all or part of the year may be able to reduce its tax liability during the inactivity period.

FORMS

The annual Franchise Tax Notification is mailed directly to the corporation's registered agent. Blank Franchise Tax Returns are not available.

Any corporation that is incorporated in Delaware must file an Annual Franchise Tax Report and pay franchise tax for the privilege of incorporating in Delaware.

RATES

Corporations:

Minimum tax is \$175 for corporations using the authorized shares method and a minimum of \$400 for corporations using the assumed par value capital method. All corporations using either method will have a maximum tax of \$200,000. Taxpayers owing \$5,000 or more must pay estimated taxes in quarterly installments with 40% due June 1, 20% due by September 1, 20% due by December 1, and the remainder due March 1.

There is a minimum filing fee of \$50 for the Delaware Annual Report.

LP/LLC/GP:

Although LLPs, LLCs, and General Partnerships (GP) formed in the State of Delaware do not file an Annual Report, they are required to pay an annual tax of \$300. Taxes for these entities are due on or before June 1 of each year. Penalty for non-payment or late payment is \$200. Interest accrues on the tax and penalty at the rate of 1.5% per month.

DUE DATE

March 1 – Corporations.

June 1 – LP, LLC, and GP.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Must be filed electronically: <http://corp.delaware.gov/paytaxes.shtml>

ELECTRONIC PAYMENT

Accepted at: <http://corp.delaware.gov/paytaxes.shtml>

WEBSITE

http://revenue.delaware.gov/services/Business_Tax/Franchise_Tax.shtm

MAILING ADDRESS/PHONE NUMBER

The Delaware Department of State
Division of Corporations
P.O. Box 898
Dover, DE 19903
(302) 739-3073

ESTIMATED TAX

FORMS

Electronic

RATES

Taxpayers owing \$5,000 or more must pay estimated taxes in quarterly installments with 40% due June 1, 20% due by September 1, 20% due by December 1, and the remainder due March 1.

DUE DATE

See Rates above

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Must be filed electronically: <http://corp.delaware.gov/paytaxes.shtm>

ELECTRONIC PAYMENT

Accepted at: <http://corp.delaware.gov/paytaxes.shtm>

WEBSITE

http://revenue.delaware.gov/services/Business_Tax/Franchise_Tax.shtml

MAILING ADDRESS/PHONE NUMBER

The Delaware Department of State
Division of Corporations
P.O. Box 898
Dover, DE 19903
(302) 739-3073

GROSS RECEIPTS TAX

When you engage in business in the State of Delaware, you may be required to pay gross receipts tax. This tax is paid by the seller of goods (tangible or otherwise) or the provider of services in the state. There are no deductions for the cost of goods or property sold, material or labor costs, interest expense, discounts paid, delivery costs, state or federal taxes, or any other expenses allowed.

REGISTRATION

See registration with Secretary of State.

TAXABLE BASIS

Gross receipts include all sums received for any work done or materials supplied (including land) in connection with any real property located in the state. Consideration for services rendered includes cash, checks, credit cards, gift certificates, traveler's checks, money orders, barter, trade-ins, manufacturer's coupons and rebates, and any other consideration of any kind.

Gross receipts does not include any amounts paid to subcontractors.

FORMS

You can create and print your own tax form(s) by logging into the following site and mailing them to the Division of Revenue with a check for the amount due:
<https://grossreceiptstax.delaware.gov/grtpublic/TaxPayerID.aspx?LP=PRTM>

RATES

The gross receipts tax rate for contractors is .6537% (multiply by the taxable gross receipts received from construction services). The first \$100,000 (\$300,000 quarterly) of construction gross receipts received per month are exempt from the gross receipts tax.

To determine the gross receipts tax rate for a specific business activity in Delaware, visit: http://revenue.delaware.gov/services/current_bt/taxtips.shtm

DUE DATE

Delaware gross receipts tax returns and payments are due either monthly or quarterly, depending on a business' total gross receipts. New licensees will file on a quarterly basis through their first calendar year. The DOR will then perform a "lookback" procedure and determine if the filing frequency should be changed to monthly.

If you are set up as a monthly filer, then your gross receipts tax is due on or before the 20th day of each month with respect to the aggregate gross receipts for the immediately preceding month. If you are set up as a quarterly filer, then your gross

receipts tax is due on or before the last day of the first month following the close of the quarter.

If your taxable gross receipts (total gross receipts less the exclusion) for all months or calendar quarters of the tax year are zero, you may file the monthly or quarterly returns for the entire year at the end of the calendar year. Complete all monthly or quarterly returns and mail them by January 20 of the following year. If your taxable gross receipts are greater than zero during any month or calendar quarter, you are required to file that return by the due date on the return.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available at:

<https://grossreceiptstax.delaware.gov/grtpublic/TaxPayerID.aspx?LP=FO>

ELECTRONIC PAYMENT

Accepted at:

<https://grossreceiptstax.delaware.gov/grtpublic/TaxPayerID.aspx?LP=FO>

WEBSITE

http://revenue.delaware.gov/services/current_bt/taxtips/contractors.pd

<http://revenue.delaware.gov/services/BusServices.shtm>

MAILING ADDRESS/PHONE NUMBER

Wilmington Office:

Division of Revenue
Carvel State Office Building
820 North French Street
Wilmington, DE 19801
(302) 577-8205

Dover Office:

Division of Revenue
Thomas Collins Building
540 South DuPont Highway, Suite 2
Dover, DE 19901
(302) 744-1085

Georgetown Office:

Division of Revenue
20653 Dupont Blvd., Suite 2
Georgetown, DE 19947
(302) 856-5358

ESTIMATED TAX

Not applicable. Gross receipts taxes are filed and paid monthly or quarterly.

LOCAL BUSINESS LICENSE TAX

REGISTRATION

In addition to registering with the Delaware Division of Revenue and obtaining a Delaware business license, depending on where you are located in Delaware, your city and/or county may also require a city and/or county business license, in addition to a State of Delaware business license.

Contact your local government offices at the following site for more information about local requirements: <http://www.ipa.udel.edu/directory/links/muni-sites.asp>

STATE SALES AND USE TAX

Delaware does not impose a state sales tax, but does impose a gross receipts tax on the seller of goods (tangible or otherwise) or provider of services in the state. Please refer to Section 6, Gross Receipts Tax, for details.

LOCAL SALES AND USE TAX (City/County/Special)

Delaware does not impose a local sales tax.

EMPLOYMENT TAXES

WITHHOLDING

Every employer maintaining an office or conducting business in Delaware who makes a payment of wages or other remuneration to a resident or nonresident (of Delaware) must pay withholding tax. Withholding tax requires that a business withhold an estimated amount of tax from its employees.

FORMS

Form CRA, Combined Registration Application for State of Delaware Business License and/or Withholding Agent. (Complete to open a withholding account with the state).

Form W-3/W2, Annual Reconciliation/Transmittal of Income Tax Withheld.

Form W-1Q, Employer's Quarterly Withholding Tax Return. (For employers whose aggregate amount of taxes required to be deducted and withheld during the lookback period does not exceed \$3,600).

Form W-1, Monthly Withholding Tax Return. (For employers whose aggregate amount of taxes required to be deducted and withheld during the lookback period exceeds \$3,600 but not \$20,000).

Form W-1A, 8th Monthly Withholding Return. (For employers whose aggregate amount of taxes required to be deducted and withheld during the lookback period exceeds \$20,000).

RATES

The rate depends on the individual's amount of income.
See: http://revenue.delaware.gov/services/wit_folder/section17.shtm

DUE DATE

Form W-3 and copies of Forms W-2 are due on or before February 28 of each year reporting withholding amounts for the preceding calendar year.

You can be required to deduct and withhold taxes on a monthly, quarterly, or eighth monthly basis:

- Quarterly – No later than the last day of the month following the close of each calendar quarter.
- Monthly – On or before the 15th day of the month following the end of the month.

- Eighth Month – Each month is divided into eight payment periods that end on the 3rd, 7th, 11th, 15th, 19th, 22nd, 25th, and the last day of the month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

http://revenue.delaware.gov/services/wit_folder/section6.shtm

ELECTRONIC PAYMENT

http://revenue.delaware.gov/services/wit_folder/section6.shtm

Any employer required under the provisions of Sec. 6302 of the IRC to deposit federal employment taxes by electronic funds transfer will be required to deposit Delaware withholding taxes by electronic funds transfer. The effective date for this requirement is one year after the employer is required to deposit the federal funds electronically.

WEBSITE

<http://revenue.delaware.gov/services/WITBk.shtml>

MAILING ADDRESS/PHONE NUMBER

State of Delaware
P.O. Box 8754
Wilmington, DE 19899-8754
(302) 577-8779

NEW HIRE

All new employees must fill out Form W-4.

Companies must report the hiring of new employees to the Division of Child Support Enforcement. The report must be within 20 days of hiring the new employee(s) and must contain the name, address, and social security of the employee and the name, address, and federal employer identification number of the employer.

TERMINATION

Delaware, similar to the majority of other U.S. states, is an employment-at-will jurisdiction. Although employers in at-will states can generally terminate their employees at-will and without notice, they cannot terminate them for discrimination or retaliatory

reasons. Employers in Delaware terminating an employee must also comply with the Delaware wage and hour laws governing wages due and timing of final paychecks.

INDEPENDENT CONTRACTOR TREATMENT

One of the most common employment exclusions is an independent contractor. When independent contractor status is in question, employers should determine if the person has a federal identification number. Independent contractors are required to file business tax returns and have a federal identification number.

The criteria for independent contractor status are:

- 1) The individual who performs the work is free from control and direction over its performance both in fact and under the contract;
- 2) The individual customarily is engaged in an independent business or occupation of the same nature as that involved in the work; and
- 3) The work is: (a) outside the usual course of business of the person for whom the work is performed, or (b) performed outside any place of business of the person for whom the work is performed.

UNEMPLOYMENT

FORMS

Form UC-1, Report to Determine Liability. Employers should file this form no later than 20 days after the first day of business. This single registration form covers obligations to seven state agencies. The employer only completes sections that apply to his/her business.

Form UC-8, Quarterly Tax Report, and UC-8A, Quarterly Payroll Report. Delaware employers are required to report the amount of total “gross wages” paid each quarter on the Forms UC-8 and UC-8A. Gross wages include all remuneration for personal services, including commissions and bonuses and the cash value of all compensation in any medium other than cash. Employers must also calculate and report the amount of total “taxable wages” (the first \$10,500 earned by each employee in a calendar year).

Additional forms are available at: <http://ui.delawareworks.com/forms.php>

RATES

As of September 2018, the wage base is \$16,500.

Contribution rates range from .3% to 8.2% for 2019.

New employer rate is 1.5% for 2019.

New construction employer rate is 2.5% for 2019.

DUE DATE

Delaware employers are required to file wage and tax returns each quarter. Each return covers the activity during the calendar quarter. The return is due by the end of the month following the end of the quarter. Payment is due with the return.

Forms UC-8 and UC-8A will be sent to you at the end of each quarter. If you do not receive a blank form, call: (302) 761-8484.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Available

ELECTRONIC PAYMENT

Not Available.

WEBSITE

<http://ui.delawareworks.com/>

MAILING ADDRESS/PHONE NUMBER

Delaware Department of Labor
Division of Unemployment Insurance
P.O. Box 9953
Wilmington, DE 19809-0953

New Castle County: (302) 761-6576
Kent and Sussex County: (800) 794-3032
Form Questions: (302) 761-8482

NEW HIRE

See Withholding section above.

TERMINATION

See Withholding section above.

INDEPENDENT CONTRACTOR TREATMENT

See Withholding section above.

PROPERTY TAX

For information regarding property taxes, you can access the Delaware Development Office web page at: <http://dedo.delaware.gov> and do a search on real estate taxes or you may contact the property tax office for the county you plan to live in. See below for contact information.

PERSONAL PROPERTY

Delaware does not tax personal property.

REAL PROPERTY

All real estate and capitation taxes assessed and levied are due and payable each year to the Department of Finance in Kent County, to the Chief Financial Officer in New Castle County, or to the Director of Finance in Sussex County.

REGISTRATION

Varies by locality.

FORMS

Varies by locality.

RATES

Varies by locality.

Return penalties (all counties): A fine of up to \$100 is imposed for the failure to file a return of property within 10 days after the due date.

The following interest and penalties are imposed for unpaid taxes:

- New Castle County: If the tax is paid after September 1 in the year the tax became due, a penalty of 6% of the current charge plus 1% of the unpaid principal balance as of the first day of every month thereafter is imposed until paid. The penalty accrues at the same rate on any supplemental tax bill issued, starting on the first day of the third month from the date on which the tax liability became due and payable.
- Kent and Sussex Counties: If the tax is paid after September 30 in the year the tax became due, a penalty of 1.5% per month is imposed until the tax is paid.

DUE DATE

Kent County: June 1.

New Castle and Sussex Counties: July 1.

If payment is not made by September 30 (September 1 for New Castle County), tax penalties are imposed.

PHONE NUMBER

Property Tax – New Castle County: (302) 323-2600

Property Tax – Kent County: (302) 736-2077

Property Tax – Sussex County: (302) 855-7760

INTANGIBLES TAX

Delaware does not have an intangibles tax.

FUEL TAX

REGISTRATION

Registration for retailer or distributor. Not applicable for contractors.

WEBSITE

<http://dmv.de.gov/services/TransServ/index.shtml>

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

The Department of State administers the Delaware Unclaimed Property Program. Information details, including property remittance, deadlines, and forms, can be found at: <http://revenue.delaware.gov/unclaimedproperty.shtm>

General questions: (302) 577-8220.

IMPACT FEES

County governments may develop and establish impact fees for services for which the county will bear increased costs of development. These areas may include but are not limited to: (1) Water and sewer construction; (2) Libraries; (3) Fire-house construction; and (4) Emergency services.

MINIMUM WAGE

Delaware's current minimum wage, is \$8.75 per hour. Effective October 1, 2019, it will be \$9.25 per hour.

REGISTERED AGENTS

Registered agents are required when registering with the Secretary of State in Delaware: <http://corp.delaware.gov/agents/agts.shtml> contains a list of registered agents in Delaware. It is provided solely as a convenience to the website users. The State of Delaware makes no representations or warranties regarding the agents on the list. Registered agents are not regulated by the State of Delaware.

The legal requirements to be a registered agent in Delaware are to maintain a street address and office located in Delaware and be open during normal business hours for the purpose of accepting service of process. Consumers are encouraged to exercise due diligence in researching the registered agent prior to selecting them for representation. It is incumbent upon the consumer to contact the registered agent prior to filing.

DAVIS BACON

The Department of Labor establishes and enforces the payment of wage rates for laborers and mechanics employed on state-funded construction projects.

Prevailing rates must be paid on new construction projects costing more than \$100,000 and on alteration, repair, renovation, rehabilitation, demolition, or reconstruction projects costing more than \$15,000. For a project to be covered by the

law, the state or any subdivision thereof must be a party to the public works contract; and, the state must have appropriated any part of the funds.

The Department of Labor determines the classification of workers and the type of construction on state-funded construction projects. Wage rates are established by an annual survey conducted by the Department of Labor.

For more information on Delaware's prevailing wage laws, including rates, visit:
<http://dia.delawareworks.com/labor-law/prevailing-wage.php>

DRUG TESTING FACILITIES

A list of drug testing centers in Delaware is available here:
<http://www.testcountry.com/drug-testing-center-facilities/Delaware.htm>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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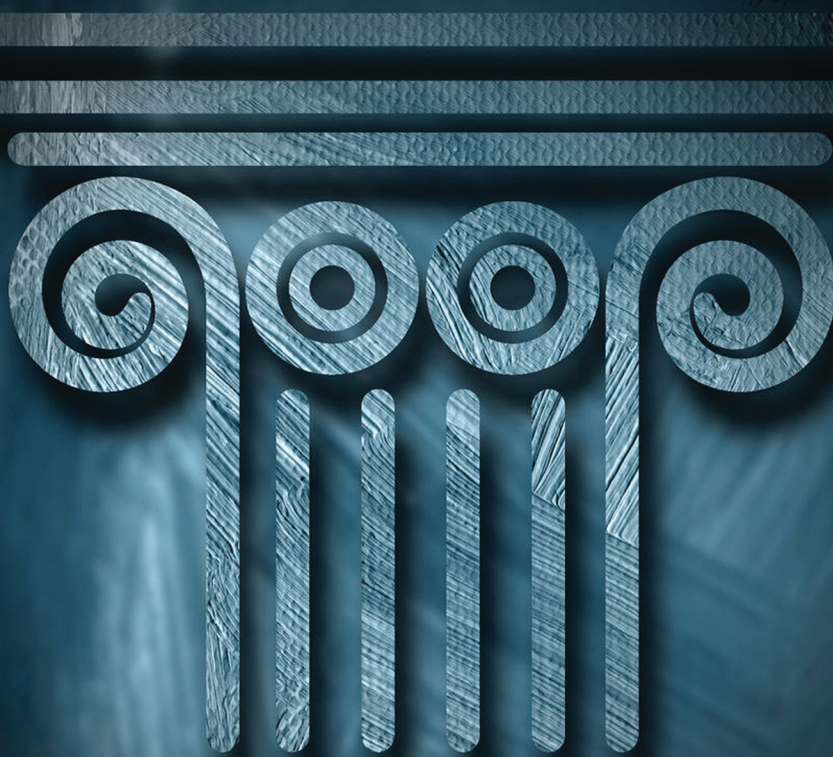
SUBJECT MATTER EXPERT

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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



DISTRICT OF COLUMBIA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Department of Consumer and Regulatory Affairs (DCRA)'s Corporations Division serves as the Office of Corporate Registrar for the District of Columbia (the District, DC). The Corporations Division registers all entities, domestic (DC) or foreign (non-District) that conduct business in the District of Columbia.

If you would like to operate in the District of Columbia as a nonprofit and for-profit corporation, limited liability company, limited partnership, limited liability partnership, general cooperative association, limited cooperative association and statutory trust you must register with Superintendent of Corporations of Corporations Division of the Department of Consumer and Regulatory Affairs.

FORMS

In addition to the list below, registration forms, including Name Reservation, can be found at: <http://dcra.dc.gov/service/corporate-registration>

Form FR-500, Combined Tax Registration – Used by businesses to register all their tax requirements on one simple form. Whether registering for sales tax, franchise tax, unemployment tax, etc., the business person completes all areas applicable to their business activity either in hard copy or by going online.

Domestic

Stock Corporation – Form DBU-1, Articles of Incorporation.

Limited Liability Company – Form DLC-1, Articles of Organization.

Limited Liability Partnership – Form DLLP-1, Statement of Qualification.

Limited Partnership – Form DLP-1, Certificate of Limited Partnership.

Foreign

All Foreign Entities – Form FN-1, Foreign Registration Statement.

RATES, FEES, COSTS

In addition to the list below, registration fees can be found at: <http://dcra.dc.gov/node/559572>. Registration form filings can be expedited for an additional fee.

The DCRA's Corporations Division offers expedited service:

Expedited same-day service	\$100
Expedited three-day service	\$ 50

Domestic

Form DBU-1, Articles of Incorporation: \$220 – \$1,650 filing fee, depending on number of authorized shares.

Form DLC-1, Articles of Organization: \$220.

Form DLLP-1, Statement of Qualification: \$220.

Form DLP-1, Certificate of Limited Partnership: \$220.

Foreign

Form FN-1, Foreign Registration Statement: \$220 filing fee.

DUE DATE

Before an entity applies for a business license, permit, tax registration, or any other registration within the District.

ELECTRONIC FILING

Optional. Go to: <https://dcra.dc.gov/service/business-licensing-online-services>

ELECTRONIC PAYMENT

Optional. Go to: <https://dcra.dc.gov/service/business-licensing-online-services>

WEBSITE

Corporate Registration: <https://dcra.dc.gov/corporate-registration-information>

MAILING ADDRESS/ PHONE NUMBER

Corporations Division
P.O. Box 92300
Washington, DC 20090
(202) 442-4400

ANNUAL RENEWALS

Every domestic and foreign corporation, limited liability company, limited liability partnership, limited partnership, general and limited cooperative association, and business trust is required to file two-year reports with Corporations Division to maintain good standing within the District of Columbia.

FORMS

Form BRA-25, Two-Year Report for Domestic & Foreign Filing Entity.

RATES

Filing fee	\$300
Late fee	\$100

DUE DATE

First reports are due April 1 of the very next year from the year of registration. Subsequent reports are due April 1 every two years thereafter.

ELECTRONIC FILING

Optional. Go to: <https://dcra.dc.gov/service/business-licensing-online-services>

ELECTRONIC PAYMENT

Optional. Go to: <https://dcra.dc.gov/service/business-licensing-online-services>

WEBSITE

Corporate Registration: <https://dcra.dc.gov/corporate-registration-information>

MAILING ADDRESS/ PHONE NUMBER

Department of Consumer and Regulatory Affairs
Corporations Division
P.O. Box 92300
Washington, DC 20090
(202) 442-4400

REGISTRATION WITH THE DEPARTMENT OF REVENUE

All entities conducting business in the District of Columbia must register their business with the District of Columbia's Office of Tax and Revenue.

FORMS

Form FR-500, Combined Business Tax Registration Application.

RATES

No registration fee required.

DUE DATE

Prior to commencing business in the District of Columbia.

ELECTRONIC FILING

Optional. Go to: <https://mytax.dc.gov/>

ELECTRONIC PAYMENT

No registration payment required.

WEBSITE

Businesses: <http://otr.cfo.dc.gov/page/new-business-registration>

MAILING ADDRESS

Office of Tax and Revenue
Customer Service Administration
P.O. Box 470
Washington, DC 20044-0470

LICENSES—GC & SPECIALTY

REGISTRATION

General Contractors

There are five basic steps required for all licensed business activities, which must be satisfied before making application for your Basic Business License. They are:

- 1) You must have a valid Federal Employee Identification Number;
- 2) You must register with the Office of Tax and Revenue and show that you have filed an FR-500 for DC business tax;
- 3) You must have a Certificate of Occupancy for your business premise or a Home Occupation Permit if you work out of your home;
- 4) You must submit a Clean Hands Self Certification form attesting that you do not owe more than \$100 to the DC government; and
- 5) If you are a corporation, partnership or limited liability company (domestic or foreign), you must be registered in the District and be in good standing. You must also have a Registered Agent.

Specialty

Electrical, plumbing, asbestos abatement, home improvement, refrigeration, and air conditioning contractors must be licensed to work in the District of Columbia.

The Department is responsible for electrical and plumbing applications, licensing, and certification:

Department of Consumer & Regulatory Affairs
Occupational and Professional Licensing
941 North Capitol Street NE, 7th Floor
Washington, DC 20002
(202) 442-4320

To: 1) perform home improvement work for contracts exceeding \$300; 2) do asbestos abatement work; and/or 3) do refrigeration and air conditioning work in the District of Columbia, you will need a license.

Contact:

Department of Consumer and Regulatory Affairs
Business and Professional Licensing Administration
941 North Capitol Street NE
Washington, DC 20002
(202) 442-4311

TESTS AND EXAMS

Exam requirements vary widely among different types of contractor licenses. Contact the Departments above and below for exam details corresponding to the type of license for which you are applying.

Department of Consumer and Regulatory Affairs Business License Center
1100 4th Street SW, 2nd Floor
Washington, DC 20024
Phone: (202) 442-4311
Fax: (202) 442-4523

FORMS

Basic Business License Application.

Clean Hands Self-Certification Form – Required of all Basic Business License applicants to attest that they do not owe more than \$100 to the District of Columbia as a result of fines, penalties, interest assessments, or past due taxes.

Form FR 500, Combined Registration Application – Used by businesses to register all their tax requirements on one simple form. Whether registering for sales tax, franchise tax, unemployment tax, etc., the business person completes all areas applicable to their business activity either in hard copy or by going online.

Additional registration forms can be found at:

<https://otr.cfo.dc.gov/page/business-tax-forms-and-publications-2019-tax-filing-season-tax-year-2018>

RATES

General Contractor/Construction Manager License:

Category License Fee:	\$500.00
Application Fee:	\$ 70.00
Endorsement Fee:	\$ 25.00
10% Technology Fee:	\$ <u>59.50</u>
Total Fee:	\$654.50

Home Improvement Contractor License:

Category License Fee:	\$167.00
Application Fee:	\$ 70.00
Endorsement Fee:	\$ 25.00
10% Technology Fee:	\$ <u>26.20</u>
Total Fee:	\$288.20

For specialty contractor fees, contact the District's Department of Consumer and Regulatory Affairs Business License Center.

DUE DATE

Basic Business Licenses are renewable every two years. DCRA will send a renewal notice and bill to the billing name and address that you write in Section D of the Basic Business License Application, 30-45 days before the expiration date of your license.

You will be charged a fine of \$250 (1st to 30th day after expiration) or \$500 (31st to 180th day after expiration), if you renew your license late, but within six months of its expiration date. After that, if you are found conducting business without a valid registration, you will be liable for all fees and fines for non-compliance.

Even if you don't get your renewal application in the mail, you are responsible, by law, for renewing your license on time.

ELECTRONIC FILING

Optional: <https://cpms.dcr.dc.gov/OSUBI/Default.aspx>

ELECTRONIC PAYMENT

Optional: <https://cpms.dcr.dc.gov/OSUBI/Default.aspx>

WEBSITE

Business Licensing: <http://dcr.dc.gov/node/545242>

MAILING ADDRESS

You may apply for a Basic Business License and pay with a check or money order via mail. Please submit all requirements including the associated fee. Make check or money order payable to "DC Treasurer." Mail complete application and payment to:

Wells Fargo Bank
DC Government Wholesale Lockbox 91360
7175 Columbia Gateway Drive
Columbia, MD 21046

Note: Processing times for Basic Business Licenses submitted by mail may take up to 30 business days. Consider applying online or in person for the fastest turnaround.

RECIPROCITY STATES

None

EQUITY REQUIREMENT

All applicants for a Basic Business License for the Home Improvement Contractor category must post a Surety Bond in the amount of twenty five thousand (\$25,000) for the duration of the two-year license period. The Surety Bond may be issued by an authorized insurance carrier, or the applicant may post a cash bond with the Department of Consumer and Regulatory Affairs.

FINANCIAL STATEMENT REQUIREMENTS

All applicants for a Basic Business License for the General Contractor/Construction Manager license must furnish a certificate of insurance for the license period pursuant to DC Code and DC Municipal Regulations. Each applicant must secure commercial general liability insurance.

All applicants for a Basic Business License for the Home Improvement Contractor license must furnish an original certificate of insurance policy in the amount of fifty thousand to one hundred thousand (\$50,000 to \$100,000) and property damage in the amount of ten thousand to twenty five thousand (\$10,000 to \$25,000) for the license period pursuant to DC Code and DC Municipal Regulations.

LOCAL LICENSES

REGISTRATION

Not applicable.

INCOME TAX

INCOME TAX—C CORPORATION

Generally, every corporation must file a Form D-20 (including small businesses, professional, and S corporations) if it is carrying on or engaging in any trade, business, or commercial activity in the District of Columbia (DC) and/or receiving income from DC sources including activities in DC that benefit an affiliated entity of the taxpayer.

FORMS

Form D-20, Corporation Franchise Tax.

Form FR-120, Extension of Time to File Franchise Tax Return.

RATES

8.25% of total district taxable income, with a minimum tax of \$250.

DUE DATE

- Calendar year filer – April 15; or
- Fiscal year filer – the 15th day of the fourth month after the tax year closes.

DUE DATE EXTENSION

A six-month extension of time to file (seven-month extension for Combined Reporting filers) is allowed if you file Form FR-128 by the original due date of Form D-20.

ELECTRONIC FILING

Not Available

ELECTRONIC PAYMENT

Required if payment exceeds \$5,000: <http://otr.cfo.dc.gov/page/payment-options>

WEBSITE

Business Taxpayers: <http://otr.cfo.dc.gov/service/business-taxpayers>

MAILING ADDRESS

Payment:
Office of Tax and Revenue
P.O. Box 96166
Washington, DC 20090-6166

No Payment:
Office of Tax and Revenue
P.O Box 96148
Washington, DC 20090-6148

ESTIMATED TAX

A corporation must file a declaration of estimated franchise tax if it expects its DC franchise tax liability to exceed \$1,000 for the taxable year.

FORMS

Form D-20ES, Declaration of Estimated Franchise Tax for Corporations.

RATES

If you underestimate your tax, you will be charged an underpayment penalty on the unpaid amount of tax at the rate of 10% per year compounded daily, unless your withholdings, credits, and estimated tax payments equal:

- At least 90% of your current year corporation franchise tax; or
- 110% of your prior year DC corporation franchise tax for a 12-month period.

DUE DATE

Taxpayers should file the declaration vouchers by the following dates:

- Voucher 1: The 15th day of the fourth month of your taxable year;
- Voucher 2: The 15th day of the sixth month of your taxable year;
- Voucher 3: The 15th day of the ninth month of your taxable year; and
- Voucher 4: The 15th day of the twelfth month of your taxable year.

If the due date falls on a Saturday, Sunday, or legal holiday, the voucher is due the next business day.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required if payment exceeds \$5,000:
<https://www.taxpayerservicecenter.com/Logon.jsp>

ELECTRONIC PAYMENT

Required if payment exceeds \$5,000: <http://otr.cfo.dc.gov/page/payment-options>

WEBSITE

eTSC: <https://www.taxpayerservicecenter.com/Logon.jsp>

MAILING ADDRESS

Office of Tax and Revenue
P.O. Box 96019
Washington, DC 20090-6019

ALTERNATIVE MINIMUM TAX

The District of Columbia does not impose an alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

State and Local Tax deducted on federal return – Taxes paid or accrued during the tax year that are deductible for federal income tax purposes under IRC Sec. 164 may generally be subtracted from a corporation's gross income in computing District of Columbia taxable income. However, the subtraction does not include the following taxes: 1) income and excess profits taxes; 2) District corporation franchise taxes; and 3) taxes assessed for local benefits of a kind tending to increase the value of the property assessed.

Charitable Contributions Limit – IRC Sec. 170 allows a corporation to deduct charitable contributions up to 10% of its taxable income. Per DC law, the total amount claimed cannot be more than 15% of net income computed without regard to any deduction for contributions.

Bonus Depreciation and Business Expenses – For federal tax purposes, businesses may deduct additional bonus depreciation and additional IRC §179 expenses. DC does not allow the additional bonus depreciation deduction nor any additional IRC §179 expenses. Do not claim the 30% or 50% federal bonus depreciation deduction or the additional IRC §179 expenses on your DC return. DC limits the IRC §179 expense deductions to \$25,000.

Net Operating Loss Carry Backs (NOL) – For federal tax purposes, businesses are allowed to carry back an NOL. DC does not allow NOL carry backs. Therefore, you may not claim a NOL carry back for DC tax purposes.

Discharge of Indebtedness – The District has decoupled from the section of the American Recovery and Reinvestment Act of 2009 which allows exclusion and deferral from gross income of a discharge of indebtedness. For District tax purposes, a discharge of indebtedness results in income that is includible in gross income.

ALLOCATION AND APPORTIONMENT FACTORS

For tax years beginning after December 31, 2014, business income is apportioned to the District of Columbia using a single sales factor.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

The District of Columbia adopted UDITPA with exceptions.

OTHER MULTISTATE COMPACT

The District of Columbia adopted the Multistate Tax Compact effective July 18, 1981. During 2013, the District repealed the Multistate Tax Compact and reenacted it without Article III – Elements of Income Tax Laws or Article IV – Division of Income. Nothing contained in the compact repeals or otherwise limits the effectiveness of existing District tax laws and regulations.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

The District has not adopted an apportionment formula that applies solely to construction contractors. Contractors must use the standard apportionment formula to apportion business income to the District. For tax years beginning after December 31, 2014, business income is apportioned to the District of Columbia using only a single sales factor.

Effective 2015 and after, DC utilizes a market based sourcing for services.

SPECIFIC EXCLUSION OF INCOME ITEMS

No construction specific exclusion of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

The DC Business Incentives Map can help you determine the geographic boundaries of incentives available to DC businesses. You can also enter a specific address to identify incentives that your property or company may be eligible to receive: <http://dcgis.maps.arcgis.com/apps/InformationLookup/index.html?appid=6c4b4d7960314bf58fbf5e1622f58963>

INCOME TAX—S CORPORATION

S Corporations must file a Form D-20 if it is carrying on or engaging in any trade, business, or commercial activity in the District of Columbia and/or receiving income from DC sources including activities in DC that benefit an affiliated entity of the taxpayer.

For District tax purposes, an S corporation is a C corporation. Therefore, it must file form D-20 and prepare all the schedules on the D-20. The fact that an S corporation does not have similar schedules on the federal form should not be considered as a relief for an S corporation from completing the schedules on the D-20.

Refer to the Income Tax – C corporation section above for income tax guidance, including information on estimated payments, on S Corporations.

COMPOSITE RETURNS FOR S

In the District of Columbia, S corporations are not allowed to file composite income tax returns on behalf of its shareholders.

The District of Columbia has no provisions for filing composite returns. The Home Rule Act bars the District from imposing “any tax on the whole or any portion of the personal income, either directly or at the source thereof, of any individual not a resident of the District.” The term “corporation” includes S corporations, so they are taxable entities and must file corporation franchise tax returns.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

In the District of Columbia, S corporations are taxed in the same manner as C Corporations; therefore, there are no provisions for withholding on nonresident S shareholders.

The District does not treat S corporations as pass-through entities for franchise tax purposes. S corporations are taxable entities for corporation franchise tax purposes. Domestic or foreign corporations engaging in or carrying on a trade or business within the District or receiving income derived from District sources are subject to corporation franchise tax.

S CORPORATION TREATMENT

In the District of Columbia, S corporations are taxed in the same manner as C corporations.

RECOGNIZE FEDERAL S ELECTION

The District of Columbia does not recognize the federal S corporation election.

STATE S ELECTION REQUIRED?

No state election exists.

INCOME TAX—PARTNERSHIPS, LLC

All partnerships engaged in any trade or business in DC or which received income from sources in DC, must file an annual return.

COMPOSITE RETURNS

In the District of Columbia, partnerships are not allowed to file composite income tax returns on behalf of its shareholders.

FORMS

Form D-65, Partnership Return of Income.

Form D-30, Unincorporated Business Franchise Tax Return (see Form D-65 instructions for which partnerships should file Form D-30).

RATES

Pass-Through Entities in the District of Columbia do not pay income tax themselves; rather, the entity's income and related items are reported by the owners on their personal returns and the tax is computed and paid at the owner level.

DUE DATE

You must file your return by:

- Calendar year filer – April 15; or
- Fiscal year filer – the 15th day of the fourth month following the ending of the taxable year you entered at the top of the DC Form D-65.

If the due date falls on a Saturday, Sunday or legal holiday, the return is due the next business day.

DUE DATE EXTENSION

If you are requesting an extension of time to file, submit DC Form FR-128, Extension of Time to File DC Franchise or Partnership Return, by the original due date of your return. Do not use the federal extension of time to file form to request a DC extension. Ensure you have filled in the D-65 oval on the bottom left hand side of the Form FR-128.

ELECTRONIC FILING

Optional: <http://otr.cfo.dc.gov/service/business-taxpayers>

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Businesses: <http://otr.cfo.dc.gov/service/business-taxpayers>

MAILING ADDRESS

Office of Tax and Revenue
1101 4th Street, SW, FL4
Washington, DC 20024

INCOME TAX—INDIVIDUAL

You must file a District of Columbia Individual Income tax return if:

- You were a DC resident in 2014 and were required to file a federal income tax return. (A resident is an individual whose permanent legal residence is within the District during the taxable year); or
- You maintained a place of residence in DC for a total of 183 days or more during the year even if your permanent residence was outside DC.

FORMS

Form D-40, Individual Income Tax Return.

Form FR-127, Extension of Time to File Income Tax Return.

RATES

Ranges from 4% to 8.95%, depending on taxable income.

DUE DATE

April 15 is the due date for filing your return and paying any taxes due. If the due date falls on a Saturday, Sunday, or legal holiday, the return is timely if filed on the next business day.

DUE DATE EXTENSION

An extension of time to file of six months may be granted if a valid extension of time to file is requested. In order to be valid, a FR-127, Extension of Time to File form is due by April 15. The submission of the extension of time to file is subject to the following considerations:

1. If you expect to have a balance due when you file your D-40, you must pay with your timely filed extension.

2. If you do not expect to have a balance due when you file your D-40, you would not be required to file a Form FR-127, if you have:
 - a. Reasonably estimated your D-40 tax liability and paid the estimated amount of DC income taxes through withholding or estimated tax payment; and
 - b. Filed a request to extend the time to file your federal individual income tax return with the IRS. The timely filed federal extension to file form will satisfy the requirement for filing a Form FR-127 with DC.
3. If you do not expect to have a balance due and you have not filed an extension of time to file for your federal individual income tax return and wish to request an extension for your DC income tax return, you should submit a Form FR-127.

Penalty and interest charges are imposed on any tax found owing and not paid on time with the extension request.

ELECTRONIC FILING

Optional: <https://otr.cfo.dc.gov/page/individual-income-tax-online-filing>

ELECTRONIC PAYMENT

Optional: <https://mytax.dc.gov/>

WEBSITE

Individuals: <http://otr.cfo.dc.gov/service/individual-income-taxpayers>

MAILING ADDRESS

If mailing a return with a payment, send it to:

Office of Tax and Revenue
P.O. Box 96169
Washington, DC 20090-6169

If mailing a refund request return or a 'no money due' return, send it to:

Office of Tax and Revenue
P.O. Box 96145
Washington, DC 20090-6145

FED RETURN ATTACHED TO STATE RETURN

Not Required.

STATE CONSTRUCTION-RELATED CREDITS

There are two non-refundable credits for alternative fuel vehicle conversion and infrastructure. A credit up to 50% of the costs for purchase and installation of qualified alternative fuel storage and dispensing or charging equipment per qualified alternative fuel vehicle refueling property or private residence. The credit shall not exceed \$1,000 per vehicle charging station for a private residence and \$10,000 per qualified alternative fuel vehicle refueling property or vehicle charging station. The cost of the purchase of the land on which the refueling or charging station will be located or the construction or purchase of any structure is not included in the equipment or labor costs. The unused credit can be carried over for two future years.

A credit, not to exceed \$19,000 per vehicle, up to the tax liability, for 50% of the cost of equipment and labor per vehicle for vehicle owners who modify their existing petroleum derived gasoline or diesel fuel vehicle into a vehicle capable of operating on one of a list of the listed acceptable operating fuels:

- A. At least 85% Ethanol,
- B. Natural gas,
- C. Compressed natural gas,
- D. Liquefied natural gas,
- E. Liquefied petroleum gas,
- F. Biodiesel (excluding kerosene),
- G. Electricity from a vehicle charging station, or
- H. Hydrogen.

IRC CONFORMITY

DC does not conform to the federal bonus depreciation deduction. If you took the 30% or 50% federal bonus depreciation and/or the additional Internal Revenue Code Section 179 expenses on your federal return, you must add it back for DC tax purposes.

DC adopts the current IRC for corporations and individuals. In computing net income, corporations, financial institutions, unincorporated businesses, and partnerships can deduct from gross income all interest paid or accrued during the tax year on indebtedness that is deductible under IRC § 163.

The District of Columbia has passed legislation making the IRC § 199A deduction inoperative for personal income tax purposes, effective for tax years beginning on or after January 1, 2018.

ALTERNATIVE MINIMUM TAX

The District of Columbia does not impose any alternative minimum tax.

NET WORTH OR STOCK TAX

The District of Columbia does not impose a net worth or stock tax on taxpayers that are not banks. An annual franchise tax is imposed by the District of Columbia on all corporations, financial institutions, and unincorporated businesses at a flat rate. The tax is measured by income from District sources. Refer to the Income Tax – C Corporation section above for guidance on the District's franchise tax.

GROSS RECEIPTS TAX

The District of Columbia does impose a “ballpark fee” on any person, fiduciary, partnership, unincorporated business, association, corporation, or other entity that derives at least \$5 million in DC gross receipts and are subject to either the franchise tax (Corporate or Unincorporated) or are employers required to make unemployment insurance (UI) contributions.

The “ballpark fee” is imposed on an entity’s gross receipts, which includes all income derived from any activity within the District, except income received from the ownership or interest in another entity which was subject to the fee.

The “ballpark fee” schedule is as follows:

- For an entity with gross receipts of \$5 million to \$8 million, \$5,500;
- For an entity with gross receipts of \$8,000,001 to \$12 million, \$10,800;
- For an entity with gross receipts of \$12,000,001 to \$16 million, \$14,000; and
- For an entity with gross receipts of \$16,000,001 and up, \$16,500.

The “ballpark fee” is due on June 15 and must be filed and paid electronically at: <https://otr.cfo.dc.gov/page/ballpark-gross-receipts-tax-explanation-and-rates>

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, many wards and Advisory Neighborhood Commissions with the District of Columbia might have additional registration requirements that may affect your business. Contact the local officials in the area in which you have an interest for information on local taxes and licensing that may be needed for your business.

STATE SALES AND USE TAX

The DC sales tax is imposed on the retail sale and lease of tangible personal property and certain specified services.

REGISTRATION

Before making taxable sales in the District of Columbia you must file a Combined Registration Application for Business DC Taxes/Fees/Assessments (Form FR-500) with the Office of Tax and Revenue. There is no charge for registering.

CONTRACTOR TREATMENT

Generally, contractor's services, including services performed as part of construction or major repairs on real property, such as plumbing, wiring, and masonry work, are not subject to sales and use tax. Contractors should pay tax on the materials used in the construction, repair, or alteration of real property, if the material becomes real property when the work is completed, whether or not the property will be sold or resold. This provision does not apply to the sale of material for the purpose of subsequently transporting the property outside the District for use solely outside the District.

Landscaping services and real property maintenance services (trash hauling, window cleaning, and building cleaning) are taxable services. Therefore, materials purchased for use in the delivery of these taxable services may be purchases exempt from sales and use tax as a sale for resale.

A contractor must file a use tax return whenever the contractor buys any materials, supplies, or equipment in or outside the District that are subject to sales or use tax and the contractor has not paid tax reimbursement to the supplier.

FORMS

Form FR-800M, Sales and Use Tax Monthly Return.

Form FR-800Q, Sales and Use Tax Quarterly Return.

Form FR-800A, Sales and Use Tax Annual Return.

Additional forms: <https://otr.cfo.dc.gov/page/sales-and-use-tax-returns>

RATES

The general sales and use tax rate is 6%.

DUE DATE

Form FR-800M – 20th day of month following month being reported.

Form FR-800Q – 20th day of the month after the quarter being reported.

Form FR-800A – 20th of October. (The annual sales and use tax filing for 2018 is for the period October 1, 2017, through September 30, 2018. Annual filing and payments will be due October 20, 2018).

DUE DATE EXTENSION

The Office of Tax and Revenue can, for cause shown, extend the time for filing a return for up to 30 days. Any tax paid late under an extension of time for filing incurs interest.

ELECTRONIC FILING

Required if liability exceeds \$5,000: <http://dc.gov/node/378962>

ELECTRONIC PAYMENT

Required if liability exceeds \$5,000: <http://dc.gov/node/378962>

WEBSITE

Businesses: <http://otr.cfo.dc.gov/service/business-taxpayers>

MAILING ADDRESS

Office of Tax and Revenue
P.O. Box 96384
Washington, DC 20090-6384

GOVERNMENT PROVIDED MATERIALS

A contractor that enters into a construction contract with the U.S. government and holds a valid exemption certificate may purchase materials and supplies, which are to be physically incorporated into and become real property, without paying the tax and without charging sales or use tax to the government. A court decision has found that when a contractor was merely acting as a purchasing agent for the federal government and the latter took title to the property, the contractor was held not subject to a gross receipts tax. See *Kern-Limerick, Inc. v. Scurlock* 347 US 110 (1954).

TAXABLE SERVICES

Real property maintenance services are taxable, including such services performed on the construction site, such as trash hauling, window cleaning, building

cleaning, and the like. Construction services of contractors, such as additions or improvements to real property, including plumbing, wiring, masonry work, and other major repairs are not taxable as real property maintenance services.

LOCAL SALES AND USE TAX (City/County/Special)

The District of Columbia has no provisions that enable or authorize municipalities or other political subdivisions to levy local sales and use taxes. The District's sales tax rate is 6%. This is a single, district-wide general sales tax rate that applies to tangible personal property and selected services.

EMPLOYMENT TAXES

WITHHOLDING

REGISTRATION

Every employer or payor who is required to withhold DC income tax from the wages or other payments subject to DC withholding of his/her employees, former employees or payees should have a Federal Employer Identification Number before completing and filing Form FR-500 (Combined Registration Application for Business DC Taxes/Fees/Assessments).

FORMS

Form FR-900M, Employer/Payor Withholding Tax Monthly Return

Form FR-900Q, Employer/Payor Withholding Tax Quarterly Return

Form FR-900A, Employer/Payor Withholding Tax Annual Return

Additional forms: <http://otr.cfo.dc.gov/page/withholding-tax-forms-and-publications>

RATES

Ranges from 4% to 8.95%, depending on taxable income and filing status.

DUE DATE

Form FR-900M – On or before 20th of month following month being reported.

Form FR-900Q – On or before the 20th day of the quarter following the month being reported.

Form FR-900A – On or before January 20 following the withholding year being reported.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required if liability exceeds \$5,000: <http://dc.gov/node/378962>

ELECTRONIC PAYMENT

Required if liability exceeds \$5,000: <http://dc.gov/node/378962>

WEBSITE

Businesses: <http://otr.cfo.dc.gov/service/business-taxpayers>

MAILING ADDRESS

Office of Tax and Revenue
P.O. Box 96385
Washington, DC 20090-6385

NEW HIRE

Employers are required to report the following employees to the Directory of New Hires:

- New employees – Employers must report all employees who reside or work in the District of Columbia to whom they anticipate paying earnings. Employees must be reported even if they only work one day, and are terminated prior to the employer fulfilling the new hire reporting requirement.
- Re-hires or recalled employees – Employers must report all re-hires, or employees who return to work after being laid off, furloughed, separated, granted a leave without pay, or terminated from employment for at least 60 consecutive days.
- Temporary employees – Temporary agencies are responsible for reporting any employee who they hire to report for an assignment. Employees only need to be reported once, and do not need to be re-reported each time they are placed with a new client. However, they do need to be reported as a re-hire if the worker has a break in service, or gap in wages from your company for at least 60 consecutive days.

TERMINATION

Terminated employees do not need to be reported to the Directory of New Hires. Only new hires and re-hires are required to be reported. However, if the terminated employee had an Income Withholding Order for child support, the termination should be reported to the agency that issued the order.

INDEPENDENT CONTRACTOR TREATMENT

Under District of Columbia law, a four-factor “common-law” test for determining whether an individual is an employee or independent contractor is generally applied.

UNEMPLOYMENT

REGISTRATION

Register for Unemployment Insurance by paper filing Form 500, Combined Registration Application for Business DC Taxes/Fees/Assessments, or by visiting: <https://essp.does.dc.gov/EMPSPA/home/wfmRegister/#/spa/wfmEmployerRegistrationWizard/0>

FORMS

Form UC-30, Employer's Quarterly Contribution and Wage Report.

Form UC-30H, Employer's Annual Contribution and Wage Report.

RATES

Rate for Newly Liable Employers – Employers who are newly liable for unemployment insurance taxes are assigned a standard tax rate equal to the average rate of contributions paid by all employers the preceding year, or 2.7%, whichever is higher. Accounts will be rated on their unique experience on or after they have completed 36 months of liability as of the rate computation date (June 30).

Rate for All Other Employers – Employers other than those who are newly liable are taxed based on their experience rate. The experience rate is designed to ensure that each employer contributes a fair share to the Trust Fund. Generally, higher rates are assigned to employers with high employee turnover because their unemployment experience results in greater Trust Fund outlays.

Taxable Wage Base – District of Columbia UI taxes are payable, at the assigned rate, on the first \$9,000 paid to each covered employee during the calendar year.

DUE DATE

Form UC-30 – Last day of the month following the close of the quarter being reported.

Form UC-30H – April 15 after the close of the year being reported.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional: <https://essp.does.dc.gov/>

ELECTRONIC PAYMENT

Optional: <https://essp.does.dc.gov/>

WEBSITE

UI Tax for Employers: <http://does.dc.gov/page/ui-tax-employers>

MAILING ADDRESS/PHONE NUMBER

Office of Unemployment Compensation
P.O. Box 96664
Washington, DC 20090-6664
(202) 698-7550

NEW HIRE

See Employment Taxes.

TERMINATION

See Employment Taxes.

INDEPENDENT CONTRACTOR TREATMENT

An independent contractor working as an individual is not subject to coverage under the DC unemployment insurance law.

PROPERTY TAX

PERSONAL PROPERTY

Generally, every individual, corporation, partnership, executor, administrator, guardian, receiver, and trustee (every entity) that owns or holds personal property in trust must file a District of Columbia personal property tax return. This includes entities located in the District and those that, by legal definition, are located in the District. This includes property:

- Used or available for use in DC in a trade or business, whether or not operated for profit; and
- Kept in storage, held for rent or lease or similar business arrangement with third parties, government agencies, or non-profit entities.

FORMS

Form FP-31, Personal Property Tax Return.

Form FP-129A, Extension of Time to File.

Form FP-31P, Personal Property Tax Return Payment Voucher.

RATES

Tax rate is \$3.40 per \$100 of taxable remaining cost of personal property.

Trade or business personal property in excess of \$225,000 in value is taxable. You are exempt from paying (not filing) if your remaining cost (current value) is \$225,000 or less.

DUE DATE

You must file your return (FP-31, FP-31P, or FP-129A) by July 31.

DUE DATE EXTENSION

A three-month extension of time to file will be granted if you properly complete and timely file Form FP-129A together with full payment of any tax due no later than the due date of the return or report. If you are granted an extension of time to file you must attach a copy of your Form FP-129A when you actually file your personal property tax return or report.

A taxpayer must use Form FP-129A to request a three-month extension of time to file Form FP-31. A separate Form FP-129A must be submitted for each return or report for which an extension of time to file is requested. No extension of time to file will be granted beyond the three-month extension.

ELECTRONIC FILING

Optional: <http://otr.cfo.dc.gov/>

ELECTRONIC PAYMENT

Required if payment exceeds \$5,000: <http://otr.cfo.dc.gov/publication/electronic-funds-transfer-payment-guide-eft>

MAILING ADDRESS

Payment:

Office of Tax and Revenue
P.O. Box 96183
Washington, DC 20090-6183

No Payment:

Office of Tax and Revenue
P.O. Box 96144
Washington, DC 20090-6144

Form FP-129A:

Office of Tax and Revenue
P.O. Box 96196
Washington, DC 20090-6196

REAL PROPERTY

District of Columbia law provides that all taxable real property in the District is subject to an annual levy of tax.

REGISTRATION

A property owner will receive a property tax bill twice a year. The tax should be paid timely to avoid penalties and interest.

FORMS

Real property tax forms can be found at: <http://otr.cfo.dc.gov/page/real-property-tax-forms>

RATES

Real property is taxed based on its classification. Classification is the grouping of properties based on similar use. Properties in different classes are taxed at different rates.

A tax rate is the amount of tax on each \$100 of the assessed value of the property. The rates are established by the Council of the District of Columbia and may change from year to year.

<u>Class</u>	<u>Tax Rate per \$100</u>	<u>Description</u>
1	\$0.85	Residential real property
2	\$1.65	Commercial and industrial real property for the first \$3 million of assessed value
	\$1.77	Commercial and industrial real property for assessed value more than \$3 million
2	\$1.89	Commercial and industrial real property, including hotels and motels, if assessed value is greater than \$10 million
3	\$5.00	Vacant real property
4	\$10.00	Blighted real property

DUE DATE

Real Property tax bill payments are due twice a year, as follows:

<u>Billing</u>	<u>Period</u>	<u>Due Date</u>
First Half	October 1 – March 31	March 31
Second Half	April 1 – September 30	September 15

While most real property tax bills are mailed at the same time, a range of issues can delay the mailing of some of these bills. The due date for these delayed real property tax bills is adjusted accordingly.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC PAYMENT

eCheck Payment System: <http://otr.cfo.dc.gov/page/real-propertybid-tax-online-bill-payment>

WEBSITE

Real Property Tax: <http://otr.cfo.dc.gov/service/real-property-taxpayers>

MAILING ADDRESS

Government of the District of Columbia
Office of Tax and Revenue
Real Property Tax Administration
P.O. Box 98095
Washington, DC 20090-8095

INTANGIBLES

Intangible personal property is exempt from District of Columbia taxes.

FUEL TAX

Generally, each importer engaged in selling or other disposition or use of motor vehicle fuel in the District of Columbia must file a monthly motor fuel tax return. Persons who bring fuel for use, such as in excavating equipment on a DC construction site, must also file a return if that fuel is brought from outside DC and is not delivered by a DC licensed importer.

You must file a return even if you have no tax liability for the month being reported.

REGISTRATION

Register for Motor Fuels Tax by paper filing Form 500, Combined Registration Application for Business DC Taxes/Fees/Assessments, or by visiting:
<https://www.taxpayerservicecenter.com/eRegistration/>

FORMS

Form FR-400M, Motor Fuel Tax Return

RATES

The District levies and collects a tax on motor vehicle fuels equal to 8% of the average wholesale price of a gallon of regular unleaded gasoline. The average wholesale price will be calculated for adjustment twice a year and in no case will the price computed be less than \$2.94. As a result, the tax rate may change each year. The average wholesale price will be determined by the District and published by February 1 and August 1 of each year.

DUE DATE

File your return by and pay any tax due by the 25th of the month following the month being reported.

ELECTRONIC FILING

Not Available.

ELECTRONIC PAYMENT

Required if payment exceeds \$5,000: <http://otr.cfo.dc.gov/publication/electronic-funds-transfer-payment-guide-eft>

WEBSITE

Business: <http://otr.cfo.dc.gov/service/business-taxpayers>

MAILING ADDRESS

Office of Tax and Revenue Audit Division
P.O. Box 556
Washington, DC 20044-0556

OTHER (Taxes, Fees, Registration, Etc.)

UNCLAIMED PROPERTY PROGRAM

Unclaimed property consists of money and other personal assets that are considered lost or abandoned when an owner cannot be located after a specified period of time. Generally, most property is presumed abandoned if it has been inactive for three years. Wages become unclaimed after one year.

To claim unclaimed property, fill out the online inquiry form and we will send you a claim form. You then must complete the claim form and include the documentation requested. Your claim will be processed in the order it was received. You can make a claim any time. Unclaimed property is kept in custodial capacity until the rightful owner or heir can be found.

For further details on unclaimed property, visit:
<http://cfo.dc.gov/service/unclaimed-property>

IMPACT FEES

District of Columbia fee schedule:
http://www.dwater.com/business/permits/fees_charges.cfm

MINIMUM WAGE

District of Columbia's current minimum wage is \$13.25 per hour. Effective July 1, 2019, the minimum wage increases to \$14.00 per hour.

REGISTERED AGENTS

Every District of Columbia business entity must have an agent for service of process in the state. This is an individual or corporation that agrees to accept legal papers on the corporation's behalf if it is sued. A registered agent may be: (1) an individual who resides in the District, (2) a business entity with an office in the District, or (3) a commercial registered agent registered in the District. The registered agent must have a physical street address in the District of Columbia. The agent should agree to accept service of process on your business entity's behalf prior to designation.

For further details, visit: <http://dcra.dc.gov/service/corporate-registration-registered-agent>

DAVIS BACON

The Davis-Bacon and Related Acts apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings

or public works. Davis-Bacon Act and Related Act contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. The Davis-Bacon Act directs the Department of Labor to determine such locally prevailing wage rates. The Davis-Bacon Act applies to contractors and subcontractors performing work on federal or District of Columbia contracts. The Davis-Bacon Act prevailing wage provisions apply to the "Related Acts," under which federal agencies assist construction projects through grants, loans, loan guarantees, and insurance.

For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least 1½ times their regular rate of pay for all hours worked over 40 in a work week. The overtime provisions of the Fair Labor Standards Act may also apply to DBA-covered contracts.

DRUG TESTING FACILITIES

For a list of drug testing centers throughout the District of Columbia, visit:
http://www.testcountry.com/drug-testing-center-facilities/washington-district_of_columbia.htm

OTHER

CFMA Chapters in D.C.:

Greater Washington, DC: <http://cafe.cfma.org/GrWashDC/Home/>

Effective October 6, 2017, District of Columbia released Regulations Chapter 4, Title 9, Section 417 providing guidance on sales and use tax exemption certificates.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 19, 2019

DATE OF LAST UPDATE

June 4, 2015

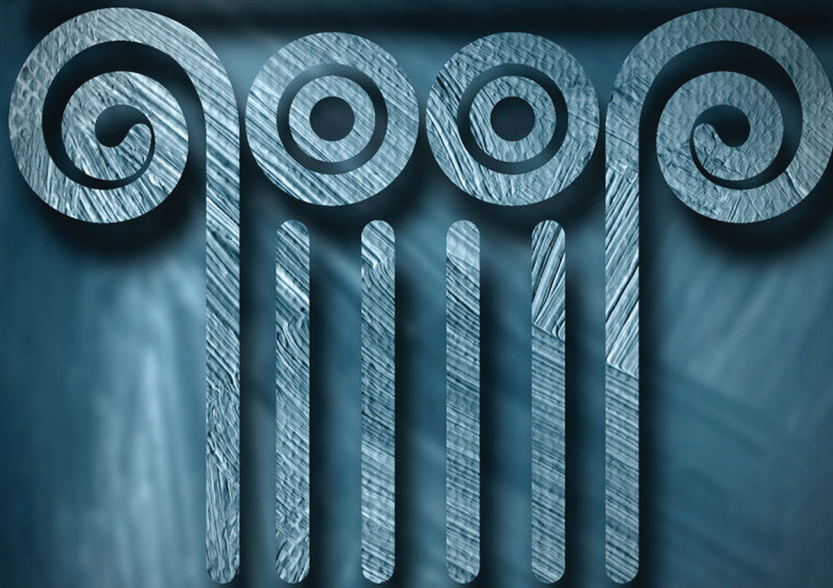
SUBJECT MATTER EXPERT

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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



FLORIDA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

A Florida corporation or business entity is created by filing Articles of Incorporation with the Florida Secretary of State. Initial registration includes filing name of reservation forms and filing up to date contact information for the Annual Report.

You must provide certain information, depending on your type of business and the taxes for which you are registering such as the legal entity type, legal entity name, federal employer identification number, name of the owners of the business with social security number, physical address of business, and owners address and phone number.

FORMS

For Domestic companies the following forms need to be filled out and completed:

Articles of Incorporation

RATES, FEES, COSTS

Articles of Incorporation (filing fee and designation of registered agent):	\$70.00
Articles of Amendment:	\$35.00
Articles of Correction:	\$35.00
Resignation of Officers/Directors:	\$35.00
Resignation of a Registered Agent:	\$35.00
Articles of Dissolution:	\$35.00
Registration of Fictitious Names:	\$50.00

WEBSITE

http://form.sunbiz.org/cor_form.html

MAILING ADDRESS/PHONE NUMBER

Mailing Address:
Department of State
Division of Corporations
P.O Box 6327
Tallahassee, FL 32314
(805) 245-6052

Street Address:
Department of State
Division of Corporations
Clifton Building
2661 Executive Center Circle
Tallahassee, FL 32301

ADDITIONAL ASSISTANCE

For filing questions, assistance, and comments
E-mail at: corp@dos.state.fl.us

ANNUAL RENEWALS

All Florida Profit Corporations must file an Annual Report yearly to maintain “active” status. The first report is due in the year following formation. The report MUST be filed electronically online between January 1 and May 1.

The report is used to update or confirm the Florida Department of State, Division of Corporations’ records. The data displayed on the entity’s online annual report form is the most current data on file with the Division of Corporations. An annual report must be filed each year for your business entity to maintain an “active status” with the Department of State. The annual report is required whether you need to make changes or not.

FORMS

Annual forms are available at: www.sunbiz.org/downloads.html.

RATES

If the report is filed by May 1, the annual report filing fee is as follows:

For a profit corporation	\$150.00
For a not for profit corporation	\$ 61.25
For a limited liability company	\$138.75
For a limited partnership or limited liability limited partnership	\$500.00

DUE DATE

The report is due by May 1 of each year. A \$400 late fee will be imposed on all profit corporations, limited liability companies, limited partnerships, and limited liability limited partnerships which fail to file their annual reports on or before May 1. Not for profit corporations are not subject to the \$400 late fee. If paying by check or money order, the payment voucher and check or money order must be postmarked and mailed on or before May 1.

EXTENSION

The report **MUST** be filed electronically online between January 1 and May 1.

ELECTRONIC FILING

See above.

ELECTRONIC PAYMENT

A payment may be made online by credit card, debit card, or Sunbiz E-file Account (a pre-established Department of State payment account). Payments by check or money order may be submitted by mail or courier if accompanied by a Department of State check payment voucher. For credit card and debit card processing allow 2-3 days; if paying by check or money order allow 10 to 14 days. Annual Reports will be processed **after** credit card confirmation or when your check is received. All payment options will display after you complete and submit your Annual Report online.

WEBSITE

Annual reports can be filed at:

<https://services.sunbiz.org/Filings/AnnualReport/FilingStart>

PHONE NUMBER

For specific filing questions, please call the Annual Report Section at:
(850) 245-6056.

For technical questions concerning the online application process, credit or debit card, or Sunbiz E-file account payment problems, please call the Internet Support Section at (850) 245-6939.

REGISTRATION WITH DEPARTMENT OF REVENUE

You must provide certain information, depending on your type of business and the taxes for which you are registering. You can apply online using the Department of Revenue's internet site: www.myflorida.com/dor. There is no fee for Internet registration. You will be guided through an interactive interview from start to finish. You will be able to return to the website to retrieve your certificate number(s) after three business days. You may review our privacy and security policies by clicking on the Privacy Notice link at the bottom of any page of our website.

FORMS

Form DR-1 can be found at: http://floridarevenue.com/Pages/forms_index.aspx

RATES

There are currently no fees for registering with the Department of Revenue in Florida.

DUE DATE

You must register before you begin your business activities.

EXTENSION

You must register before you begin your business activities.

ELECTRONIC FILING

To register a new business online, please go to:

<http://floridarevenue.com/taxes/eservices/Pages/registration.aspx>

WEBSITE

<http://dor.myflorida.com/dor/taxes/registration.html>

MAILING ADDRESS

Account Management MS 1-5730
Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0160

LICENSES—GC & SPECIALTY

REGISTRATION

Individuals seeking licensure as a CERTIFIED contractor, except for Swimming Pool Specialty contractors, must first take and pass a state certification examination. Passing the examination will allow you to apply for licensure as a certified contractor with the Florida Department of Business & Professional Regulation. However, you should ensure that you meet all requirements for licensure before applying for the examination.

A passing grade on the examination alone does not qualify you for licensure.

After passing the examination, you should complete and submit the application for Initial Issuance of Licensure.

LICENSE CATEGORIES

- Air Conditioning
 - Class A
 - Class B
 - Class C – Service
- Building
- General
- Internal Pollutant Storage Tank Lining Applicator
- Mechanical
- Plumbing
- Pollutant Storage Systems
- Pool/Spa
 - Class A – Commercial
 - Class B – Residential
 - Class C – Service
- Precision Tank Tester
- Residential
- Roofing
- Sheet Metal
- Solar
- Specialty
 - Drywall
 - Demolition
 - Gas Line
 - Glass and Glazing
 - Industrial Facilities
 - Irrigation
 - Marine
 - Residential Pool/Spa Servicing

- Solar Water Heating
- Structure
- Swimming Pool Decking
- Swimming Pool Excavation
- Swimming Pool Finishes
- Swimming Pool Layout
- Swimming Pool Piping
- Swimming Pool Structural
- Swimming Pool Trim
- Tower
- Underground Utility and Excavation

Licenses may be issued by registration or certification:

- Registration – The applicant has taken and passed a local competency examination and can practice only within that locale.
- Certification – The applicant has taken and passed an examination and can practice throughout Florida.

TESTS AND EXAMS

The Division I exams have three parts; business and finance, contract administration, and project management. The Division II exams have two parts; business and finance, and trade knowledge.

To become a licensed certified contractor, an applicant must pass all parts of the exam, meet education/experience requirements, obtain worker's compensation coverage, and demonstrate financial responsibility.

FORMS

CILB 27, Continuing Education Provider Approval Application.

CILB 28, Continuing Education Course Approval Application.

RATES

The examination fee for the Business and Financial Management Examination is \$135.00 payable to Professional Testing Inc. (PTI) and \$80.00 payable directly to the vendor, Pearson VUE, by the candidate at the time the exam is scheduled.

Certified Contractor = \$209 *

Registered Contractor = \$209 *

*Includes \$5.00 Unlicensed Activity fee and a fee of \$4.00 which must be transferred to the Department of Community Affairs to fund projects relating to the building construction industry or continuing education programs offered to persons engaged in the building construction industry in Florida.

The Construction Industry Licensing Board and the Department of Business and Professional Regulation (Department) have approved a \$100.00 Fee Holiday for the 2014 and 2015 renewal cycles for certified and registered contractors who are renewing their licenses.

During the fee holiday, certified and registered contractors renewing an active license will have their fees reduced by \$100.00. Certified and registered contractors renewing their inactive licenses will have their \$50.00 inactive renewal fee waived in its entirety.

All contractors (active or inactive) will still be required to pay the \$5.00 unlicensed activity fee and the \$4.00 Florida Building Commission fee in order to renew their license. All fees must be paid by the renewal deadline (August 31, 2014 for certified and August 31, 2015 for registered) to avoid additional fees.

All licensees will be sent a renewal notice outlining the required renewal fees set forth above. However, it is the responsibility of each licensee to ensure that their license is timely renewed.

Please contact the Department at (850) 487-1395 if you have any questions, problems renewing or logging into your account.

DUE DATE

There is a 21-day waiting period between successive attempts if the candidate does not pass the examination.

ELECTRONIC FILING

Candidates may register via the Internet. You may submit a request via the Internet to Pearson VUE website at: <http://www.pearsonvue.com/> twenty-four (24) hours a day, seven (7) days a week, provided you include a credit card number, electronic check or voucher, and valid e-mail address. A reservation confirmation will be returned to you via e-mail. Examination reservations may be canceled or changed via the Internet.

ELECTRONIC PAYMENT

Candidates may register via the Internet. You may submit a request via the Internet to Pearson VUE website at: <http://www.pearsonvue.com/> twenty-four (24) hours a day, seven (7) days a week, provided you include a credit card number, electronic check or voucher, and valid e-mail address. A reservation confirmation will be returned to you via e-mail. Examination reservations may be canceled or changed via the Internet.

WEBSITE

<http://www.myfloridalicense.com/DBPR/>

MAILING ADDRESS/PHONE NUMBER

Department of Business & Professional Regulation
Construction Industry Licensing Board
Attention: Examination
1940 North Monroe Street
Tallahassee, FL 32399-1039
(850) 487-1395

RECIPROCITY STATES

No general contractor reciprocity with any other states.

EQUITY REQUIREMENT

Applicants will need to provide proof of financial stability and responsibility by submitting personal credit reports. Credit reports must include a FICO derived credit score and indicate that local, state and federal records have been searched. You may find additional information regarding the Board's financial requirements by visiting the Department's Financial Responsibility and Stability website.

FINANCIAL STATEMENT REQUIREMENTS

Applicants will need to provide proof of financial stability and responsibility by submitting personal credit reports. Credit reports must include a FICO derived credit score and indicate that local, state and federal records have been searched. You may find additional information regarding the Board's financial requirements by visiting the Department's Financial Responsibility and Stability website.

CONTINUING EDUCATION REQUIREMENTS

Fourteen hours board-approved continuing education is required each biennium prior to the renewal period for both certified and registered contractors. At least one hour must deal with workplace safety, one hour on the subject of worker's compensation, one hour on the subject of business practices, one hour on the subject of laws and rules, and one hour on Florida Building Code advanced modules.

A person who holds more than one certificate or registration issued by the board is required to complete the continuing education requirements only once during each biennial certification renewal period and only once during each biennial registration period.

Any course approved for the education requirements for persons certified under Chapter 468, Part XII, Florida Statutes, shall be accepted for continuing education for renewal for persons who are certified under Part XII and who are certified or registered contractors under Chapter 489, Part I, Florida Statutes.

LOCAL LICENSES

REGISTRATION

You need to be registered or certified to do construction work in Florida. You can get a “registered” contractor’s license at the local level, unless a certified license is required by the county you want to perform the work in. Contractors with a “certified” license are allowed to work anywhere in the state.

FORMS

See county website.

RATES

See county website.

ELECTRONIC FILING

See county website.

ELECTRONIC PAYMENT

See county website.

WEBSITE

Varies by county.

MAILING ADDRESS/PHONE NUMBER

See county website.

INCOME TAX

INCOME TAX—C CORPORATION

All corporations (including tax-exempt organizations) doing business, earning income, or existing in Florida must file an F-1120.

Additional entities required to file are bank or savings associations, foreign corporations doing business/exiting in Florida, LLCs classified as a corporation, homeowner or condominium associations that file federal 1120, political organizations that file federal 1120-pol, S corporations that pay federal income on line 22c of federal Form 1120S, and tax exempt organizations that have “unrelated trade or business income.”

FORMS

All forms can be found at: http://floridarevenue.com/Pages/forms_index.aspx

F-1120, for C corporations.

F-1065, for all partnerships or LLCs.

F-7004, Tentative Income/Franchise Tax Return and Application for Extension of Time to File.

RATES

Florida corporate income tax liability is computed using federal taxable income, modified by certain Florida adjustments, to determine adjusted federal income.

A corporation doing business outside Florida may apportion its total income. Adjusted federal income is apportioned to Florida using a three-factor formula with double-weighted sales. The formula is a weighted average, designating 25% each to factors for property and payroll, and 50% to sales.

You should add nonbusiness income allocated to Florida to the Florida portion of adjusted federal income.

You should then subtract an exemption of up to \$50,000 to arrive at Florida net income.

Finally, you should compute tax by multiplying Florida net income by 5.5%.

DUE DATE

On or before the first day of the fifth month following the close of the tax year (calendar tax taxpayers, this is May 1) or the 15th day after the due date (without extension) for filing the related federal return for the tax year.

Any balance of tax owed must be paid in full by the due date of the Florida return.

DUE DATE EXTENSION

If you need an extension a Florida Tentative Income/Franchise Tax Return and Application for Extension of Time to File Return (Form F-7004) must be filed with payment of tax by the original due date of the Florida return. You may file Form F-7004 electronically. Properly filing this form will automatically give corporations six months from the due date of the return to file the corporate return.

ELECTRONIC FILING

Corporate tax filers may now E-file their returns at:
<http://dor.myflorida.com/dor/eservices/filepay.html#cit>.

ELECTRONIC PAYMENT

You are able to file and pay your Florida corporate income tax return (Florida Form F-1120) electronically through the Internal Revenue Service's (IRS) Modernized e-File (MeF) Federal/State Electronic Filing Program using electronic transmitters approved by the IRS and the Florida Department of Revenue. You MUST file and pay electronically if you paid \$20,000 or more in tax during the State of Florida's prior fiscal year (July 1 – June 30).

WEBSITE

<http://dor.myflorida.com/dor/eservices/filepay.html#cit>

MAILING ADDRESS

Make check payable to and send with return to:
Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0135

If you are requesting a refund (Line 19), send your return to:
Florida Department of Revenue
P.O. Box 6440
Tallahassee, FL 32314-6440

ESTIMATED TAX

If your corporation owes more than \$2,500 in Florida corporate income tax annually, you must make estimated tax payments.

FORMS

Form F-1120ES Declaration/Installment of Florida Estimated Income/Franchise Tax.

RATES

Use Florida Form F-1120ES, Declaration/Installment estimated tax. To determine if a declaration and payment of estimated tax is required, complete the Estimated Tax Worksheet on page 6 of the Florida Form F-1120.

DUE DATE

Estimated tax payments are due on or before:

The last day of the fifth month.

The last day of the sixth month.

The last day of the ninth month.

The last day of the tax year.

ELECTRONIC FILING

File online at: <http://dor.myflorida.com/dor/eservices/filepay.html#cit>

ELECTRONIC PAYMENT

Electronic payments can be made at:
<http://dor.myflorida.com/dor/eservices/filepay.html#cit>

WEBSITE

<http://dor.myflorida.com/dor/eservices/filepay.html#cit>

MAILING ADDRESS

Make checks payable and mail to:
Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0135

ALTERNATIVE MINIMUM TAX

For taxable years beginning on or after January 1, 2018, no taxpayer is required to pay Florida Alternative Minimum Tax (AMT) because no corporate income taxpayer is required to pay federal AMT. However, a taxpayer with previously earned Florida AMT credits must compute Florida AMT to determine the amount of Florida AMT credit allowable against Florida corporate income tax.

ALLOCATION AND APPORTIONMENT FACTORS

Florida taxpayers doing business outside Florida are required to apportion their business income to Florida based upon a three-factor with double-weighted sales formula, except for insurance companies, transportation companies, citrus processing companies, and taxpayers who have been given prior permission by the Florida Department of Revenue to apportion income using a different method under s. 220.152, F.S.

The three-factor formula measures Florida's share of adjusted federal income by ratios of the taxpayer's property, payroll, and sales in Florida to total property, payroll, and sales located or occurring everywhere. We weight the apportionment factors as follows: 25% to property, 25% to payroll, and 50% to sales.

OTHER MULTISTATE COMPACT

Florida is an Associate member of the Multistate Tax Compact or (MTC). Associate members are states that participate in commission meetings and otherwise consult and cooperate with the commission and its other states or, as project members, participate in commission programs or projects.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Florida Administrative code 12C-1.0151 Apportionment for Special Industries holds:

(1) Section 220.151, F.S., states that a taxpayer providing transportation services (transportation company), or an insurance company, must apportion income to Florida using a single-factor formula, in lieu of the three-factor formula used in the general apportionment method.

CREDITS AND TAX INCENTIVES

A business located in an enterprise zone may be eligible for corporate income tax incentives.

A business that donates cash, property, or goods to an approved community-based organization or government agency may take a community contribution tax credit against Florida corporate income tax.

A business that contributes to nonprofit scholarship funding organizations (SFOs) may receive tax credits.

A business that has qualified research expenses and meets Florida's definition of a target industry business may apply for a research and development tax credit.

INCOME TAX—S CORPORATION

While individuals do not have to pay income taxes, the same is not true for all types of businesses in Florida.

S corporations only need to pay taxes in Florida if federal income tax is paid on Line 22c of Federal Form 1120S.

REGISTRATION

You must provide a copy of the IRS Notice of Acceptance as an S corporation to be recognized as a Sub S by the Florida Department of Revenue.

FORMS

Use Florida Form F-1120.

RATES

See above rates for C Corporations. S corporations should enter only the amount of income subject to federal income tax at the corporate level.

DUE DATE

On or before the first day of the fifth month following the close of the tax year, or the 15th day following the due date, without extension, for the filing of the related federal return, whichever is later. Any balance of tax owed must be paid in full by the due date of the Florida return.

DUE DATE EXTENSION

If you need an extension you must file a Florida Tentative Income/Franchise Tax Return and Application for Extension of Time to File Return (Form F-7004) and must be filed with payment of tax by the original due date of the Florida return. You may file Form F-7004 electronically. Properly filing this form will automatically give corporations six months from the due date of the return to file the corporate return.

ELECTRONIC FILING

You are able to file and pay your Florida corporate income tax return (Florida Form F-1120) electronically through the Internal Revenue Service (IRS) Modernized e-File (MeF) Federal/State Electronic Filing Program using electronic transmitters approved by the IRS and the Florida Department of Revenue. You **must** file and pay electronically if you paid \$20,000 or more in tax during the State of Florida's prior fiscal year (July 1 – June 30).

ELECTRONIC PAYMENT

You are able to file and pay your Florida corporate income tax return (Florida Form F-1120) electronically through the IRS Modernized e-File (MeF) Federal/State Electronic Filing Program using electronic transmitters approved by the IRS and the Florida Department of Revenue. You must file and pay electronically if you paid \$20,000 or more in tax during the State of Florida's prior fiscal year (July 1 - June 30).

WEBSITE

www.myflorida.com/dor

MAILING ADDRESS

Taxpayer Services – Mail Stop 3-2000
Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0112

INCOME TAX—PARTNERSHIPS, LLC

An LLC classified as a partnership for Florida and federal income tax purposes must file a Florida Partnership Information Return (Florida Form F-1065) if one or more of its owners is a corporation. In addition, the corporate owner of an LLC classified as a partnership for Florida and federal income tax purposes must file a Florida corporate income tax return.

FORMS

Florida Form F-1065

DUE DATE

You must file Florida Form F-1065 on or before the first day of the fourth month following the close of your taxable year.

If the due date falls on a Saturday, Sunday, or federal or state holiday, the return is considered to be filed on time if postmarked on the next business day.

DUE DATE EXTENSION

To apply for an extension of time for filing Florida Form F-1065, you must complete Florida Form F-7004, Florida Tentative Income/Franchise Tax Return and Application for Extension of time.

Extensions are valid for six (6) months.

WEBSITE

http://floridarevenue.com/Pages/forms_index.aspx

MAILING ADDRESS

Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0135

INCOME TAX—INDIVIDUAL

There is no personal income tax in Florida.

IRC CONFORMITY

Florida adopts the IRC as amended and in effect on 1/1/2018 for corporations. It has not decoupled from the business interest deduction limitations of IRC § 163(j), as enacted by the federal Tax Cuts and Jobs Act. Since Florida does not have personal income tax, IRC §199A does not apply.

NET WORTH OR STOCK TAX

REGISTRATION

Not applicable. Florida does not currently have a Net Worth or Stock Tax.

GROSS RECEIPTS TAX

REGISTRATION

Registration applications may be submitted by mail, in person, or online at:
<http://dor.myflorida.com/dor/taxes/registration.html>

TAXABLE BASIS

For the rules and regulations for Florida Gross Receipts Tax please visit:
<http://dor.myflorida.com/dor/taxes/registration.html>

FORMS

Form DR-133, Gross Receipts Tax Returns

RATES

Tax is imposed at the rate of 2.5% on gross receipts from the sale, delivery, or transportation of natural gas, manufactured gas, or electricity to a retail consumer in Florida.

Tax due on the sale or transportation of natural or manufactured gas to retail consumers in Florida is computed by multiplying the quantity sold or transported by the appropriate index prices and then applying the 2.5% gross receipts tax rate. Index prices used by distribution companies to calculate the gross receipts tax due on the sale or transportation of natural or manufactured gas to retail consumers are adjusted yearly.

DUE DATE

Payments are due by the 20th day of the month following each collection period. A tax return must be filed even when no (zero) tax is due.

DUE DATE EXTENSION

There is no due date extension

ELECTRONIC FILING

You can file and pay Florida Gross Receipts Tax at:
<http://dor.myflorida.com/dor/eservices/filepay.html>

ELECTRONIC PAYMENT

You can file and pay Florida Gross Receipts Tax at:
<http://dor.myflorida.com/dor/eservices/filepay.html>

WEBSITE

http://floridarevenue.com/taxes/taxesfees/Pages/grt_utility.aspx

MAILING ADDRESS/PHONE NUMBER

Mail to:

Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0150
(800) 352-3671

LOCAL BUSINESS LICENSE TAX

Florida does not collect a Local Business License Tax.

STATE SALES AND USE TAX

REGISTRATION

You must file a return for each collection period, even if you did not collect sales tax or owe use tax during this time.

You can file and pay Florida Gross Receipts Tax at:
<http://dor.myflorida.com/dor/eservices/filepay.html>

Businesses that register with the Department of Revenue to collect sales tax are issued a *Florida Annual Resale Certificate for Sales Tax (Annual Resale Certificate)*. The certificate allows business owners or their representatives to buy or rent property or services tax-free (when purchases or rentals will be resold or re-rented).

Examples of purchases or rentals that you may make without paying sales and use tax include:

- Items that become a component part of a product you sell (for example: nails, fabric, and wood that are incorporated into a chair).
- Items resold as tangible personal property and services that are resold.
- Services that will be resold as part of your regular business operations.
- Rentals that will be re-rented as real property or tangible personal property.

FORMS

Form DR-1, Florida Business Tax Application.

Form DR-11, Certificate of Registration.

Form DR-13, Annual Resale Certificate.

Form DR-15, Sales & Use Tax Return.

Businesses whose sales and use tax collections are less than \$20,000 per year may pay and report tax using a paper Sales and Use Tax Return (Form DR-15).

Dealers who paid sales and use tax of \$200,000 or more during the state's prior fiscal year (July 1 - June 30) must make estimated sales tax payments beginning next calendar year.

Revenue has detailed instructions (Form DR-15N) to help you accurately complete your return.

RATES

Sales tax and discretionary sales surtax are calculated on each taxable transaction. Florida uses a bracket system for calculating sales tax when the transaction falls between two whole dollar amounts.

Multiply the whole dollar amount by the tax rate (6% plus the county surtax rate) and use the bracket system to figure the tax on the amount less than a dollar.

DUE DATE

Most new businesses are set up to file and pay sales and use tax quarterly. Depending on the amount of tax you collect, you may qualify for a different filing frequency.

Filing Frequency Limits	
Sales Tax Collected During State Fiscal Year (July 1 - June 30)	Return and Payment Filing Requirement
More than \$1,000	Monthly
\$501 - \$1,000	Quarterly
\$101 - \$500	Semiannual
\$100 or less	Annual

Monthly returns and payments are due on the first day of the month and late after the 20th day of the month following the collection period. For example, if the sale took place during January, then tax is due on the first of February and late after the 20th.

Quarterly returns and payments are due on the first and late after the 20th day of the month following the collection period. For example, if the sale took place during September, then tax is due on the first of October and late after the 20th.

If the 20th falls on a Saturday, Sunday, or federal or state holiday, returns are timely if postmarked on the first working day following the 20th.

ELECTRONIC FILING

You can file and pay sales and use tax using Revenue's secure web application or you may buy software from an approved vendor. You can access the web application using your certificate number and business partner number or a Revenue-issued user ID and password. You must enroll in our e-Services program to receive a user ID and password. Enrollment has advantages: you can save your bank account and contact information, view your filing history, and reprint returns. Read a quick reference sheet on how to get started with e-file and e-pay.

ELECTRONIC PAYMENT

If you make your payments using Electronic Funds Transfer (EFT), it must be transmitted no later than 5:00 p.m., EST, on the banking business day prior to the 20th. Download a Payment Due Date Calendar, (Form DR-659), to help you pay on time.

WEBSITE

http://dor.myflorida.com/dor/taxes/sales_tax.html#duedates

MAILING ADDRESS

If you misplace your preaddressed envelope, send payment to:
Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0120

TAXABLE SERVICES

Purchase of Construction Materials and Supplies

The purchase of materials and supplies to improve, alter, or repair land, buildings, homes, or other real property is taxable. Real property contractors determine the taxability of purchases and sales by the pricing arrangement in the contract.

Contractors who perform lump sum, cost plus, fixed fee, guaranteed price, or time-and-materials real property contracts do not resell tangible personal property to the real property owner, but use the property for real property improvement.

Contractors must pay sales tax and surtax to their suppliers on all purchases for these types of contracts. Contractors must also pay tax on all materials made for the contractor's own use in performing such contracts.

Contractors should not charge tax to their customers, because they are not engaged in selling tangible personal property, even if the contractor itemizes charges for materials and labor in the proposals or invoices.

Contractors should not register as dealers unless they must pay tax on the cost of items made (fabricated) for use in fulfilling contracts. However, a dual operator who performs real property contracts and sells tangible personal property at retail must register as a dealer.

Contractors are the ultimate consumers of materials and supplies used to perform real property contracts and must pay tax on the costs of those materials and supplies, unless the contractor is under a retail sale plus installation contract.

Contractors who perform taxable fabrication must either pay tax to their suppliers when purchasing materials for fabrication or pay use tax when the materials are incorporated into a fabricated item.

Sale of Materials

Retail sale plus installation contracts are contracts for improvements to real property in which the contractor or subcontractor agrees to:

1. Sell specifically described and listed materials and supplies at an agreed price or regular retail price, and
2. Complete the work for either an additional agreed price or based on time used.

For a contract to fit in this category the contractor or subcontractor must list and price in the contract, all materials to be used before the work begins. If the contract lists only some of the materials, the contract is not included in this category. Since the sale of the materials is a separate transaction from the installation, the purchaser must assume title and risk the loss of the materials and supplies as delivered, rather than accepting only title to the completed work.

A contractor who performs retail sale plus installation contracts must collect sales tax and the applicable discretionary sales surtax from customers and pay the taxes to the state.

USE OF MATERIALS

Tax is due on the use of goods by the contractor. The contractor is responsible for the tax if sales tax was not paid at the time of purchase.

If a contractor purchases materials from an out-of-state business that is not registered to collect Florida sales tax, the contractor is liable for use tax and surtax when the materials are imported into Florida.

Contractors may manufacture or fabricate a finished product from raw materials for use in a contract. Contractors owe tax on the manufactured cost of such products. For example, a cabinet maker/installer is required to pay sales tax, plus any county-imposed tax (discretionary sales surtax), on the manufactured cost of the cabinet.

If a contractor fabricates a product at the job site, fabrication labor is exempt from tax. Only the cost of the materials is subject to tax.

CONSTRUCTION FOR TAX-EXEMPT ENTITIES

Florida law provides that the purchase of construction materials or supplies by a contractor is subject to Florida sales tax at the time of the sale, even if the purchase is for or on behalf of a tax-exempt or governmental entity.

In order to purchase construction materials or supplies exempt from Florida sales tax, the vendor must receive a purchase order and a copy of an exemption certificate issued directly from the tax-exempt entity before shipment or delivery. If the vendor does not receive this documentation, the vendor must collect sales tax from the contractor who placed the order. For more information on public works contracts, see Rule 12A-1.094, Florida Administrative Code.

Reversing and/or rebilling an otherwise taxable purchase after shipment or delivery is contrary to Florida law.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

The discretionary sales surtax is a local-option county imposed tax. Sales tax dealers must collect discretionary sales surtax along with the 6% state sales tax and send both taxes to the Department of Revenue (Department).

FORMS

You can get a Discretionary Sales Surtax Brochure, (Form GT-800019,) and a list of Surtax Counties and Rates, (Form DR-15DSS), from our Internet site at: www.myflorida.com/dor

RATES

Find current discretionary sales surtax rates in Form DR-15DSS on the Internet site. The DR-15DSS is also mailed with your coupon book package.

Only the first \$5,000 of a single sale of tangible personal property is subject to discretionary sales surtax if the property is sold as a single item, in bulk, or as a working unit.

DUE DATE

The full amount of sales tax must be collected at the time of the transaction. Sales tax, including any county surtax, must be separately stated on the sales slip, charge ticket, invoice, or other evidence of sale.

Dealers are liable for any tax not collected. Due dates are dependent on the amount of sales tax collected yearly. Monthly returns and payments are due on the first day of the month and late after the 20th day of the month following the collection period. For example, if the sale took place during January, then tax is due on the first of February and late after the 20th.

Quarterly returns and payments are due on the first and late after the 20th day of the month following the collection period. For example, if the sale took place during September, then tax is due on the first of October and late after the 20th.

If the 20th falls on a Saturday, Sunday, or federal or state holiday, returns are timely if postmarked on the first working day following the 20th.

ELECTRONIC FILING

Monthly returns and payments are due on the first day of the month and late after the 20th day of the month following the collection period. For example, if the sale took place during January, then tax is due on the first of February and late after the 20th.

Quarterly returns and payments are due on the first and late after the 20th day of the month following the collection period. For example, if the sale took place during September, then tax is due on the first of October and late after the 20th.

If the 20th falls on a Saturday, Sunday, or federal or state holiday, returns are timely if postmarked on the first working day following the 20th.

ELECTRONIC PAYMENT

Register to pay online at:
<http://floridarevenue.com/taxes/eservices/Pages/registration.aspx>

WEBSITE

http://floridarevenue.com/taxes/taxesfees/Pages/sales_tax.aspx

MAILING ADDRESS

If you misplace your preaddressed envelope, send your payment to:
Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0120

TAXABLE SERVICES

Most Florida counties levy a discretionary sales surtax on transactions that are subject to sales and use tax. Calculate the tax using the tax rate of the county in which the consumer, usually the contractor, takes delivery of the tangible personal property.

In the case of retail sale plus installation contracts, calculate the tax using the tax rate of the county in which the improvements or repairs take place. If a contractor pays use tax for using materials to fabricate items at the contractor's shop, calculate the tax using the tax rate of the county in which the fabrication occurs.

FUEL TAX

REGISTRATION

To get a fuel or pollutants license, you must submit a completed Florida Fuel or Pollutants Tax Application, Form GT-400401, undergo a background investigation, pay applicable fees, and post a bond. Additional documentation may be required.

A retailer of natural gas fuel must submit a \$5.00 registration fee and a Florida Fuel or Pollutants Tax Application (Form DR-156) for each location that sells compressed natural gas, liquefied petroleum gas, or a combination of the two for use in a motor vehicle.

One application may be submitted if you own more than one retail station and each station operates under a single federal employee identification number. However, you must provide a separate attachment that lists the station name, physical location, and sales tax number for each retail station.

You are required to renew your Retailer of Natural Gas Fuel license each year by filing Form DR-156R, Renewal Application for Florida/Pollutant Fuel Licenses, and paying the appropriate license fee.

The Department will conduct a background investigation to determine if the new applicant is of good moral character and has not been convicted of an offense as specified in section 206.026 (1)(b), F.S.

Publicly held corporations whose stock is regularly traded on a national securities exchange, local governments, and mass transit system providers are not required to undergo a background check.

Each terminal supplier, exporter, wholesaler, pollutant, or importer must file a bond with the Department (surety bond, assigned time deposit, or irrevocable letter of credit). Select the appropriate license type under "Administration of Tax" above or download the *Bond Worksheet Instructions* (Form DR-157W) under Forms and Publications for instructions on how to calculate a bond amount.

FORMS

GT-400401, Registration package for Motor fuel and/or Pollutants Registrants.

DR-156, Registration Application.

DR-157, Fuel or Pollutants Tax Surety Bond.

DR-157B, Fuel or Pollutants Tax Cash Bond.

DR-904, Pollutants Tax Return.

RATES

The applicable tax rates are entered by the Department. The rate for the Tax on Coastal Protection, the Tax on Water Quality, and the Tax on Inland Protection are provided in section 206.9935, Florida Statutes (F.S.).

DUE DATE

Your tax return is due to the Department on the first day of the month following the collection period.

Your return is late if it is delivered or postmarked after the 20th.

If the 20th is a Saturday, Sunday, or state or federal holiday, your return must be postmarked or delivered to the Department by the next business day, even if no tax is due.

ELECTRONIC FILING

Any taxpayer who paid more than \$20,000 in taxes between July 1 and June 30 must pay their taxes by electronic funds transfer the next calendar year. Visit: www.myflorida.com/dor for information on paying taxes electronically.

ELECTRONIC PAYMENT

You must send electronic payments on or before the initiation deadlines.

WEBSITE

<http://floridarevenue.com/taxes/taxesfees/Pages/fuel.aspx>

MAILING ADDRESS

Mail to:

Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0165

PROPERTY TAX

PERSONAL PROPERTY

Tangible personal property is everything other than real estate that is used in a business or rental property. Examples of tangible personal property are computers, furniture, tools, machinery, signs, equipment, leasehold improvements, supplies, and leased equipment.

Each return is eligible for an exemption up to \$25,000. By filing a DR-405 on time you automatically apply for the exemption. If you do not file on time, Florida law provides for the loss of the \$25,000 exemption.

Include on your return:

1. Tangible Personal Property. Goods, chattels, and other articles of value (except certain vehicles) that can be manually possessed and whose chief value is intrinsic to the article itself.
2. Inventory held for lease. Examples: equipment, furniture, or fixtures after their first lease or rental.
3. Equipment on some vehicles. Examples: power cranes, air compressors, and other equipment used primarily as a tool rather than a hauling vehicle.
4. Property personally owned, but used in the business.
5. Fully depreciated items, whether written off or not. Report at original installed cost.

Do not include:

1. Intangible Personal Property. Examples: money, all evidences of debt owed to the taxpayer, and all evidence of ownership in a corporation.
2. Household Goods. Examples: wearing apparel, appliances, furniture, and other items ordinarily found in the home and used for the comfort of the owner and his family, and not used for commercial purposes.
3. Most automobiles, trucks, and other licensed vehicles. See 3 above.
4. Inventory that is for sale as part of your business. Items commonly referred to as goods, wares, and merchandise that are held for sale.

FORMS

DR-405, for Tangible Personal Property

RATES

Property taxes are levied by local governments and vary from county to county.

Report all property located in the county on January 1.

You must file a single return for each site in the county where you transact business. If you have freestanding property at multiple sites other than where you transact business, file a separate, but single, return for all such property located in the county. Examples of freestanding property at multiple sites include vending and amusement machines, LP/propane tanks, utility and cable company property, billboards, leased equipment, and similar property not customarily located in the offices, stores, plants of the owner, but is placed throughout the county.

DUE DATE

Tax return is due by April 1.

Failure to file – 25% of the total tax levied against the property for each year that no return is filed.

Filing late – 5% of the total tax levied against the property covered by that return for each year, each month, and part of a month, that a return is late, but not more than 25% of the total tax.

Unlisted property – 15% of the tax attributable to the omitted property.

DUE DATE EXTENSION

If you ask, the property appraiser will give you an extension for 30 days and may grant an additional 15 days.

You must ask for the extension in time for the property appraiser to consider the request and act on it before April 1.

ELECTRONIC FILING

See county property appraiser's website.

ELECTRONIC PAYMENT

See county property appraiser's website.

WEBSITE

<http://dor.myflorida.com/dor/property/tpp/>

MAILING ADDRESS

Return DR-405 to the county property appraiser.

REAL PROPERTY

Though the state government does not collect any property taxes, local governments receive much of their funding through these taxes. These rates are assessed at the local level and can vary by county, and they are based on the value of the property. Property taxes in Florida are some of the highest in the country, although there are several exemptions to try to lighten the load on some Floridians.

Florida's Constitution requires property appraisers to establish the property tax base for their county annually. In doing so, property appraisers determine the just, or market, value of each parcel of property as of January 1 of each year. Then, they apply all valid exemptions, classifications and assessment limitations to determine each property's taxable value, or relative tax burden. The property appraiser does not determine the property tax rate or the amount of property taxes levied.

The Department reviews the property tax rolls of each county in July and August of every year. These reviews are conducted to ensure the tax base established by the property appraiser is equitable, uniform, and in compliance with Florida law. The Department also reviews and approves each property appraiser's annual budget.

In August, the property appraiser sends each property owner a Notice of Proposed Property Taxes, or TRIM notice. This notice contains the property's value on January 1, the millage rates proposed by each local government, and an estimate of the amount of property taxes owed based on the proposed millage rates. The date, time, and location of each local government's budget hearing are also provided on the notice. This provides property owners the opportunity to attend the hearings and comment on the millage rates before approval.

The Department verifies that the information supplied to property owners is accurate and in compliance with Florida Truth-in-Millage requirements.

Each county has a five-member value adjustment board, which hears and rules on challenges to a property's assessment, classification, or exemptions. The value adjustment board is independent from the property appraiser and tax collector. Value adjustment boards cannot change the millage, or property tax rates adopted by local governments.

After the first year a home receives a homestead exemption and the property appraiser assesses it at just value, the amount the assessment can increase for each following year cannot be more than 3% or the percent change in the Consumer Price Index, whichever is less.

This is called the “Save Our Homes” (SOH) assessment limitation. The accumulated difference between your assessed value and the just (market) value is your SOH benefit. Amendment 10 to the Florida Constitution created this assessment limitation in 1995.

Save Our Homes (SOH) protections, and a homestead exemption of \$25,000 plus the additional \$25,000 on non-school taxes.

Even if the value of your home goes down, your tax assessment may increase, but only by this limited amount. It will never be more than the just value of your home.

Portability allows most Florida homestead owners to transfer (or “port”) their SOH benefit from their old homestead to a new homestead, lowering the tax assessment (and consequently, the taxes) for the new homestead.

REGISTRATION

See county property appraiser’s website.

FORMS

Proposed non-ad valorem assessments are usually included at the bottom of your Notice of Proposed Property Taxes, Form DR-474.

Tax Bills (Form DR-528) are sent in November.

RATES

Florida has more than 640 local governments that levy a property tax. These include cities, counties, school boards, and special districts. Each year, usually in August and September, locally elected officials in each jurisdiction set a millage, or tax, rate for the upcoming fiscal year, usually beginning on October 1. Millage rates for each jurisdiction are uniform across all property types.

The Department ensures that local government millage rates do not exceed state-mandated caps. In addition, the Department confirms that local governments properly and timely send notices and advertise public hearings to adopt millage rates and annual budgets.

$$\begin{array}{rclcl} \text{Just Value} & - & \text{Assessment Limits} & = & \text{Assessed Value} \\ \text{Assessed Value} & - & \text{Exemptions} & = & \text{Taxable Value} \\ \text{Taxable Value} & \times & \text{Millage Rate} & = & \text{Total Tax Liability} \end{array}$$

Example: Assume a homestead has a just value of \$300,000, an accumulated \$40,000 in SOH protections, and a homestead exemption of \$25,000 plus the additional \$25,000 on non-school taxes.

The millage is 7 mills for county schools and 11 mills for all non-school taxing authorities combined (city, county, and special districts).

$$\begin{array}{rclcl} \text{Just Value} & - & \text{Accumulated SOH} & = & \text{Assessed Value} \\ \$300,000 & - & \$40,000 & = & \$260,000 \end{array}$$

School taxes

$$\begin{array}{rclclcl} \text{Assessed Value} & - & \text{Exemption} & = & \text{Taxable Value} & \times & \text{Millage} & = & \text{School Taxes} \\ \$260,000 & - & \$25,000 & = & \$235,000 & \times & .007 & = & \$1,645 \end{array}$$

Non-school taxes

$$\begin{array}{rclclcl} \text{Assessed Value} & - & \text{Exemption} & = & \text{Taxable Value} & \times & \text{Millage} & = & \text{Non-school Taxes} \\ \$260,000 & - & \$50,000 & = & \$210,000 & \times & .011 & = & \$2,310 \end{array}$$

Total Taxes

$$\$1,645 + \$2,310 = \$3,955$$

DUE DATE

Following the adoption of millage rates by local governments, county tax collectors send annual property tax bills, usually in late October or early November.

Full payment is due by the following March 31.

Discounts of up to 4% are given for early payment. - 4% in November, 3% in December, 2% in January, and 1% in February. The amounts are calculated for you on your bill.

If a property tax bill is not paid by the following March 31, the tax collector sells a tax certificate on that property in order to collect the unpaid taxes.

A tax deed may be sold if the property owner has not paid all back taxes, interest, and fees within two years.

Tax collectors also process and issue refunds for overpayment of property taxes.

ELECTRONIC FILING

See county property appraiser's website.

ELECTRONIC PAYMENT

See county property appraiser's website.

WEBSITE

See county property appraiser's website.

MAILING ADDRESS/PHONE NUMBER

Mailing address and phone number are dependent on county location.

INTANGIBLES

Repeal of Annual Intangible Personal Property Tax

Chapter Law 2006-312, L.O F. repealed, effective January 1, 2007, the annual tax on intangible personal property such as stocks, bonds, mutual funds, money market funds, and unsecured notes. Under this law, taxpayers owning these types of property will not be required to file an intangible personal property tax return for 2007 or subsequent years. This includes anyone filing an individual/joint return (DR 601I) or corporate return (DR 601C) in past years.

The repeal **did not** include:

- The nonrecurring tax on a note, bond, or other obligation for payment of money that is secured by a mortgage deed or other lien on real property. Taxpayers who are lending money secured by a mortgage on Florida real property must still pay the nonrecurring intangible tax. These payments are generally made to the Clerk of Court in the county where the instrument is recorded.
- The recurring tax on the lease of real property owned by a government and leased to a non-governmental entity when rental payments are due. Taxpayers that lease property from a governmental entity must still file and pay the governmental leasehold intangible tax annually, if the amount of tax owed before discount is \$60 or more.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Not applicable. Florida currently has no individual income tax.

UNEMPLOYMENT

FORMS

Florida employers pay for reemployment assistance through a tax managed by the Florida Department of Revenue. It is one of the employer's business costs. Workers do not pay reemployment tax and employers must not make payroll deductions for this purpose. Employer payments go into a fund from which money is paid to eligible, unemployed Floridians who file claims for reemployment assistance. After a qualifying period, employers with a stable employment history receive a lowered tax rate.

RATES

The initial tax rate for new employees is 0.0270 (2.7%). The first \$7,000 in wages paid to each employee during a calendar year is taxable. Any amount over \$7,000 for the year in excess wages is not subject to tax. Excess wages can never be greater than gross wages. The initial rate will stay at that rate until the employer has reported for 10 quarters. The minimum and maximum tax rates, effective January 1, 2019, are as follows (based on annual salary up to \$7,000 per employee):

Minimum rate: 0.0010 or \$7.00 per employee.

Maximum rate: 0.0540 or \$378 per employee.

DUE DATE

An Employer's Quarterly Report (Form RT-6) is due the first day of the month following the end of each calendar quarter and is late if not postmarked by the last day of the month.

First Quarter: (January thru March) due by April 30.

Second Quarter: (April thru June) due by July 31.

Third Quarter: (July thru September) due by October 31.

Fourth Quarter: (October thru December) due by January 31.

DUE DATE EXTENSION

If the last day of the month is a Saturday, Sunday, or legal holiday, the timely filing period is extended until the end of the next working day.

ELECTRONIC FILING

You can report and pay reemployment tax using Revenue's secure Internet site.

ELECTRONIC PAYMENT

You can report and pay reemployment tax using Revenue's secure Internet site.

WEBSITE

<http://dor.myflorida.com/dor/taxes/reemployment.html#pay>

MAILING ADDRESS/PHONE NUMBER

For written replies to tax questions, write to:

Taxpayer Services – Mail Stop 3-2000

Florida Department of Revenue

5050 W. Tennessee Street

Tallahassee, FL 32399-0112

(800) 352-3671

NEW HIRE

Federal and state law requires employers to report employees who are newly hired and re-hired in Florida to the [Florida New Hire Reporting Center](#). New hire reporting speeds up the processing of child support income withholding orders and the collection of support from parents who change jobs frequently. It also helps prevent overpayments of reemployment assistance to persons who have returned to the workforce.

TERMINATION

An employer will be eligible for termination if it has not met any liability criteria for an entire calendar year or if the business closes (which is different from only selling assets, selling stock, or merging into another business to be the continuing entity). If the employer qualifies because it has not paid wages for a year, the employer must apply for termination of coverage by April 30 of the following year. Contact the Department in writing to close the account of a closed business after the final wages have been paid. Once liability is terminated, the employer must reestablish liability in the same manner as any new employing unit.

INDEPENDENT CONTRACTOR TREATMENT

A person not subject to the will and control of the employer. The employer does not control or direct the manner or method of job performance. The general public is aware that the person is an independent contractor.

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

In Florida, all things related to unclaimed property are handled by the Department of Financial Services, Bureau of Unclaimed Property. As a business owner, this will be the agency to contact if you possess unclaimed property (unpaid wages, for example). Remember that you are subject to both reporting requirements and the obligation to turn over abandoned property to the state. It is also the point of contact if you believe that you may have knowingly, or unknowingly, abandoned property (for example, failing to get back a security deposit, and didn't receive a tax refund).

Florida businesses have a number of responsibilities concerning unclaimed property. Initially written notice must be sent to the apparent owner of the unclaimed property, if known. If the property remains unclaimed, businesses have a number of filing and reporting requirements to fulfill. Most importantly, businesses are required to turn over any and all unclaimed property to the state. There are stiff penalties to businesses who fail to comply with any of these requirements.

Individuals should know that Florida property is generally presumed abandoned if it is not claimed by the owner for more than five years after it became payable or distributable. However, this time limit varies depending on the type of property involved. Once abandoned property is turned over to the state by a business, an individual then has the burden of reclaiming it from the state.

A holder of unclaimed property must file a verified annual report containing such information concerning the property as is required by the Bureau of Unclaimed Property (Bureau). The reporting period is based on the calendar year. Thus, the report is due on or before May 1, and as of December 31 of the previous year. The Bureau may postpone the report due date upon a written request and a showing of good cause by the holder.

Once abandoned property is turned over to the state by a business, an individual then has the burden of reclaiming it from the state. Unclaimed funds are deposited into the State School Fund and used to support public schools. However, the original amount reported can always be reclaimed by the owner or the owner's heirs.

IMPACT FEES

Impact fees are imposed at county level and will vary.

MINIMUM WAGE

The Florida minimum wage is \$8.46 per hour, effective January 1, 2019.

REGISTERED AGENTS

Every Florida corporation and every foreign corporation now qualified or hereafter qualifying to transact business in this state shall designate a registered agent and registered office in accordance with Part 1 of 607.

Each limited liability company shall have and continuously maintain in this state a registered office, which may be the same as its place of business; and a registered agent, which may be either an individual who resides in the state whose business office is identical with such registered office or a foreign or domestic entity authorized to transact business in this state, having a business office identical with such registered office.

DAVIS BACON

The 1931 Davis-Bacon Act requires the payment of prevailing wage rates to all laborers and mechanics on federal or federally assisted construction contracts. Overall program responsibilities are administered by the U.S. Department of Labor. Project specific responsibilities are administered by the contracting agency. Davis-Bacon Act requirements are implemented in various federal assistance programs through the “related act” provisions in each agency’s implementing statutes.

See: <http://www.fhwa.dot.gov/construction/cqit/dbacon.cfm> for more information.

COMMUNICATION SERVICES TAX

Communication services tax applies to telecommunications, video, direct-to-home satellite, and related services. The tax is comprised of two parts: the Florida communications services tax and the local communications services tax.

The Florida portion of the tax includes both state tax and gross receipts tax. (The gross receipts tax on communications services is imposed under Chapter 203, Florida Statutes [F.S.], but administered under Chapter 202, F.S.). The total tax rate for the Florida portion is 9.17%. The rate for the state tax is 6.65%. The total rate for the gross receipts tax is 2.52%, which is composed of .15% and 2.37%.

Dealers may bill and collect the 6.65% state tax rate along with the .15% gross receipts tax rate (a total of 6.8%) provided the amounts are properly reflected on the tax return.

OTHER

CFMA Chapters in Florida:

Northeast Florida, Jacksonville, FL: <http://cafe.cfma.org/NeFlorida/Home/>
Central Florida, Orlando, FL: <http://cafe.cfma.org/centralflorida/Home/>
Miami-Dade, FL: <http://cafe.cfma.org/miamidade/home>
Tampa Bay, Tampa, FL: <http://cafe.cfma.org/TampaBay/Home/>
South Florida, Ft. Lauderdale, FL: <http://cafe.cfma.org/SouthFloridaFL/Home/>

On August 17, 2017 Florida released TAA 17A-016 to provide guidance on how local districts may make tax exempt purchases for public works project.

On August 30, 2017 Florida released TAA 17A-018 to provide guidance on Sales Tax on kitchen and bath remodeling businesses.

On October 10, 2017 Florida released TAA 17A-02 to provide guidance on Sales Tax exemptions for public works contractors.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 19, 2019

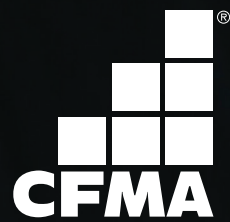
DATE OF LAST UPDATE

April 28, 2015

SUBJECT MATTER EXPERT

John P. Eardley, CPA, MST
Crowe, LLP
55 Campau Avenue N.W., Suite 500
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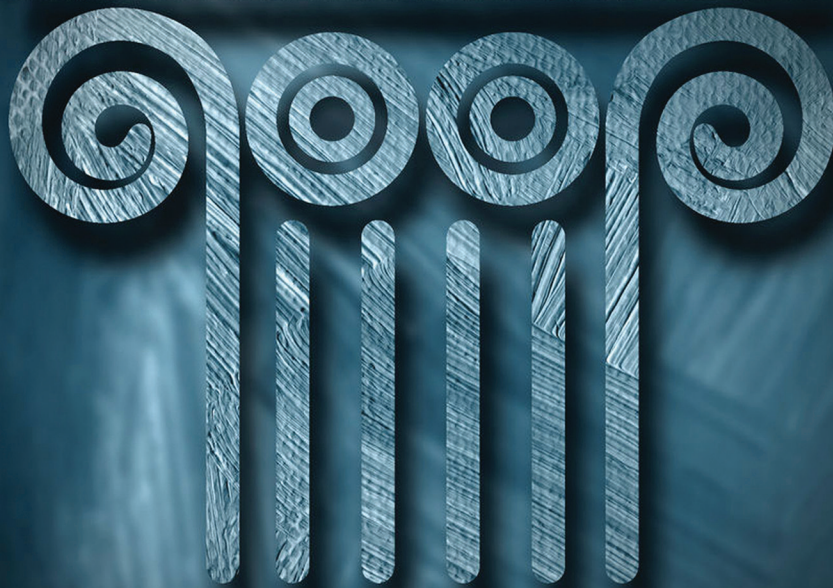
John.Eardley@crowe.com



**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



GEORGIA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Corporations, limited liability companies, and limited partnerships in Georgia are formed by filing with the Corporations Division of the Secretary of State articles of incorporation or organization.

A Georgia corporation is formed by filing articles of incorporation with the Georgia Secretary of State (SOS) together with Form 227. Initial registration also includes paying the fee and publication of Notice of Intent to incorporate in the newspaper designated for legal notices in the county of the registered agent.

The minimum requirements for the articles include the exact name of the corporation, the number of shares authorized, the street address and county of the initial registered agent and the name of the registered agent, the name and address of the incorporator, and the initial principal office address.

Within 90 days of incorporating, the initial annual registration is required that lists the principal officers.

Similarly, a Georgia LLC is created by filing Articles of Organization with the Georgia Secretary of State with Form 231. The articles must include: the LLC's name and address; the name and address of LLC's registered agent.

Limited Partnerships submit their certificate of limited partnership with Form 246.

Changes in address or officers require another registration filing and fee.

Foreign corporations file an Application for Certificate of Authority, Form 236, including a copy of home state certificate of existence or good standing. Similarly, LLCs file a Form 241, limited partnerships file a Form 251, and limited liability partnerships file Form 2000.

Registration is available online at: <http://sos.ga.gov/cgi-bin/corpforms.asp>

FORMS & FEES

Name Reservation Request Form	\$ 25
Filing fee with Form 227, 231, or 246	\$100
Form 236 for foreign corporations	\$225
Notice of Intent to incorporate publication fee	\$ 40
Annual registration	\$ 50

The current fee schedule is dated March 5, 2015.

WEBSITE

www.sos.georgia.gov/corporations

MAILING ADDRESS/PHONE NUMBER

Office of Secretary of State
Corporations Division
2 Martin Luther King Jr. Dr. SE
Suite 313 West Tower
Atlanta, GA 30334
(404) 656-2817

ADDITIONAL ASSISTANCE

The Georgia SOS website has FAQ as well as forms, instructions, etc.

ANNUAL RENEWALS

Renewals are required annually.

FORMS

Paper forms are available from the Georgia SOS. Online filing is generally the preferable procedure.

RATES

Annual renewals	\$ 50
Late renewal fee	\$ 25

DUE DATE

Annual renewals are due between January 1 and April 1.

Entities not renewed on time which are foreign are subject to a \$500 late filing fee. After five years of non-filing the entity will be administratively dissolved. Reinstatement of a dissolved entity may be possible.

ELECTRONIC FILING

Annual renewals can be done online at: www.sos.ga.gov

ELECTRONIC PAYMENT

Payment can be made online with credit cards at: www.sos.ga.gov

WEBSITE

www.sos.ga.gov/corporations

MAILING ADDRESS/PHONE NUMBER

Same address and phone as the Initial Registration.

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is required for businesses that will have reporting requirements for withholding, sales and income taxes, among other types of taxes. Since all construction companies will have these taxes, registration is required for contractors.

FORMS

Form CRF-002 is used to register a new business or a new activity for an existing business. This form will initiate the withholding, etc. forms coming to the contractor. Most contractors will use this to register for sales tax, withholding tax, and most importantly, to check the box for "contractor."

Completed forms can be mailed or faxed.

RATES

There is no cost to registering in Georgia with the Department of Revenue (DOR).

WEBSITE

Register electronically at: <https://gtc.dor.ga.gov>

MAILING ADDRESS/PHONE NUMBER

Georgia Department of Revenue
Registration and Licensing Unit
P.O. Box 49512
Atlanta, GA 30359-1512
Phone: (877) 423-6711
Fax: (404) 417-4317

LICENSES—GC & SPECIALTY

REGISTRATION

The Georgia Construction Industry Licensing Board consists of five divisions: the Division of Conditioned Air Contractors, Division of Electrical Contractors, Division of Low Voltage Contractors, Division of Master and Journeyman Plumbers, and Division of Utility Contractors.

Georgia licenses both commercial and residential contractors, conditioned air contractors, electrical contractors; plumbing; utility contractors. An application must be submitted to the State Licensing Board for Residential and General Contractors or the State Construction Industry Licensing Board.

See O.C.G.A. § 43-41-2 for complete definitions.

Certain specialty trades or work costing less than \$2,500 do not require the services of a state licensed contractor.

To obtain a state license as a residential-basic, residential-light commercial, general contractor – limited tier or general contractor you must submit a completed application for licensure with a \$200 non-refundable fee, along with all the supporting documents as indicated by the application (e.g., Employment Affidavit; CPA Reference Letter and/or Report from a CPA; Reference for General Contractor) and meet the educational requirements.

TESTS AND EXAMS

Applicants for licensure must pass a two-part examination covering the license they are attempting to obtain, business and law concepts.

To register for the exam, call (478) 207-2440 or visit:
www.sos.ga.gov/plb/contractors

FORMS

Applications for a general contractor, residential basic contractor, residential commercial contractor, and others can be found at:
<http://sos.ga.gov/cgi-bin/plbforms.asp?board=49>

RATES

Application fees are generally \$200.

DUE DATE

Contractor's license must be renewed every year. The due date is based on when the license was obtained. A license may be renewed up to two years after its expiration date.

ELECTRONIC FILING

Contractor's license renewals can be filed here:
<https://secure.sos.state.ga.us/mylicense/Login.aspx?process=ren>

ELECTRONIC PAYMENT

Contractor's license renewals can be paid for at:
<https://secure.sos.state.ga.us/mylicense/Login.aspx?process=ren>

WEBSITE

<http://sos.ga.gov/cgi-bin/plbforms.asp?board=49>

MAILING ADDRESS/PHONE NUMBER

Georgia State Licensing Board for Residential and General Contractors
237 Coliseum Drive
Macon, GA 31217
(478) 207-2440

RECIPROCITY STATES

The State of Georgia has entered into reciprocal agreements with the States of Louisiana and Tennessee as an available method to obtain licensure in Georgia. You must hold a commercial license with a classification of "building construction" and you must have obtained the license by examination in the respective state.

The Georgia Board has reciprocal agreements for Electrical Contractors with Louisiana, South Carolina, North Carolina, and Alabama. With your application, you must submit a certification letter from the respective state board verifying you hold a license and have passed the state examination. There are reciprocal agreements for conditioned air engineers with Louisiana, South Carolina, and Texas. Low voltage contractors have a reciprocal agreement with North Carolina. There are no reciprocal agreements with other states for plumbers.

EQUITY REQUIREMENT

Only the general contractor license requires a minimum net worth. As outlined in Board Rules 553-4-.01, 553-4-.02, 553-4-.05, and 553-4-.06, a general contractor must have a minimum net worth of \$150,000 and a general contractor limited tier must have a minimum net worth of \$25,000. If applying as a qualifying agent, the net worth must be in the business name.

FINANCIAL STATEMENT REQUIREMENTS

Representation of financial good standing on the application form and insurance requirements.

For the General Contractor license, the maximum net worth of \$150,000 must be attested by a CPA who performed an audit, review, or compilation.

LOCAL LICENSES

REGISTRATION

There are 159 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. The location of the job site or the main place of business are generally the only place that a license is required if there are numerous job sites for the construction company in the states.

FORMS

Each county or city will have their specific forms for the local license. There are no local or municipal income taxes in Georgia.

INCOME TAX

INCOME TAX—C CORPORATION

A return is required to be filed by all corporations doing business in Georgia, owning property in Georgia, or having sources of income from Georgia.

The starting basis for Georgia taxable income is the federal taxable income. The accounting period and method are the same as the federal. A copy of the federal return including all the supporting schedules are required attachments to the return. Any federal audit changes require an amended state return within 180 days of final federal determination.

FORMS

Form 600 is the corporate income tax form.

Form 602 ES is the estimated tax form.

Form IT-560 C is the form to pay tax when an extension is requested.

Form IT-CONSOL is the form to request permission to file a consolidated return. This form is due 75 days prior to filing the return, and if not, then separate returns are required.

GA Form 4562 is used to compute depreciation differences from the Federal 4562.

Amended returns check the box for Amended on the Form 600 and attach a copy of the Federal Form 1120x.

Form IT-552 attached to Form 600 is required to claim a net operating loss deduction.

RATES

Georgia corporate income tax rate is 6%. For taxable years beginning on or after January 1, 2019 and expiring December 31, 2025 the rate is dropping to 5.75%.

The late payment penalty is 1/2 of 1% per month, up to 25%.

The late payment penalty is not due if the return is amended due to an IRS audit.

A late filing penalty is 5% per month of the unpaid tax, up to 25%.

Negligent underpayment of tax is 5% of the tax.

Fraudulent underpayment of tax is 50% of the tax.

Interest on an unpaid balance accrues at 12% per year.

DUE DATE

Fifteenth day of the 4th month following the close of the taxable year. April 15 for calendar year taxpayers.

DUE DATE EXTENSION

The extension request is due the same day as the due date for the related tax return.

ELECTRONIC FILING

Electronic filing of the returns are required if funds are remitted electronically.

Electronic filing is required for the Georgia return if the related federal return is filed electronically.

ELECTRONIC PAYMENT

Available

WEBSITE

<https://dor.georgia.gov>

MAILING ADDRESS

Form 600:
Georgia Department of Revenue
Processing Center
P.O. Box 740397
Atlanta, GA 30374-0397

Form IT-CONSOL:
Georgia Department of Revenue
Office of Tax Policy, Suite 15316
1800 Century Blvd., NE
Atlanta, GA 30345

ESTIMATED TAX

Estimated tax is required if net income is expected to exceed \$25,000.

FORMS

Form 602ES is used for estimated tax. After the first payment, the DOR will mail the subsequent forms. Online payments are generally required or preferred.

Form 600 UET is used to compute the underpayment of estimated tax.

RATES

The underpayment penalty is 9% per annum for underpayment.

Failure to pay penalty is 5% per month up to 25%.

DUE DATE

Generally, the estimates are due on the 15th of the 4th, 6th, 9th, and 12th month.

DUE DATE EXTENSION

Georgia extension is automatic with the federal extension, Form 7004. Payment of taxes at the extension date is with Form IT-560C.

If the federal extension is not filed, or for some reason a separate Georgia extension is appropriate, Form IT-303 is the Georgia extension. Corporations and individuals have six months with the form, and partnerships and fiduciaries have five months.

The federal extension form has to be included with the return, if taxes are due, or penalties will apply.

No extensions are available past the first six-month automatic extension.

If the box "Extension" is not checked on the Form 600, the late filing penalty will be assessed.

ELECTRONIC FILING

Electronic filing is required if quarterly payments are more than \$10,000.

ELECTRONIC PAYMENT

Estimated tax payments are required to be electronically paid if more than \$10,000 per quarter. Payment is through the website: <https://dor.georgia.gov>

WEBSITE

<https://dor.georgia.gov>

MAILING ADDRESS/PHONE NUMBER

Georgia Department of Revenue
Processing Center
P.O. Box 740397
Atlanta, GA 30374-0397

Electronic payment assistance is (877) 423-6711

ALTERNATIVE MINIMUM TAX

Georgia does not have an alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

The following typical construction items are not adopted for Georgia:

- IRC Section 168(k) bonus depreciation;
- 15-year recovery of certain improvements to retail space;
- Intangible expense and related interest paid to a related member.

A corporation which is a party to a state contract may subtract from federal taxable income 10% of qualified payments to minority subcontractors or \$100,000 whichever is less, per taxable year.

Corporations doing business both within and outside Georgia who incur a loss shall compute the net operating loss carryover deduction for Georgia only for the loss attributed to operation in Georgia.

Generally, other state and local income taxes deducted on the federal return will be added back to the Georgia return.

Compensation reduced on the federal return for the jobs tax credit will be subtracted from the federal taxable income as a Georgia deduction.

Other differences are on the Form IT-611, the instruction booklet.

Consolidated returns that are 100% Georgia business need permission to file, which is obtained on Form IT-CONSOL 75 days prior to filing.

ALLOCATION AND APPORTIONMENT FACTORS

Certain interest income and related expenses, investment rentals, sales of tangible and intangible property, and other investment income is allocated to or not to Georgia depending on the situs of the property. The remaining net income is then apportioned.

Georgia uses a single sales factor (gross receipts).

A business that is involved in a joint venture must include its pro rata share of the joint venture's gross receipts in its own apportionment formula.

CREDITS AND TAX INCENTIVES

Credits that may be contractor related include:

- Employer's credit for basic skills education, Form IT-BE.
- Employers credit for approved employee retraining.
- Employer's jobs tax credit.
- Qualified transportation credit.
- Business enterprise vehicle credit.
- Qualified health insurance expense credit.
- Quality jobs credit.

Additional information is available on Form IT 611, the instruction booklet which is updated annually.

Net Operating Loss (NOL).

The NOL deduction must be taken after apportionment in Georgia. No carryback for NOLs arising after December 31, 2017 (2 years for NOLs that arose before January 1, 2018). Indefinite NOL carryforward for NOLs arising after December 31, 2017 (20 years for NOLs arising prior to January 1, 2018).

Georgia does not follow the federal extended NOL carryback period.

INCOME TAX—S CORPORATION

Georgia recognizes the federal election. No other election is required.

REGISTRATION

Rules for S corporation registration are identical with C corporations.

FORMS

Form 600-S is the Georgia S corporation form.

IT 611S is the information booklet for S corporations.

A complete copy of the federal return is required to be attached to the 600-S.

GA Form 4562 is used to compute depreciation differences from the Federal 4562.

A Form 600S-CA is required to be signed by each nonresident stockholder. This is for the first year as a shareholder; subsequent years are not required. Failure to furnish a properly executed form for each nonresident stockholder negates Georgia's

recognition of the S status requiring each corporation to file Form 600 and pay the regular corporate tax.

Withholding at 4% is required for income reported to nonresident shareholders and partners. A special withholding number is required for this. Form CRF-002 is used to register for this additional withholding number. The reporting and payment is due no later than the due date of the related entity return.

RATES

Generally there will be no Georgia tax if there is no federal tax. A Georgia tax may be imposed if the related federal return had S corporation tax imposed as a result of an S corporation which had converted from a C corporation and had excess net passive investment income, capital gains, or built-in gains. This income would be apportioned to Georgia.

DUE DATE

Fifteenth day of the third month following the close of the taxable year. March 15 for calendar year taxpayers.

DUE DATE EXTENSION

Georgia extension is automatic with the federal extension, Form 7004. Payment of taxes at the extension date is with Form IT-560C.

If the federal extension is not filed, or for some reason a separate Georgia extension is appropriate, Form IT-303 is the Georgia extension. Corporations and individuals have six months with the form, and partnerships and fiduciaries have five months.

ELECTRONIC FILING

Electronic filing of the returns are required if funds are remitted electronically.

Electronic filing is required for the Georgia return if the related federal return is filed electronically.

ELECTRONIC PAYMENT

S corporation payment rules are the same as C corporations.

WEBSITE

<https://dor.georgia.gov>

MAILING ADDRESS/PHONE NUMBER

Georgia Department of Revenue
Processing Center
P.O. Box 740391
Atlanta, GA 30374-0391
(877) 423-6711

COMPOSITE RETURNS FOR S

Yes

ALLOWED OR NOT ALLOWED

Allowed, but not required. There is no net operating loss carryback for a composite return.

FORMS

Form IT CR is the composite return for nonresidents. The same form is used for both S corporations and partnerships with the appropriate box checked.

RATES

The rates for the composite return have three options:

Option 1 is simply the tax, at the Georgia rate table amount, for the income from the Georgia entity without the effect of possible deduction, credits, etc. which may ultimately be on the individual's return.

Option 2 is the computed tax with the effect of exemptions, deductions, etc., which may be closer to the ultimate amount of tax for that shareholder or partner.

Option 3 is the income from the entity allocable to the shareholder or partner at a fixed rate of 6%.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

Amended returns claiming a refund have a general three-year statute.

DUE DATE EXTENSION

Form IT-303 is the Georgia extension if the federal 7004 is not filed.

The federal extension form has to be included with the return, if taxes are due, or penalties will apply.

No extensions are available past the first six-month automatic extension.

ELECTRONIC FILING

Electronic filing is required if quarterly payments are more than \$10,000, or if the related federal return is filed electronically.

ELECTRONIC PAYMENT

Estimated tax payments are required to be electronically paid if more than \$10,000 per quarter, same as a C corporation, if the S corporation actually had a payment to make. Payment is through the website: <https://dor.georgia.gov>

WEBSITE

The website is the same as for a C corporation.

MAILING ADDRESS

The composite return mailing address is:
Georgia Department of Revenue
Processing Center
P.O. Box 740320
Atlanta, GA 30374-0320

The composite return payment voucher, CR PV:
Georgia Department of Revenue
Processing Center
P.O. Box 740240
Atlanta, GA 30374-0240

ESTIMATED TAX FOR S

There are no forms for estimated taxes for an S corporation, but the Net Worth tax, which is a part of the 600S return, can be paid with the Form IT-560.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Withholding, payment, reporting, and signature authorizations are required for nonresident shareholders who do not elect to be included in a composite return.

FORMS

Withholding form is G-2A.

Composite return payments, with or without the Form IT CR is Form CR PV.

RATES

4%

INCOME TAX—PARTNERSHIPS, LLC

COMPOSITE RETURNS

Yes, composite returns are allowed, but not required for nonresident partners. See above under S-corporations.

FORMS

Every entity which is required to file a federal Form 1065 that has business or derives income from property in Georgia or has members domiciled in Georgia is required to file a Georgia Form 700.

A complete copy of the corresponding federal return is required to be attached to the Georgia return.

Extended returns with payment due can be paid with Form IT-560C.

Withholding form is G-2A.

Composite return payments, with or without the Form IT CR is Form CR PV.

RATES

There is no tax on Form 700. See under S-corporations above for Composite filing rates.

DUE DATE

March 15, or the 15th day of the third month after the end of the year.

DUE DATE EXTENSION

If the federal extension is not filed, or for some reason a separate Georgia extension is appropriate, Form IT-303 is the Georgia extension. Corporations and individuals have six months with the form, and partnerships and fiduciaries have five months.

ELECTRONIC FILING

Electronic filing of the returns are required if funds are remitted electronically.

Electronic filing is required for the Georgia return if the related federal return is filed electronically.

ELECTRONIC PAYMENT

Electronic payments are optional and payment by credit card or debit card are also available. For those options see the DOR website in the instruction booklet, Form IT 511.

WEBSITE

<https://dor.georgia.gov/credit-card-payments>

MAILING ADDRESS

The Form 700:
Georgia Department of Revenue
P.O. Box 740315
Atlanta, GA 30374-0315

INCOME TAX—INDIVIDUAL

Full-year residents are taxed on all income, regardless of the source, except certain specified tax exempt income. Filing is required if the income exceeds certain levels based on the standard deduction and personal exemptions and you are required to file a federal income tax return.

Part-year residents and nonresidents who work in Georgia or receive income from Georgia sources are required to file Georgia Form 500 with the completed allocation form. Residents of other states are not required to file in Georgia if their income from employment in Georgia does not exceed the lesser of 5% of their income from all sources or \$5,000.

FORMS

Form IT 511 is the instruction booklet for individuals.

Form 500, Individual income tax.

Form 500X, Amended individual income tax.

If credit for taxes paid to other states is claimed, a full copy of the other state's return is required as an attachment to the Georgia return.

Form G-2A shows the withholding on nonresident income from partnerships, LLCs, and S corporations. This form is attached to the return.

RATES

A graduated rate schedule applies to individual returns with a maximum rate of 6%. This maximum rate for tax years beginning on or after January 1, 2019 through December 31, 2025 is 5.75%.

A credit for taxes paid to other states is allowed for full-year residents.

DUE DATE

April 15

DUE DATE EXTENSION

The Georgia extension is automatic with the federal extension. A copy of the extension is required to be attached to the Georgia return.

If the federal extension is not filed, or for some reason a separate Georgia extension is appropriate, Form IT-303 is the Georgia extension. Corporations and individuals have six months with the form, and partnerships and fiduciaries have five months.

ELECTRONIC FILING

Electronic filing is available and it is required for taxpayers who have made electronic payments for any purpose or who have filed a federal return electronically.

ELECTRONIC PAYMENT

Electronic payments and certain card payments are options for payments.

WEBSITE

Various websites for the instructions, forms, payments, etc. are in the instruction booklet, Form IT 511.

MAILING ADDRESS

Form 500 with refunds or no balance due:
Processing Center
Georgia Department of Revenue
P.O. Box 740380
Atlanta, GA 30374-0380

Form 500 with payment:
Processing Center
Georgia Department of Revenue
P.O. Box 740399
Atlanta, GA 30374-0399

Form 500X, Amended Return:
Georgia Department of Revenue
P.O. Box 740318
Atlanta, GA 30374-0318

Form 525-TV, Payment Voucher:
Processing Center
Georgia Department of Revenue
P.O. Box 740323
Atlanta, GA 30374-0323

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Georgia.

IRC CONFORMITY

There are numerous differences from the federal return, which are listed in the instruction booklet Form IT-511.

Georgia adopts the IRC as enacted on or before 02/09/2018.

On March 2, Governor Deal signed legislation (H.B. 918) to decouple from the federal tax reform's interest expense limitations.

There is no conformity to IRC Section 199A. Georgia's personal income tax calculation starts with federal adjusted gross income. In addition, while Georgia permits individual taxpayers to take itemized deductions (with modifications), the IRC § 199A deduction is not an itemized deduction.

ALTERNATIVE MINIMUM TAX

Georgia does not have an alternative minimum tax for individuals.

NET WORTH OR STOCK TAX

REGISTRATION

There is no registration for the net worth tax. However the first payment is due at the time the entity is registered with the Secretary of State at the time the entity is formed, and covers the time from the date of incorporation to the end of the first year.

TAXABLE BASIS

The tax is on the net worth of the entity as it shows on the tax return balance sheet for the corporation or the S-Corporation. It is 100% of the equity for a domestic corporation (Georgia) and is based on the equity employed in Georgia for a non-Georgia corporation.

For a consolidated return, each entity must file and pay its own net worth tax.

FORMS

The tax is computed on the income tax return for corporations and S corporations, which is Form 600 or Form 600S.

RATES

The rate is a graduated scale with a minimum of \$10 for net worth up to \$10,000, with a maximum of \$5,000 for corporations with a net worth over \$22,000,000. The instruction booklet and the web have the table of rates.

Foreign corporations calculate the tax based on equity employed in Georgia.

If the initial short year is less than six months, then the tax is 50% of the regular rate.

The late filing penalty is 10% of the tax due.

The late payment penalty is 10% of the tax due.

Interest on late payments is accrued at 12% per annum.

DUE DATE

The tax is due annually at the time the income tax return is filed for the prior year. For example, the net worth tax for 2019 is due and computed on the income tax return for 2018.

DUE DATE EXTENSION

The extension is automatic with the federal extension but the tax is due on the original due date for the income tax return. Late payment is subject to penalty and interest.

If the federal extension is not filed, or for some reason a separate Georgia extension is appropriate, Form IT-303 is the Georgia extension. An extension up to six months is available.

Since separate net worth returns are required for consolidated returns, separate extensions are also required.

Remitting payment with a Form IT 560 does not constitute an extension.

ELECTRONIC FILING

Electronically filed income tax returns, on which the net worth tax is computed, will be filed electronically as a part of that income tax return.

ELECTRONIC PAYMENT

Electronic payment will be computed and paid with the income tax return, and electronic submission is with the income tax return.

GROSS RECEIPTS TAX

REGISTRATION

Georgia does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not applicable. Georgia does not collect a Local Business License Tax.

STATE SALES AND USE TAX

REGISTRATION

Registration is required and contractors have a special number format.

Sales tax is usually required to be paid by the contractor at the time the materials are purchased. The contractor, whether the general or the sub-contractor, are generally deemed to be the consumer of the materials and are therefore the party who is responsible for the payment of the tax.

A contractor may be liable for a use tax, which is essentially the same as the sales tax, if the materials are purchased in a different jurisdiction or another state at a lesser rate than the rate at the point of use.

There is a nonresident contractor requirement for filing, reporting and bonding which is separate from the nonresident sales and use tax requirement for registering, reporting, bonding, and remitting sales tax. The general contractor is required to withhold 2% of the payment to a nonresident subcontractor unless the subcontractor has a bond with the DOR. The general contractor will be liable for any unpaid tax of the subcontractor if those rules are not met. The DOR has a new form that the subcontractor can certify that they are a resident or a nonresident.

Generally, there are no special rules for resident contractors other than the compliance with the nonresident subcontractor rules.

Contractors can be a “fabricator” and a “contractor” with a somewhat more complicated sales tax situation for product sold to third parties and product produced then used themselves on their contracts.

FORMS

Form CRF-002 is the registration application for sales tax, withholding tax, and the special contractor registration. A contractor will have a special sales tax number. The address for mailing the completed form is on the form.

Form ST-C 214-6 is the Certification of Subcontractor Residency.

Form ST-C 214-xx numerous contractor specific forms, refer to the DOR website for the explanation and use of these, several of which are nonresident specific.

Form ST-3 is the sales and use tax reporting form.

RATES

The overall state rate is 4%. There are numerous county and local sales taxes.

A contractor may purchase materials in one jurisdiction for use in another. If the rates are the same for both, no additional filing or adjustment is required. If the rate in the location of use is more than in the location of purchase, the contractor owes the difference.

DUE DATE

The 20th of the month following the reporting period.

While a typical contractor may have no tax liability, the ST-3 form is a required monthly filing, even with zeroes, to demonstrate that there is no liability.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is required above a specific amount of monthly tax liability.

ELECTRONIC PAYMENT

Electronic payment is required if electronic filing is elected or required.

WEBSITE

<https://dor.georgia.gov/credit-card-payments>

MAILING ADDRESS/PHONE NUMBER

The returns are mailed to:
Department of Revenue
P.O. Box 105408
Atlanta, GA 30348-5408
(877) 423-6711

GRANDFATHERING OF RATE CHANGES

Since rates change frequently for counties and local jurisdictions, a prior rate is grandfathered for valid contracts at the time of a change.

GOVERNMENT PROVIDED MATERIALS

A governmental entity furnishing materials for the contractor shall either provide written notice of the amount of the tax owed on the materials or the governmental entity shall be responsible for the tax.

Tax exempt entities, such as churches, etc. are not tax exempt from sales tax on construction contracts.

TAXABLE SERVICES

Services are generally not taxable in Georgia.

LOCAL SALES AND USE TAX (City, County, Special)

REGISTRATION

Georgia has 159 counties and many local jurisdictions which have sales tax and local option taxes in addition to the state-wide 4% rate. Refer to the Sales Tax section above. All the local sales and use taxes are reportable on the same form with the state tax.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Georgia has an individual income tax with a top rate of 6%. 5.75% for 2019 through 2025.

Form G-4 is the employee's withholding allowance certificate.

Form G-7 is the monthly or quarterly reporting of withholding form.

Form G-1003 is the annual income statement.

Form IT 550 is the claim for refund of withholding taxes.

Georgia has an annual Employers Tax Guide, available on their website. The current edition is a November 2018 revision.

RATES

The maximum tax rate is 6%, 5.75% for 2019 through 2025). Tables provide the proper amount of withholding.

Withholding from wages for a nonresident employee is required if more than 5% of their total earned income is in Georgia or if more than \$5,000 of wages are attributable to Georgia.

Georgia withholding for employees working in another state are required for Georgia if the other state has no withholding requirements.

DUE DATE

Monthly filer's forms are due the 15th of the following month. Quarterly reports are due the last day of the month following the quarter.

Quarterly filer's forms are due the end of the month following the quarter.

Payments for withheld taxes of \$100,000 or more for a pay day are due the next day after the pay day. Payments by ACH must be completed the day before the due date.

Check the Employers Tax Guide for the details on when payments and forms are due.

DUE DATE EXTENSION

There is no extension for withholding filing or payment, but a penalty may be abated for reasonable cause.

ELECTRONIC FILING

Taxpayers who are required to submit funds electronically are also required to submit forms electronically. There is a penalty for filing a paper return if electronic filing is required.

There is no cost for filing online.

ELECTRONIC PAYMENT

ETF payments are required for amounts \$500 or more. A penalty of 10% is added if a payment is required to be paid electronically and is not remitted by ETF.

There is no fee for paying online, but if payment is by credit card, a 2.5% fee will be charged.

WEBSITE

<https://dor.georgia.gov/credit-card-payments>

MAILING ADDRESS/PHONE NUMBER

Georgia Department of Revenue
Taxpayer Services Division
P.O. Box 49432
Atlanta, GA 30359
(877) 423-6711

INDEPENDENT CONTRACTOR TREATMENT

There are penalties for incorrectly reporting a worker as an independent contractor who is actually an employee. The fine for the first offense is equal to the amount of the tax that should have been withheld, and then goes up for subsequent offenses.

UNEMPLOYMENT

FORMS

Form DOL 1A is the application for an account number.

Form DOL 4N is the quarterly reporting form.

Form DOL 4A is the annual reporting form.

RATES

Unemployment tax is charged on the first \$9,500 of wages in a year. New employers are assigned a rate of 2.7%, which will be changed up or down with experience rating history; rates range from 0.04% to 8.1%.

DUE DATE

Wage reports are due by the end of the month following the end of a calendar quarter.

WEBSITE

www.dol.state.ga.us

The web is the best place to get the information on unemployment. It is a comprehensive site with all the forms, etc. including the Georgia code.

MAILING ADDRESS/PHONE NUMBER

Georgia Department of Labor
P.O. Box 740234
Atlanta, GA 30374-0234
(404) 232-3001

NEW HIRE

New hires and re-hires are required to be reported within 10 days of the hire or re-hire date. This is done electronically at the DOL website, through the employers account, or with a form found on the DOL website. The New Hire Reporting Program has a help desk at: (404) 525-2985.

TERMINATION

Separation notice is Form DOL-800. It is a required reporting of separation.

INDEPENDENT CONTRACTOR TREATMENT

Unemployment tax is not assessed for independent contractors. A company may need to prove that a worker is an independent contractor.

PROPERTY TAX

PERSONAL PROPERTY

Georgia counties have business personal property tax as well as specific property tax on real property, marine, and aircraft.

REGISTRATION

There is no registration. Filing requirements are determined based on ownership of property as of January 1 of the tax year.

FORMS

Form PT-50P is a standard state-wide form which is filed with the county in which the property is located as of January 1. Construction equipment is generally a Group 1 asset with economic life of 5-7 years.

Form PT-50A is the Aircraft Personal Property form.

Form PT-50M is the Marine Personal Property form.

Form PT-507A is a form that dealers of heavy-duty equipment send to the Georgia DOR to report the sale of equipment to the DOR, which they then use to check against the business personal property tax returns.

RATES

The rates are set annually by the taxing jurisdictions.

DUE DATE

April 1

DUE DATE EXTENSION

Extensions are available if requested from the Tax Assessor or Tax Commissioner of the county in which the return is filed.

ELECTRONIC FILING

Electronic filing is determined by each county.

ELECTRONIC PAYMENT

Electronic payment is determined by each county.

WEBSITE

<https://dor.georgia.gov/documents/property-tax-business-personal-property-tax-return>

MAILING ADDRESS/PHONE NUMBER

The business personal property tax return is filed in the county where the property is located.

REAL PROPERTY

Real property is subject to an annual property tax. While there is a form to file to return the value for tax assessment, the county will generally assess and notify of the value, with a right to appeal by the property owner. It is assessed on the fair market value as of January 1 with payment later in the year.

Form PT-50R is available for reporting real property for assessment. Filing this form will create a review of the property by the county assessor.

INTANGIBLES TAX

REGISTRATION

Georgia does not have an intangibles tax.

FUEL TAX

REGISTRATION

Registration is required and is filed online: <http://dor.georgia.gov/motor-fuel-registration>

FORMS

CRF-007, Motor Fuel Registration.
IFTA-100, 2015 Quarterly Fuel Tax Return.
MFD-04, Motor Fuel Tax Unit Return.

RATES

Motor fuels – \$0.275 per gallon (\$0.01 per gallon on aviation gasoline), plus additional “prepaid state tax.”

DUE DATE

20th day of the month following preceding calendar month.

ELECTRONIC FILING

<https://gtc.dor.ga.gov>

ELECTRONIC PAYMENT

<https://gtc.dor.ga.gov>

WEBSITE

<http://dor.georgia.gov/general-motor-fuelifta-information>

MAILING ADDRESS

Motor Vehicle Division Main Office
South Meadow
4125 Welcome All Road
Atlanta, GA 30349

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Holders of intangible property belonging to another person must escheat it to the state if the owner has not claimed the property after a “dormancy period.”

A holder of abandoned property must file a verified annual report containing information required by the Department of Revenue concerning the property.

Due diligence is required for each item of unclaimed property. If the holder knows the whereabouts of the owner, the holder must contact the owner and take necessary steps to prevent abandonment from being presumed. At least 60 days, but no more than 120 days, prior to the due date of the annual report, a holder of abandoned property must send written notice to the apparent owner if his records indicate an address.

Form UP-1C or UP-2C is the form for reporting unclaimed property by a corporate entity.

Extensions may be granted for up to 90 days by written request.

www.dor.georgia.gov/taxes has a tab for unclaimed property.

Georgia requires negative reporting verifying zero property presumed abandoned for the year using Form UP-1N.

Georgia’s dormancy period for holders is five years, with the following exceptions:

- One year: Unpaid wages and dissolution/liquidation and demutualization proceeds;
- Three years: Contents of safe deposit boxes;
- Seven years: Money orders;
- Fifteen years: Traveler’s checks.

Information can be obtained from:

Georgia Department of Revenue
Unclaimed Property Program
4125 Welcome All Rd., Suite 701
Atlanta, GA 30349
(855) 329-9863
ucpmail@dor.ga.gov

MINIMUM WAGE

\$5.15 per hour starting January 1, 2015; however the federal minimum wage law supersedes state minimum wage laws where the federal minimum wage (\$7.25) is greater than the state minimum wage.

Other

Effective on 6/29/2017 Georgia issued Policy Bulletin SUT-2017-05 - Sales and Use Tax Exemption for the Renovation or Expansion of a Qualifying Aquarium or Zoological Institution.

Effective on 7/1/2018 Georgia issued Policy Bulletin SUT-2018-05: Guidance on S&U exemption for S&U of TPP used for the construction of qualifying automobile museums.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

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DATE OF LAST UPDATE

May 26, 2015

SUBJECT MATTER EXPERT

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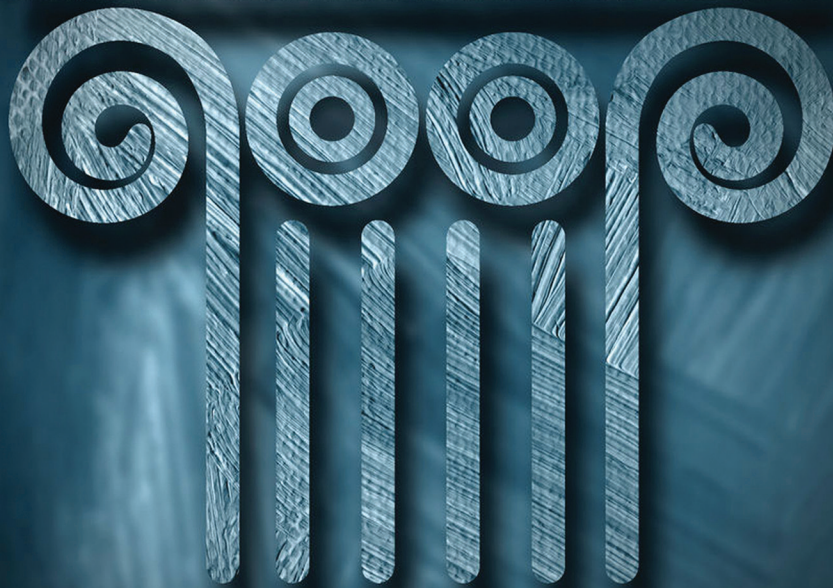
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



HAWAII

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

In Hawaii, corporations, partnerships, limited liability companies, and limited liability partnerships are registered with the Department of Commerce and Consumer Affairs, Business Registration Division.

FORMS

In addition to the list below, registration forms can be found at:
<http://cca.hawaii.gov/breg/registration/>

Domestic

Form DC-1, Profit Corporation – Articles of Incorporation

Form LLC-1, Limited Liability Company – Articles of Organization

Form GP-1, Limited Liability Partnership – Registration Statement for Partnership

Form LP-1, Limited Partnership – Certificate of Limited Partnership

Form GP-1, General Partnership – Registration Statement for Partnership

Foreign

Form FC-1, Profit Corporation – Application for Certificate of Authority

Form FLLC-1, Limited Liability Company – Application for Certificate of Authority

Form GP-1, Limited Liability Partnership – Registration Statement for Partnership

Form FLP-1, Limited Partnership – Application for Certificate of Authority

Form GP-1, General Partnership – Registration Statement for Partnership

RATES, FEES, COSTS

Registration form filings can be expedited for an additional \$25.

Domestic

Form DC-1, Articles of Incorporation	\$50 filing fee
Form LLC-1, Articles of Organization	\$50 filing fee
Form GP-1, Registration Statement for Partnership	\$25 filing fee
Form LP-1, Certificate of Limited Partnership	\$25 filing fee
Form GP-1, Registration Statement for Partnership	\$15 filing fee

Foreign

Form FC-1, Application for Certificate of Authority	\$50 filing fee
Form FLLC-1, Application for Certificate of Authority	\$50 filing fee
Form GP-1, Registration Statement for Partnership	\$15 filing fee
Form FLP-1, Application for Certificate of Authority	\$50 filing fee
Form GP-1, Registration Statement for Partnership	\$15 filing fee

DUE DATE

Prior to commencing operations in Hawaii.

ELECTRONIC FILING

Optional: <https://hbe.ehawaii.gov/BizEx/home.eb>

ELECTRONIC PAYMENT

Optional: <https://hbe.ehawaii.gov/BizEx/home.eb>

WEBSITE

Business Registration: <http://cca.hawaii.gov/breg/>

MAILING ADDRESS/ PHONE NUMBER

Department Of Commerce and Consumer Affairs
Business Registration Division
P.O. Box 40
Honolulu, HI 96810
(808) 586-2727

ANNUAL RENEWALS

FORMS

Annual Report

RATES

\$15 Filing fee/\$25 Expedited fee.

DUE DATE

Early filers – If you are trying to file early, the earliest you can file is in the quarter your annual filing is due. You can do this filing online.

Late filers – If you are trying to file a late annual filing online, you can only file an annual return that was due in the previous three quarters. You cannot file an annual filing that is a year or more late. Any late filings, including those that are a year or more late, can be filed by mail, fax, or walk-in.

ELECTRONIC FILING

Required: <http://hbe.ehawaii.gov/annuals/welcome.html>

ELECTRONIC PAYMENT

Required: <http://hbe.ehawaii.gov/annuals/welcome.html>

WEBSITE

Annual Business Filing: <http://hbe.ehawaii.gov/annuals/welcome.html>

MAILING ADDRESS/ PHONE NUMBER

Department Of Commerce and Consumer Affairs
Business Registration Division
P.O. Box 40
Honolulu, HI 96810
(808) 586-2727

REGISTRATION WITH THE DEPARTMENT OF REVENUE

Every person or company intending to do business in Hawaii, including every individual who is self-employed or who hires employees, must apply for a general excise/use tax Identification Number. In addition, every person or company (with very few exceptions) with employees in Hawaii must register for the withholding tax and apply for unemployment insurance coverage.

FORMS

Form BB-1, Hawaii Basic Business Application – Allows you to register for various state tax and employer licenses and permits, including general excise/use tax, withholding tax, and unemployment insurance tax.

RATES

Varies depending on number of licenses for which you are registering.

DUE DATE

Prior to commencing business in Hawaii.

ELECTRONIC FILING

Optional: <https://hbe.ehawaii.gov/BizEx/home.eb>

ELECTRONIC PAYMENT

Optional: <http://tax.hawaii.gov/eservices/>

WEBSITE

Business Registration: <http://cca.hawaii.gov/breg/>

MAILING ADDRESS

Hawaii Department of Taxation
P.O. Box 1425
Honolulu, HI 96806-1425

LICENSES—GC & SPECIALTY

REGISTRATION

Generally, anyone who offers to, holds oneself out as able to, or contracts to perform residential, commercial, or public works construction, alterations, or improvements must hold a contractor license.

A license is not required if the aggregate contract price for the project, including labor, materials, taxes, and all other items, is not more than \$1,000 and does not require a building permit. This exemption does not apply to electrical or plumbing work requiring a permit. Furthermore, even if an electrical or plumbing permit is not required by the county on a particular project, the work may still have to be performed by a licensed electrician or plumber.

The Contractor's License Board licenses general engineering contractors (fixed works projects such as highways, tunnels, bridges, harbors, drainage, and water power), general building contractors (construction of structures involving more than two unrelated building trades), and specialty contractors.

This is the general licensure process and what you may expect after filing an application:

- 1) Applicant files application, fee, and other required items.
- 2) Board reviews complete applications the following month.
- 3) Board notifies applicant of approval/disapproval/deferral.
- 4) Approved applicant registers with testing agency for exam/pays exam fees.
- 5) Applicant takes exam the following month.
- 6) Upon passing the exam, Board notifies applicant of license requirements.
- 7) Applicant submits license requirements.
- 8) Board issues license to applicant.
- 9) Maintain license.

TESTS AND EXAMS

The contractor examination is offered monthly. Exams are offered in Oahu and the neighbor islands of Maui, Kauai, and the Big Island. Walk-in testing available (on Oahu only) for an extra fee of \$50.00. For more information regarding the exam, see the candidate bulletin at: www.prometric.com or call (808) 261-8182.

FORMS

Form CT-01, Application for Contractor's License – Entity.

Form CT-36, Application for Contractor's License – Sole Proprietor.

Additional license applications can be found at:

http://cca.hawaii.gov/pvl/boards/contractor/application_publications/

RATES

Application fee – \$50.00 per application. You may apply for more than one classification per application. A separate application is required for each contracting entity and Responsible Managing Employee (RME).

Examination fee – \$75.00 per part. Most classifications require the completion of two parts (Part I – Business & Law, and Part II – Trade).

License fee – Contracting entity – \$545.00 if licensed between October 1 of the even-numbered year and September 30 of the odd-numbered year, and \$415.00 if licensed between October 1 of the odd-numbered year and September 30 of the even-numbered year.

License fee – RME – \$335.00 if licensed between October 1 of the even-numbered year and September 30 of the odd-numbered year, and \$255.00 if licensed between October 1 of the odd-numbered year and September 30 of the even-numbered year.

Renewal fee – \$275.00 for contracting entities, and \$160.00 for RME.

DUE DATE

Applications for licensure must be submitted to the Contractor's License Board by the 20th of the month for review by the Board during the following month. (The Contractor's License Board does not review applications or meet in December). Once the application is approved, the qualifying individual or RME must successfully complete the appropriate licensing examinations. Upon completion of the examination process, the applicant must submit license fees, and proof of liability and workers compensation insurance.

All licenses expire on September 30 of the even-numbered year. Renewal applications are mailed to all current licensees approximately 45 days before the license expires. Licensees must submit their renewal application and all required documents and fees by September 30 of the even-numbered year. Business entities must submit a current tax clearance from the State Department of Taxation with their renewal application. The Contractor's License Board may accept a letter from the State Department of Taxation confirming a tax payment arrangement in lieu of the tax

clearance. Verification of current liability and workers' compensation insurance may be required if the insurance expires prior to September 30. Responsible managing employees are not required to submit a tax clearance or insurance information.

If the license is not renewed by September 30 of the even-numbered year, the license is forfeited. The licensee has 60 days from the expiration date to restore the forfeited license by submitting all required documents and fees, including a late renewal fee. If the license is not restored within the 60-day period, then the licensee will be treated as a new applicant when applying to restore the license.

ELECTRONIC FILING

Not Available.

ELECTRONIC PAYMENT

Not Available.

WEBSITE

Licensing Area: Contractor: <http://cca.hawaii.gov/pvl/boards/contractor/>

MAILING ADDRESS

Contractor's License Board
DCCA, PVL Licensing Branch
P.O. Box 3469
Honolulu, HI 96801

RECIPROCITY STATES

None

EQUITY REQUIREMENT

See Financial Statement Requirements section below.

FINANCIAL STATEMENT REQUIREMENTS

Each application must be submitted with:

- Financial statement – Submit a current financial statement (not more than a year old) prepared and signed by a licensed or certified public accountant holding a current permit to practice. If licensed in another state, provide copy of license. Financial statements prepared by bookkeepers and tax preparers are not acceptable.
- Credit report – Submit a current credit report from a credit reporting agency issued not more than six months ago covering at least the previous five years.

- Tax clearance – Submit a current Hawaii state tax clearance (issued not more than six months old) with an original State Department of Taxation stamp. (Not required for individuals residing in Hawaii less than one year). If applicable, submit a letter stating that you have resided in Hawaii for less than one year.

LOCAL LICENSES

REGISTRATION

Contact the county or city clerk in the area you want to conduct business for possible local contractor licenses or ordinances. Each county or city in Hawaii might have their own license requirements.

INCOME TAX

INCOME TAX—C CORPORATION

Every corporation, domestic or foreign, having gross income from property owned, trade or business carried on, or any other source in Hawaii, unless expressly exempted, must file an annual return.

FORMS

Form N-30, Corporation Income Tax Return.

Form N-301, Application for Extension of Time to File Return for a Corporation.

RATES

Graduated rate of 4.4% to 6.4%.

DUE DATE

Returns must be filed on or before the 20th day of the fourth month following the close of the taxable year (if the due date falls on a Saturday, Sunday, or legal holiday, file by the next regular workday).

DUE DATE EXTENSION

File Form N-301 to request an automatic six-month extension of time to file Form N-30. Form N-301 can be filed and payment made electronically through the state's internet portal.

The use of federal Form 7004 is not allowed as a substitute for Form N-301, Application For Automatic Extension of Time To File Hawaii Return for A Corporation, Partnership, Trust, or REMIC.

ELECTRONIC FILING

Allowed

ELECTRONIC PAYMENT

Optional, but required if tax liability exceeds \$100,000:
<http://tax.hawaii.gov/eservices/efile/>

WEBSITE

Department of Taxation: <http://tax.hawaii.gov/>

MAILING ADDRESS/PHONE NUMBER

Payment:
Hawaii Department of Taxation
P.O. Box 1530
Honolulu, HI 96806-1530

No Payment:
Hawaii Department of Taxation
P.O. Box 3559
Honolulu, HI 96811-3559
(808) 587-4242
Toll-Free 1-(800) 222-3229

ESTIMATED TAX

A corporation that expects to have an income tax liability of \$500 or more must make estimated tax payments.

FORMS

Form N-3, Corporation Estimated Income Tax Vouchers.

RATES

Estimated payments are paid in four installments.

DUE DATE

The four installments are due on or before the 20th day of the fourth, sixth, and ninth months of the tax year and on or before the 20th day of the first month following the taxable year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional, but required if tax liability exceeds \$100,000:
<http://tax.hawaii.gov/eservices/efile/>

ELECTRONIC PAYMENT

Optional, but required if tax liability exceeds \$100,000:
<http://tax.hawaii.gov/eservices/efile/>

WEBSITE

Department of Taxation: <http://tax.hawaii.gov/>

MAILING ADDRESS/PHONE NUMBER

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(808) 587-4242
Toll-Free 1-(800) 222-3229

ALTERNATIVE MINIMUM TAX

Hawaii does not have an alternative minimum tax.

However, there is an alternative tax computation for certain corporations in accord with IRC § 1201 for Hawaii income tax purposes. For any tax year that a corporation has a net capital gain, the alternative tax is imposed in lieu of the regular corporate income tax, imposed under Haw. Rev. Stat. §235-71, if it is less than the regular corporate income tax. The alternative tax is the sum of the tax computed on taxable income reduced by the amount of net capital gain, as if Haw. Rev. Stat. §235-71 had not been enacted, plus 4% of net capital gain for the taxable year.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Hawaii has not adopted the increased expensing deduction under IRC section 179 (Hawaii limit is \$25,000) or the bonus depreciation provisions.

ALLOCATION AND APPORTIONMENT FACTORS

Business income is apportioned under a three-factor formula. The three factors are the property factor, the payroll factor, and the sales factor. A corporation's business income allocated to Hawaii is equal to its total business income times the average of the three factors, which is the sum of the factors divided by three.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Hawaii law adopts the provisions of UDITPA, which are applicable to corporations doing business in the state.

OTHER MULTISTATE COMPACT

Hawaii is a compact member of the Multistate Tax Commission.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Special apportionment rules apply to construction contractors who use the percentage of completion method or the completed contract method to account for income from long-term contracts. A long-term contract is a construction contract covering a period of more than one year from the date of execution of the contract to the date on which the contract is finally completed and accepted.

Percentage of completion method – Under the percentage of completion method of accounting for long-term contracts, the amount to be included each year as business income from each contract is the amount by which the gross contract price corresponding to the percentage of the entire contract that has been completed during the income year exceeds all expenditures made during the income year in connection with the contract. In so doing, account must be taken of the material and supplies on hand at the beginning and end of the income year for use in each long-term contract. Special rules, described in Haw. Admin. Rules §18-235-38-06.03(d)(2), apply if a taxpayer made an election under IRC § 460(b)(5). [Haw. Admin. Rules §18-235-38-06.03(d)(2).].

Completed contract method – Under the completed contract method of accounting, business income derived from long-term contracts is reported for the income year in which the contract is finally completed and accepted. Therefore, a special computation is required to compute the amount of business income attributable to Hawaii from each completed contract (see Haw. Admin. Rules §18-235-38-06.03(e)). Thus, all receipts and expenditures applicable to those contracts, whether complete or incomplete as of the end of the income year, are apportioned separately from business income derived from other sources, such as short-term contracts, interest, rents, or royalties, which are apportioned by the regular three-factor formula of property, payroll, and sales. [Haw. Admin. Rules §18-235-38-06.03(d)(3).].

SPECIFIC EXCLUSION OF INCOME ITEMS

No construction specific exclusion of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

A credit is allowed to licensed contractors, pest control operators, and professional engineers, architects, surveyors, and landscape architects who are subject to Hawaii's income tax for contributions of in-kind services for the repair and maintenance of public schools. The credit is an amount equal to 10% of the value of the services contributed. The credit must be claimed on or before the end of the 12th month following the close of the taxable year for which the credit may be claimed. Certain other limitations and restrictions apply.

The Hotel Construction and Remodeling Tax Credit may be claimed only if the corporation has a carryover of the nonrefundable portion of the credit from a prior year.

Net Operating Loss (NOL).

The NOL deduction must be taken after apportionment in Hawaii. No carryback allowed. Indefinite NOL carryforward for NOLs arising after December 31, 2017 (20 years for NOLs arising prior to January 1, 2018).

INCOME TAX—S CORPORATION

A corporation must file an S Corporation income tax return if it has elected, by filing federal Form 2553, to be treated as an S corporation for federal purposes, the IRS has accepted the election, and the election remains in effect.

REGISTRATION

Rules for S corporation registration are identical to C corporations.

FORMS

Form N-35, S Corporation Income Tax Return.

Form N-35 is used to report the income, deductions, gains, losses, etc., of an S corporation doing business in Hawaii. Do not file Form N-35 until the corporation has been notified by the Internal Revenue Service that the corporation's election to be treated as an S corporation has been accepted. If the corporation's election is not in effect for the tax year, use Form N-30, do not use Form N-35.

Form N-301, Application for Extension of Time to File Return for a Corporation.

RATES

Tax rate is 6.4% of net recognized built-in gain less IRC section 1374(b)(2) deduction.

DUE DATE

Returns must be filed on or before the 20th day of the fourth month following the close of the taxable year. If this date falls on a Saturday, Sunday, or holiday, the due date for the return is extended to the next business day.

DUE DATE EXTENSION

File Form N-301 by the regular due date of the S corporation return for a six-month extension.

Federal Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, may not be used in lieu of Form N-301. Such automatic extension does not extend the time for payment of the tax. The corporation's automatic extension does not affect the due date for the filing of the shareholders' returns. The shareholders must apply for their own extensions, if needed. If a composite return is to be filed on behalf of nonresident shareholders, an extension must be obtained for this return if the return cannot be filed by the due date of the composite return.

ELECTRONIC FILING

Allowed

ELECTRONIC PAYMENT

Optional, but required if tax liability exceeds \$100,000:
<http://tax.hawaii.gov/eservices/efile/>

WEBSITE

Department of Taxation: <http://tax.hawaii.gov/>

MAILING ADDRESS/PHONE NUMBER

Payment:

Hawaii Department of Taxation
P.O. Box 1530
Honolulu, HI 96806-1530

No Payment:

Hawaii Department of Taxation
P.O. Box 3559
Honolulu, HI 96811-3559
(808) 587-4242
Toll-Free 1-(800) 222-3229

COMPOSITE RETURNS FOR S

S corporations may file composite returns on behalf of some or all of its nonresident shareholders. In order to be included in a composite return, the shareholder

must be an individual, the shareholder must have a signed Schedule NS in effect, and the shareholder's only Hawaii source of income is from the S corporation. Schedule NS is an agreement between the S Corporation and a nonresident shareholder that the shareholder will file a Hawaii return and make timely payment of all taxes imposed with respect to the shareholder's share of the S Corporation's Hawaii income.

ALLOWED OR NOT ALLOWED

Composite returns are allowed, but not required.

FORMS

Form N-15, Individual Income Tax Return Nonresident and Part-Year Resident.

The composite return for nonresident shareholders is filed on Form N-15. See instructions for Form 35, S Corporation Income Tax Return, for details on how to prepare the composite return.

RATES

Tax rates range from 1.4% to 11%.

DUE DATE

Returns must be filed on or before the 20th day of the fourth month following the close of the taxable year. If this date falls on a Saturday, Sunday, or holiday, the due date for the return is extended to the next business day.

DUE DATE EXTENSION

File Form N-301 by the regular due date of the return for a six-month extension.

ELECTRONIC FILING

Optional: <http://tax.hawaii.gov/eservices/efile/>

ELECTRONIC PAYMENT

Optional, but required if tax liability exceeds \$100,000:
<http://tax.hawaii.gov/eservices/efile/>

WEBSITE

Department of Taxation: <http://tax.hawaii.gov/>

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Honolulu, HI 96811-3559
(808) 587-4242
Toll-Free 1-(800) 222-3229

ESTIMATED TAX FOR S

An S corporation that expects to have an income tax liability of \$500 or more must make estimated tax payments.

FORMS

Form N-3, Corporation Estimated Income Tax Vouchers

RATES

Estimated payments are paid in four installments.

DUE DATE

The four installments are due on or before the 20th day of the fourth, sixth, and ninth months of the tax year and on or before the 20th day of the first month following the taxable year.

ELECTRONIC FILING

Optional: <http://tax.hawaii.gov/eservices/efile/>

ELECTRONIC PAYMENT

Optional, but required if tax liability exceeds \$100,000:
<http://tax.hawaii.gov/eservices/efile/>

WEBSITE

Department of Taxation: <http://tax.hawaii.gov/>

MAILING ADDRESS

Hawaii Department of Taxation
P.O. Box 1530
Honolulu, HI 96806-1530

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

FORMS

Form N-4, Statement of Withholding for a Nonresident Shareholder of an S Corp.

Form N-4 must be completed for each nonresident shareholder for whom a Schedule NS has not been filed on a timely filed N-35 and for nonresident shareholders who have revoked a previously filed Schedule NS. Schedule NS is an agreement between the S Corporation and a nonresident shareholder that the shareholder will file a Hawaii return and make timely payment of all taxes imposed with respect to the shareholder's share of the S Corporation's Hawaii income.

RATES

11% of the shareholder's share of the S Corporation's Hawaii income.

DUE DATE

Due date is the same as Form N-35, S Corporation Income Tax Return – on or before the 20th day of the fourth month following the close of the taxable year. Attach Copy A of Form N-4 to the S corporation's Form N-35. Retain Copy B for the corporation's records. Copy C is for the shareholders' records. Copy D is to be attached to the shareholder's Form N-15.

DUE DATE EXTENSION

File Form N-301 by the regular due date of the return for a six-month extension.

ELECTRONIC FILING

Not Available

ELECTRONIC PAYMENT

Optional, but required if tax liability exceeds \$100,000:
<http://tax.hawaii.gov/eservices/efile/>

WEBSITE

Department of Taxation: <http://tax.hawaii.gov/>

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(808) 587-4242
Toll-Free 1-(800) 222-3229

S CORPORATION TREATMENT

An S corporation with nonresident shareholders must pay tax on those shareholders' pro rata shares of the corporation's income unless each nonresident shareholder signs an agreement requiring him or her to file a Hawaii return and pay Hawaii taxes and making the shareholder subject to the jurisdiction of the state for collection purposes. If the corporation does not timely file the agreement with the Department of Taxation (Department), it must pay tax on behalf of the nonresident shareholders at the maximum marginal rate applicable to individuals, but may recover the tax paid from these shareholders.

RECOGNIZE FEDERAL S ELECTION

A valid S corporation election for federal purposes is automatically effective for Hawaii income purposes without a separate election.

STATE S ELECTION REQUIRED?

No state election is required.

INCOME TAX—PARTNERSHIPS, LLC

Every partnership, including limited liability companies treated as partnerships for federal income tax purposes, unless expressly exempted, must, for its taxable year, make a return of income stating specifically the items of gross income and allowable deductions.

COMPOSITE RETURNS

The Hawaii Department of Taxation will administratively allow partnerships to elect to file composite Hawaii nonresident income tax returns (Form N-15, Individual Income Tax Return Nonresident and Part-Year Resident) on behalf of participating partners, all of whom are nonresidents, and make composite payments for the participating partner's distributive share of Hawaii source income based on their own individual tax rate but with no standard deduction or personal exemption, provided the following conditions are met:

- The partner must be an individual.
- The partner's income from the partnership is the partner's only income from Hawaii sources. If a partner has other income from Hawaii sources such as multiple

partnerships, even though the partnerships are related, a separate net income tax return must be filed by that partner.

- The partnership will obtain a Power-of-Attorney from each of its partners to permit the partnership to file an income tax return on the partners' behalf. A copy of each power of attorney is to be attached to the initial composite tax return filed by the partnership.
- The partnership, as an agent for the participating partners, shall pay tax, additions to tax, interest, and penalties otherwise required to be paid by the partners.

FORMS

Form N-20, Partnership Return of Income.

RATES

Form N-20 is used to report the income, deductions, credits, gains, and losses from the operation of a partnership. The partnership itself is not taxed. Form N-20 is an information return.

DUE DATE

The return of a partnership must be filed on or before the 20th day of the fourth month following the close of the taxable year of the partnership.

DUE DATE EXTENSION

If you need more time to file a partnership return, file Form N-301, Application for Automatic Extension of Time to File Hawaii Return for a Corporation, Partnership, Trust, or REMIC, for an automatic six-month extension. File Form N-301, which can be electronically filed, by the regular due date of the partnership return. Federal Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, may not be used in lieu of Form N-301.

ELECTRONIC FILING

Not Available

ELECTRONIC PAYMENT

Optional, but required if tax liability exceeds \$100,000:
<http://tax.hawaii.gov/eservices/efile/>

WEBSITE

Department of Taxation: <http://tax.hawaii.gov/>

MAILING ADDRESS

Hawaii Department of Taxation
P.O. Box 3559
Honolulu, HI 96811-3559

INCOME TAX—INDIVIDUAL

Hawaii personal income tax is a graduated tax on the net income of residents and the net income of nonresidents that is derived from Hawaii sources.

FORMS

Form N-11, Individual Income Tax Return – Resident.

Form N-13, Individual Income Tax Return – Resident (for use by taxpayers who have less than \$100,000 of taxable income).

Form N-15, Individual Income Tax Return Nonresident and Part-Year Resident.

RATES

Ranges from 1.4% to 11%, depending on taxable income.

DUE DATE

On or before April 20.

DUE DATE EXTENSION

If you cannot meet the deadline, you are automatically granted a six-month extension without the need to file anything with the Department unless an additional tax payment must be made. As long as the following conditions are met, you are deemed to have made an application for the six-month extension to file an income tax return on the prescribed due date:

- 1) On or before April 20, 2019, 100% of the properly estimated tax liability is paid;
- 2) Tax return is filed on or before the expiration of the six-month extension period;
- 3) Tax return is accompanied by full payment of any tax not already paid; and
- 4) You're not bound by a court order to file a tax return on or before the due date.

ELECTRONIC FILING

Optional: <http://tax.hawaii.gov/eservices/efile/>

ELECTRONIC PAYMENT

Optional, but required if tax liability exceeds \$100,000:
<http://tax.hawaii.gov/eservices/efile/>

WEBSITE

Department of Taxation: <http://tax.hawaii.gov/>

MAILING ADDRESS/PHONE NUMBER

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Hawaii Department of Taxation
P.O. Box 1530
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(808) 587-4242
Toll-Free 1-(800) 222-3229

FED RETURN ATTACHED TO STATE RETURN

Not Required

STATE CONSTRUCTION-RELATED CREDITS

Credit for School Repair and Maintenance

Licensed contractors, pest control operators, and professional engineers, architects, surveyors, and landscape architects who are subject to Hawaii's income tax may claim an income tax credit for contributions of in-kind services for the repair and maintenance of public schools. The credit shall be an amount equal to 10% of the value of the services contributed. Certain other limitations and restrictions apply.

The credit allowed shall be claimed against net income tax liability for the taxable year. A tax credit which exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

For more information, see Form N-330, Credit for School Repair and Maintenance. To claim this credit. Complete Form N-330 and Schedule CR and attach them to your return. Claims for this credit, including any amended claims, must be filed on or before the end of the 12th month after the close of your taxable year.

Carryover of the Hotel Construction and Remodeling Tax Credit

Note: The 10% nonrefundable hotel construction and remodeling tax credit may not be claimed for qualified construction or renovation costs incurred after June 30, 2003. This credit may be claimed only if the individual has a carryover of the tax credit from a prior year.

Each individual taxpayer who files an individual income tax return and who has unused credits for qualified construction or renovation costs from the prior year may claim a tax credit against its individual income tax liability. Tax credits that exceed the individual's income tax liability are not refunded but may be used as a credit against the individual's income tax liability in subsequent years until exhausted.

For more information, see Form N-323, Carryover of Tax Credits, and Tax Information Release No. 2000-2, "Hotel Construction and Remodeling Tax Credit." To claim the carryover of this credit, complete Form N-323 and Schedule CR and attach them to your return.

Carryover of the Residential Construction and Remodeling Tax Credit

Note: The residential construction and remodeling tax credit may not be claimed for construction or renovation costs incurred after June 30, 2003. This credit may be claimed only if the individual has a carryover of the tax credit from a prior year.

Each individual taxpayer who files an individual income tax return and who has unused credits for qualified construction or renovation costs from the prior year may claim a tax credit against its individual income tax liability. Tax credits that exceed the individual's income tax liability are not refunded but may be used as a credit against the individual's income tax liability in subsequent years until exhausted.

For more information, see Form N-323, Carryover of Tax Credits, and Tax Information Release No. 2002-3, "Residential Construction and Remodeling Tax Credit." To claim the carryover of this credit, complete Form N-323 and Schedule CR and attach them to your return.

IRC CONFORMITY

On June 7, Hawaii Governor David Ige signed S.B. 2821, a measure that updates the State's I.R.C. conformity date to February 9, 2018, while decoupling from I.R.C. Sec. 250 deductions "with respect to foreign-derived intangible income and global intangible low-taxed income," among other provisions. Existing law decouples from all of Subchapter N (sections 861 to 999).

Hawaii conforms to the provision of the Tax Cuts and Jobs Act that limits the amount of the business interest deduction for tax years beginning after December 31, 2017.

Also, applicable to taxable years beginning after December 31, 2017, IRC Section 199A is not operative for Hawaii tax purposes.

ALTERNATIVE MINIMUM TAX

Hawaii does not impose an alternative minimum tax.

NET WORTH OR STOCK TAX

Hawaii does not impose a net worth or stock tax on taxpayers that are not financial institutions.

GROSS RECEIPTS TAX

Hawaii does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, Hawaii's cities and/or four counties – Honolulu, Kauai, Maui, and Hawaii – might have additional registration requirements that may affect your business. Contact the local officials in your area for information on local taxes and licensing that may be needed for your business.

STATE SALES AND USE (Excise) TAX

REGISTRATION

Form BB-1, Hawaii Basic Business Application – Allows you to register for various state tax and employer licenses and permits, including general excise/use tax, withholding tax, and unemployment insurance tax. There is a one-time \$20 fee.

FORMS

For G-45, Periodic General Excise/Use Tax Return.

Form G-49, Annual Return & Reconciliation of General Excise/Use Tax Return.

Additional forms: http://tax.hawaii.gov/forms/a1_b2_1geuse/

RATES

Sales Tax – The general excise (sales) tax rate applies to the sale of goods and services. The rate is determined by the nature of the business activity generating the gross income. Hawaii general excise tax rate is 4%. A reduced rate of 0.5% is imposed on wholesaling, manufacturing, producing, wholesale services and use tax on imports for resale, and 0.15% for insurance commissions.

Contractors are subject to general excise tax at the 4% retail rate (4.5% for business conducted in Oahu due to the Honolulu County surcharge, see below).

Use Tax – The use tax applies to tangible personal property imported or purchased tax free for use in Hawaii. Generally, use tax is imposed at 4% unless an exemption applies or the transaction qualifies for the 0.5% rate. The 0.5% rate applies to property intended for resale. Property purchased for use or consumption is subject to the 4% rate. Thus, if the 0.5% use tax is assessed and paid, there will be a subsequent retail sale taxed at 4%. When a contractor incorporates imported or purchased material or commodities into the finished work or project, a use tax of 0.5% should be self-assessed.

DUE DATE

Periodic GET Returns – The due date for filing periodic returns (monthly, quarterly, and semi-annually) is the 20th day of the month following the close of the tax period.

Annual GET Returns – The due date is the 20th day of the fourth month following the close of the taxable year. For calendar year filers, the due date is April 20 of the following year.

DUE DATE EXTENSION

No extensions for filing the periodic Forms G-45 are allowed. If you are not able to determine the exact amount of your gross income for the period, estimate it as accurately as you can and file on that basis.

If you are unable to meet the deadline for filing the annual return and reconciliation (Form G-49), you may submit a request for an extension to file on Form GEW-TA-RV-6. Approval of an extension request is not automatic. The extension of time to file is not an extension of time for payment. Your payment for any additional tax you estimate must be sent in with your extension request.

ELECTRONIC FILING

Optional: <http://tax.hawaii.gov/eservices/efile/>

ELECTRONIC PAYMENT

Optional, but required if tax liability exceeds \$100,000:
<http://tax.hawaii.gov/eservices/efile/>

WEBSITE

General Excise Tax: <http://tax.hawaii.gov/geninfo/get/>

MAILING ADDRESS

Hawaii Department of Taxation
P.O. Box 1425
Honolulu, HI 96806-1425

GOVERNMENT PROVIDED MATERIALS

Sales of tangible personal property to the government of the United States are exempt from general excise and use taxes. Services sold to the federal government are not exempt.

Because the general excise tax is imposed on the seller rather than the buyer, sales to state or local governmental units are subject to tax. It is immaterial from the seller's perspective that the state or local government is the buyer.

TAXABLE SERVICES

In general, Hawaii imposes tax upon every person engaging in a service business or calling, including professional services not otherwise specifically taxed. "Service business or calling" includes all activities engaged in for other persons for a consideration, which involve the rendering of a service, including professional and transportation services, as distinguished from the sale of tangible property or the production and sale of tangible property. "Service business or calling" does not include the services rendered by an employee to an employer.

Imported services – An excise tax is imposed on the value of services that are performed by an unlicensed seller at a point outside of Hawaii and imported or purchased for use in Hawaii.

Contracting or services exported out of state – Income derived from contracting or services performed by a person engaged in a service business or calling in Hawaii for use outside of Hawaii, or for a purchaser who resells all of the contracting or services for resale, consumption, or use outside of Hawaii is tax exempt. For this exemption to apply, the contracting or services must be for resale, consumption, or use outside of Hawaii, and the value or gross income derived from the contracting or services performed must have otherwise been subject to the tax on contracting or services at the highest rate.

LOCAL SALES AND USE TAX (City/County/Special)

Honolulu County surcharge – A 0.5% county surcharge is imposed on income earned from conducting business in Oahu and imported services, except by a governmental agency, from out of state into Oahu, which increases the total general excise tax on contracting activity and use tax in Oahu to 4.5%.

Sellers may pass the county surcharge on to their customers. On Oahu, the maximum rate of the general excise tax and county surcharge tax that sellers may pass on to customers is 4.712%. A seller on Oahu has the option of passing on no tax to the customer, passing on the state and local taxes at the rate of 4.5%, or passing on the state and local taxes at the maximum rate of 4.712%.

GROSS INCOME FROM CONTRACTING

The Honolulu county surcharge does not apply to gross income received after 2006 if: 1) The income is covered under a written contract that is entered into before June 30, 2006, and 2) The contract requires the passing on of the general excise tax but does not provide for the passing on of an increase in the general excise tax rate.

Contracting is allocated to the taxation district where the job site is located. Thus, contractors who have a home office outside the Oahu district are subject to the county surcharge on contracting for job sites located in the Oahu district.

FORMS

The Honolulu county surcharge is reported and paid to the Department of Taxation on the same forms as the state general excise tax return (Form G-45) and annual reconciliation (Form G-49). See the State Sales and Use Tax section above. The forms have two sections regarding the surcharge, Part IV— City & County of Honolulu Surcharge, and Part V—Schedule of Assignment of Taxes by District.

Taxpayers who do business on more than one island must separate their transactions by the taxing districts of Oahu, Maui, Kauai, and Hawaii so the surcharge amounts can be properly reported on the return Part IV (for any Oahu sales) and Part V (for assignment of taxes by district). A worksheet (Form G-75) aids taxpayers in segregating their sales by district and completing Part V.

DUE DATE

The filing and payment due dates for the surcharge are the same as for the state general excise tax, and payment may be included in the same check or in the same electronic payment as the general excise payment.

For further filing and payment information on the Honolulu county surcharge, refer to the State Sales and Use Tax section above.

EMPLOYMENT TAXES

WITHHOLDING

REGISTRATION

Form BB-1, Hawaii Basic Business Application – Allows you to register for various state tax and employer licenses and permits, including general excise/use tax, withholding tax, and unemployment insurance tax.

FORMS

Form HW-3, Employer's Annual Return & Reconciliation of Hawaii Income Tax Withheld from Wages

Form HW-14, Periodic Withholding Tax Return

Form HW-2, Statement of Hawaii Income Tax Withheld and Wages Paid

Additional forms: http://tax.hawaii.gov/forms/a1_b1_5whhold/

RATES

Ranges from 1.4% to 7.9%, depending on wage amount and filing status.

DUE DATE

Periodic withholding tax returns (Form HW-14) will continue to be filed monthly or quarterly, as applicable. All periodic withholding returns will be due on the 15th day of the month following the close of the tax period, including returns filed by employers withholding more than \$100,000 in Hawaii income tax per year.

On a quarterly basis, Federal Form 941, Schedule B, reflecting Hawaii income tax withheld from employees' wages, must be completed by semiweekly depositors and attached to the Form HW-14 submitted for the last month of the quarter. An employer filing monthly withholding tax returns, for example, will attach a completed Form 941, Schedule B, to returns filed for months of March, June, September, and December.

Form HW-3, Employer's Annual Return, is February 28.

Determination of Tax Remittance Frequency

Quarterly – If annual state withholding tax liability is less than \$5,000.

Monthly – If annual state withholding tax liability is \$5,000 - \$40,000.

Semi-weekly – If annual state withholding tax liability exceeds \$40,000 or if you are required to deposit your federal withholding taxes using the Internal Revenue Service's semi-weekly deposit schedule.

DUE DATE EXTENSION

Form HW-14 – The Hawaii Director of Taxation may, if good cause is shown, extend the time for making payment and filing Form HW-14 (note, this does not apply to those making semiweekly payments). The extension may not be more than two months. Application for the extension must be filed at least ten days before the regular due date. The extension may be requested by submitting a letter stating the reason for the request.

Form HW-3 – The Director of Taxation may grant an extension of time (not more than two months) for the filing of Form HW-3 with accompanying Forms HW-2. Except in a case of termination of business or the like, application for the extension must be filed on or before the last day of February. File Form HW-26 to request an extension.

ELECTRONIC FILING

Optional, but required for taxpayers with withholding liability exceeding \$40,000:
<http://tax.hawaii.gov/eservices/efile/>

ELECTRONIC PAYMENT

Optional, but required for taxpayers with withholding liability exceeding \$40,000:
<http://tax.hawaii.gov/eservices/efile/>

WEBSITE

Department of Taxation: <http://tax.hawaii.gov/>

MAILING ADDRESS

Hawaii Department of Taxation
P.O. Box 3827
Honolulu, HI 96812-3827

NEW HIRE

All Hawaii employers are required to report information about new employees to the Child Support Enforcement Agency (CSEA), New Hire Reporting.

The term "new hire" means an employee who has not previously been employed by the employer or was previously employed by the employer but has been separated from the prior employment for at least 60 consecutive days. Employers must report the new employee information to the CSEA as soon as possible and no later than 20 days from the employee's first day of work.

TERMINATION

When an employee leaves, the employer does not have to report it. You only have to report when an employee begins his/her employment.

INDEPENDENT CONTRACTOR TREATMENT

Independent contractors are not placed on an employer's payroll; instead, the independent contractor invoices the client for work performed and the client pays the independent contractor through accounts payable. The client does not withhold federal, state, and local taxes from the payment, and the independent contractor is responsible for satisfying all tax obligations. All income earned during the course of a calendar/tax year is reported to the independent contractor and to the federal government by the client on Form 1099. The independent contractor is responsible to the employer for the end "product" but determines his/her own work methods.

UNEMPLOYMENT

REGISTRATION

Form BB-1, Hawaii Basic Business Application – Allows you to register for various state tax and employer licenses and permits, including general excise/use tax, withholding tax, and unemployment insurance tax.

FORMS

Form UC-B6, Quarterly Wage, Contribution and Employment and Training Assessment Report.

Additional forms: <http://labor.hawaii.gov/ui/ui-forms/>

RATES

For 2018

Taxable wage base (per employee) – \$45,900.

Tax rate for new employers – 2.4%.

Maximum tax rate – 5.6%.

DUE DATE

Form UC-B6, Quarterly Wage, Contribution and Employment and Training Assessment Report, is due no later than the last day of the month following the close of each quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional: <http://hui.ehawaii.gov/hui/app/welcome.html>

ELECTRONIC PAYMENT

Optional: <http://hui.ehawaii.gov/hui/app/welcome.html>

WEBSITE

Unemployment Insurance: <http://labor.hawaii.gov/ui/>

MAILING ADDRESS/PHONE NUMBER

State Tax Collector
P.O. Box 3223
Honolulu, HI 96801
Phone: (808) 586-8926
Fax: (808) 586-8929

NEW HIRE

Employers must report new hires directly to the CSEA by faxing or mailing a copy of the employer's IRS Tax Withholding Form (Form W-4). Do not use the unemployment insurance "Report of New Hires," Form UC-BP-5(A).

When completing Form W-4, report the "start" date as opposed to the "hire" date. If a company hires a person today but will have the person start next month, the date reported should be the date the employee starts working. The Disability Compensation Division (Division) and the CSEA periodically cross-match "date started" data to detect situations where unemployment benefits are paid to claimants who return to work without notifying the Division. Employers save tax dollars by reporting new hires correctly and promptly.

TERMINATION

Employers have no claim or right to the contributions credited to their account after their business is terminated, all of their employees have terminated, or none of their employees are subject to unemployment insurance coverage. As in any insurance policy, the premiums paid are not returned but remain in a pooled fund to pay workers who become unemployed through no fault of their own and meet all eligibility conditions.

INDEPENDENT CONTRACTOR TREATMENT

Employers are not required to provide unemployment insurance coverage for independent contractors.

PROPERTY TAX

PERSONAL PROPERTY

Personal property in Hawaii is not subject to property tax.

REAL PROPERTY

Real property is taxed at the county level.

REGISTRATION

Varies by county. Contact county official for details.

FORMS

Varies by county. Contact county official for details.

RATES

Varies by county. Contact county official for details.

DUE DATE

Property tax bills must be mailed annually no later than July 20. Property taxes must be paid in two equal installments that are due August 20 and February 20 each year.

Property taxes are assessed as of January 1 preceding each tax year. Honolulu and Kauai Counties assess real property as of October 1. The term “tax year” is defined for property tax purposes as the fiscal year that begins July 1 of each calendar year and ends June 30 of the following calendar year.

DUE DATE EXTENSION

Varies by county. Contact county official for details.

ELECTRONIC PAYMENT

Varies by county. Contact county official for details.

WEBSITE

County of Hawaii: <http://www.hawaiipropertytax.com/index.html>

County of Kauai: <http://www.qpublic.net/hi/kauai/index.html>

County of Maui: <http://www.mauipropertytax.com/>
County of Honolulu: <http://www.qpublic.net/hi/honolulu/>

MAILING ADDRESS

Varies by county. Contact county official for details.

INTANGIBLES

Intangible property in Hawaii is not subject to property tax.

FUEL TAX

Hawaii's fuel tax is a tax on distributors for each gallon of liquid fuel refined, manufactured, produced, or compounded by the distributor and sold or used by the distributor in the state. The tax is also imposed on liquid fuel imported by the distributor or acquired by the distributor from persons who are not licensed distributors which is sold or used by the distributor in the state.

REGISTRATION

Form BB-1, Hawaii Basic Business Application – Allows you to register for various state tax and employer licenses and permits, including fuel tax.

FORMS

Form M-20A, Monthly Return of Liquid Fuel Tax.

Form M-22, Quarterly Tax Return for Additional Fuel Taxes Due.

Additional forms: http://tax.hawaii.gov/forms/a1_b3_5fuel/

RATES

The fuel tax is comprised of three parts – the state license tax, the county fuel tax, and the environmental response, energy, and food security tax. The amount of the State license tax is set by legislation. The county fuel tax varies by county and is set by county ordinance. The environmental response, energy, and food security tax is \$1.05 on each barrel (42 U.S. gallons) or fractional part of a barrel of petroleum product sold by a distributor to any retail dealer or end user (other than a refiner) of the petroleum product.

DUE DATE

Form M-20A must be filed on or before the 20th day of each month, showing the fuel sold or used during the preceding calendar month. If the due date falls on a Saturday, Sunday, or legal holiday, file by the next regular workday.

ELECTRONIC FILING

Not Available

ELECTRONIC PAYMENT

Not Available

WEBSITE

Department of Taxation: <http://tax.hawaii.gov/>

MAILING ADDRESS

Hawaii Department of Taxation
P.O. Box 259
Honolulu, HI 96809-0259

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

The State of Hawaii Unclaimed Property Law requires “holders” such as corporations, financial institutions, insurance companies, and business associations to annually report and deliver abandoned property to the Unclaimed Property Program.

The State of Hawaii holds unclaimed property as a custodian for the rightful owner. The State Unclaimed Property Program publishes a statewide notice annually, listing owner names and last known addresses of abandoned property escheated to the state. The public is encouraged to search for unclaimed property on the state’s internet name search database.

For more information on Hawaii’s Unclaimed Property Program, visit:
<http://budget.hawaii.gov/finance/unclaimedproperty/>

IMPACT FEES

In Hawaii, a county may assess, impose, levy, collect, and transfer to the Department impact fees for any development pursuant to ordinances adopted under Hawaii Statutes, Section 46-142, and the Department is authorized to receive those funds for state highway improvements.

Prior to the assessment, imposition, levy, collection, or transfer to the Department of impact fees pursuant to this section, the director shall approve a needs assessment study that shall identify the kinds of state highway improvements for which the fees shall be imposed by the county.

MINIMUM WAGE

\$10.10 per hour

REGISTERED AGENTS

Every Hawaii business entity must have an agent for service of process in the state. This is an individual or business entity that agrees to accept legal papers on the business entity behalf if it is sued. A registered agent may be an individual who resides in Hawaii, or a domestic or foreign business authorized to transact business in Hawaii. The registered agent must have a physical street address in Hawaii.

DAVIS BACON

Hawaii law requires all state and county construction projects greater than \$2,000, to pay prevailing wages to laborers and mechanics and file certified payrolls with the contracting agencies.

Laborers and mechanics working on a Saturday, Sunday, or a legal holiday of the state or more than eight hours a day on any other day shall be paid overtime compensation at 1½ times the basic hourly rate plus the cost of fringe benefits for all hours worked.

Laborers and mechanics employed on the job site shall be paid their full wages at least once a week, without deduction or rebate, except for legal deductions, within five working days after the cutoff date.

For the most current prevailing wages, visit:
<http://labor.hawaii.gov/rs/home/wages/72-2/>

DRUG TESTING FACILITIES

For a list of drug testing centers throughout Hawaii, visit:
<http://www.testcountry.com/drug-testing-center-facilities/Hawaii.htm>

OTHER

CFMA Chapters in Hawaii:

Honolulu, HI: <http://cafe.cfma.org/HonoluluHI/Home/>

Effective on 4/1/2018 Hawaii issued Tax Facts No. 99-3: General Excise and Use Tax Information for Construction Contractors.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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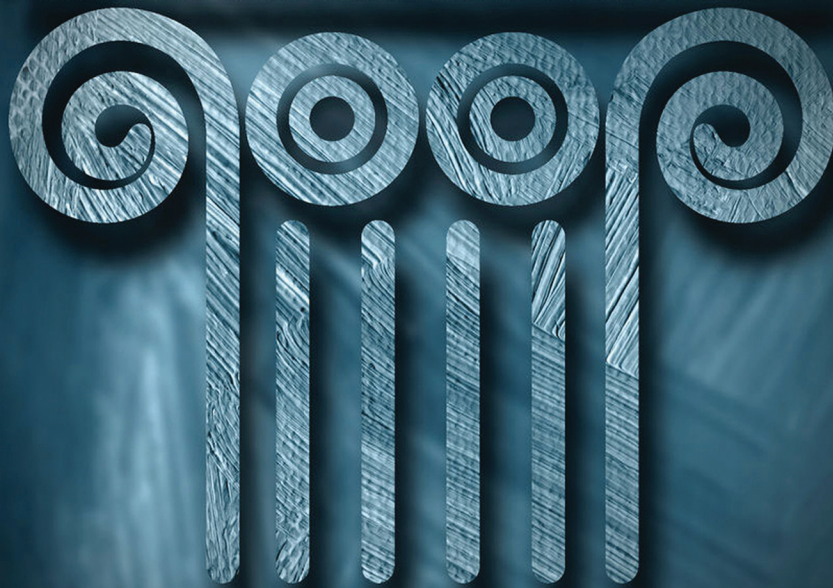
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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



IDAHO

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

In order for an out-of-state corporation to do business in Idaho, an Application for Certificate of Authority (For Profit) or Application for Certificate of Authority (Nonprofit) must be filed. The application must be accompanied by an original certificate of corporate status from the corporation's state of domestication, dated within 90 days of filing, along with the filing fee.

If forming a corporation in Idaho, the Articles of Incorporation need to be filed. The Secretary of State's office provides optional forms for articles of incorporation of profit corporations, or the legal document may be drawn up by an attorney or the individuals wishing to form the corporation.

FORMS

Forms can be found at: <http://www.sos.idaho.gov/corp/corpform.htm>

RATES, FEES, COSTS

Articles of Incorporation – Profit (typed)	\$100
Articles of Incorporation – Profit (not typed)	\$120
Application for: Certificate of Authority – Profit (typed)	\$100
Application for: Certificate of Authority – Profit (not typed)	\$120
Filing an Annual Report	No fee
Name Reservations (four-month period)	\$ 20

WEBSITE

<http://www.sos.idaho.gov/>

MAILING ADDRESS/PHONE NUMBER

Idaho Secretary of State
P.O. Box 83720
Boise, ID 83720-0080
(208) 334-2301

ADDITIONAL ASSISTANCE

Comments, questions, or suggestions can be emailed to: sosinfo@sos.idaho.gov

ANNUAL RENEWALS

No annual report needs to be filed during the first year after a corporation is incorporated or authorized to transact business in Idaho. An annual report is due every year after that. A reminder card with the annual report due date is sent by mail by the Idaho Secretary of State. If the annual report is not filed a warning card is sent. A company has 60 days from the date the warning card is issued to file the annual report and stop the Administrative Dissolution, Cancellation, or Revocation of Authority from proceeding.

FORMS

The annual report can be filed online or by mail.

RATES

There is no fee for filing the annual report.

DUE DATE

Companies must file an annual report with the Secretary of State each year, before the end of the anniversary month in which the domestic LLC was initially organized, or in which the foreign LLC was initially authorized to transact business in Idaho.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

The annual report may be filed online at:
<http://www.sos.idaho.gov/online/corpar/Default.aspx>

ELECTRONIC PAYMENT

No payment is due for filing the annual report.

WEBSITE

<http://www.sos.idaho.gov/corp/corindex.htm>

MAILING ADDRESS

Secretary of State
P.O. Box 83720
Boise, ID 83720-0080

REGISTRATION WITH DEPARTMENT OF REVENUE

The Idaho State Tax Commission is responsible for administering Idaho's tax laws. The Idaho Business Registration System is used to assist business owners in registering with Idaho Department of Labor and the Idaho State Tax Commission. This registration process should be completed after the business has registered with the Idaho Secretary of State.

FORMS

Form IBR-1, Idaho Business Registration Form.

RATES

There is no fee to register with the Idaho Tax Commission.

DUE DATE

The IBR-1 should be filed when the taxpayer commences doing business in Idaho.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

This can be performed at the online Idaho Business Registration Application found at: <http://tax.idaho.gov/i-1159.cfm>

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

The registration process can be found at: <https://labor.idaho.gov/ibrs/ibr.aspx>.

MAILING ADDRESS/PHONE NUMBER

Idaho Business Registration
P.O. Box 36
Boise, ID 83722-0410
(800) 972-7660

LICENSES—GC & SPECIALTY

REGISTRATION

Building construction is a regulated activity in Idaho. All contractors are required by Idaho law to be registered with the Idaho Contractors Board, which is a division of the State of Idaho, Bureau of Occupational Licenses. You may not obtain building permits without a contractor registration number. If you are engaged in construction in the private or commercial sector, this is the only agency that you will be dealing with. However, if you are working on a public works project, you will also need licensing with the Idaho Division of Building Safety.

TESTS AND EXAMS

There are no education, experience, or examination requirements that must be met to be a registered contractor.

FORMS

Application for Contractor Registration.

RATES

Contractor Registration Application fee	\$30.00
Contractor Registration Renewal fee	\$25.00
Reinstatement fee	\$25.00

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

The initial application has to be mailed to the State Contractors Board. Renewals can be done online.

ELECTRONIC PAYMENT

Likely that payment can be made online.

WEBSITE

<https://secure.ibol.idaho.gov/eIBOLRenewAI/login.aspx?ReturnUrl=%2feIBOLRenewAI>

MAILING ADDRESS/PHONE NUMBER

Idaho Contractors Board
Bureau of Occupational Licenses
700 West State Street
P.O. Box 83720
Boise, ID 83720-0063
Phone (208) 334-3233
Fax (208) 334-3945
E-mail: con@ibol.idaho.gov

The board answers e-mails regarding contractor registration questions.

RECIPROCITY STATES

The Idaho Contractors Board does not recognize reciprocal states. They require all contractors to register.

EQUITY REQUIREMENT

Various

FINANCIAL STATEMENT REQUIREMENTS

Various

LOCAL LICENSES

REGISTRATION

General construction contractors in Idaho are licensed by city and county governments. Check with local government for specific licensing requirements.

FORMS

Various

RATES

Various

DUE DATE

Various

DUE DATE EXTENSION

Various

ELECTRONIC FILING

Various

ELECTRONIC PAYMENT

Various

WEBSITE

Various

MAILING ADDRESS/PHONE NUMBER

Various

INCOME TAX

INCOME TAX—C CORPORATION

Idaho imposes an income tax on the Idaho taxable income of corporations that transact or are authorized to transact business in Idaho as well as a franchise tax on corporations for the privilege of exercising their corporate franchise within the state. Corporations are subject to either the tax on corporate income or the franchise tax, but not both taxes. Effectively the corporate income tax and corporate franchise tax are merged into one tax measured by net income and reported on one form. There is also a \$20 minimum tax component together with a \$10 permanent building fund fee.

FORMS

Forms can be found at: <http://tax.idaho.gov/m-formpub.cfm>

Form 41, Idaho Corporation Income Tax Return.

Form 41S, Idaho S Corporation Income Tax Return.

Form 42, Idaho Apportionment and Combined Reporting Adjustments.

Form 65, Idaho Partnership Return of Income.

Contractor specific forms found at: <http://tax.idaho.gov/i-1013.cfm>

Contract Report for Private/Commercial/Federal Projects.

WH-5, Public Works Contract Report.

RATES

6.925% effective on 03/12/2018 reduced from the prior rate of 7.4%.

DUE DATE

The Idaho income tax returns of corporations that are on a calendar year basis are due on or before April 15 for the preceding year. Fiscal year returns are due on or before the 15th day of the fourth month after the close of the fiscal year. Returns for a period of less than one year, must be filed on or before the above dates, or on or before the date that is required for the federal return for such tax period, whichever is later.

DUE DATE EXTENSION

Taxpayers have an automatic six-month extension of time to file returns if the taxpayer pays, on or before the unextended due date, at least 80% of the tax due on the return when it is filed, or 100% of the tax due on the prior year's return.

ELECTRONIC FILING

The State Tax Commission (Commission) allows taxpayers to file their Idaho corporation income tax returns electronically on-line via the Internet. The Commission allows taxpayers to arrange to have qualified e-file tax preparers or approved web-based private companies file their qualifying tax forms electronically.

ELECTRONIC PAYMENT

Taxpayers must pay their Idaho corporation income taxes and related interest, penalties or fees by electronic funds transfer (EFT) if the amount paid or payable to the state is \$100,000 or more. Taxpayers whose liability is less than \$100,000 can elect to pay by EFT.

WEBSITE

<http://tax.idaho.gov/i-1044.cfm>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 36
Boise, ID 83722-0410
(800) 972-7660

ESTIMATED TAX

Estimated payments aren't required for the first year a corporation is in Idaho. A corporation must make estimated tax payments to Idaho if it is required to make federal estimated payments and the Idaho tax liability is estimated at \$500 or more.

FORMS

Form 41ES

RATES

Each estimated tax payment must be 25% of the lesser of the corporation's income tax for the prior year or 90% of its income tax for the current tax year.

DUE DATE

For calendar year taxpayers, estimated tax payments are due in four quarterly installments, on April 15, June 15, September 15, and December 15. For fiscal year taxpayers, estimated tax payments are due in four quarterly installments, on the 15th day of the 4th, 6th, 9th, and 12th months of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

If the taxpayer is required to remit payment via EFT then estimated payments must be sent electronically.

WEBSITE

<http://tax.idaho.gov/i-1044.cfm>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 83784
Boise, ID 83707-3784
(800) 972-7660

ALTERNATIVE MINIMUM TAX

Idaho does not impose an alternative minimum income tax on corporations.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

H.B. 624, enacted on March 20, 2018 provides that Internal Revenue Code (IRC) §§ 108, 163, 168(e), 168(i), 179D, 179E, 181, 199, 222 & 451 are applied as in effect on February 9, 2018.

Also see form instructions.

ALLOCATION AND APPORTIONMENT FACTORS

Multistate or unitary corporations that have income from business activity which is taxable both in and outside Idaho must allocate and apportion their income. Business income is apportioned according to a three-factor apportionment formula, which includes a property factor, a payroll factor, and a double-weighted sales factor. Certain items of nonbusiness income are specifically allocated.

For construction contractors, Idaho incorporates by reference the Multistate Tax Commission (MTC) special industry regulations. For the sales or revenue factor, the following computation is made:

- Gross receipts are assigned to a state if the project is located there. If the contract is performed both within and outside the state, the percentage in-state is based on the ratio which the costs in-state bear to the total costs of the contract, or on any other method, such as engineering cost estimates, which provide a reasonable apportionment.
- The sales factor includes only that portion of the total contract price which was completed during the income year, figured by using the percentage amount completed.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Idaho has adopted and generally follows the Uniform Division of Income for Tax Purposes Act (UDITPA).

OTHER MULTISTATE COMPACT

Idaho has adopted the Multistate Tax Compact and is thus a Compact Member state of the MTC.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Construction contractors do not have an industry-specific formula. They use the three-factor apportionment formula, which includes a property factor, a payroll factor, and a double-weighted sales factor. Specific rules for calculating the sales factor for construction contractors exist.

SPECIFIC EXCLUSION OF INCOME ITEMS

Interest and dividends from federal securities.

SPECIFIC EXCLUSION OF COST ITEMS

Not Applicable

CREDITS AND TAX INCENTIVES

Qualified corporations are allowed to take credits against their Idaho corporation income tax for the following items or expenditures:

- Investment tax credit;
- Credit for production equipment using postconsumer waste;
- Promoter sponsored event credit;
- Credit for Idaho research activities;

- Broadband investment tax credit;
- Small employer investment tax credit;
- Small employer real property improvement tax credit;
- Small employer new jobs tax credit; and
- Biofuel infrastructure investment tax credit.

These credits must be taken in a set order, see Form 44.

INCOME TAX—S CORPORATION

S corporations are generally exempt from Idaho income and franchise taxes. Idaho accepts the federal approval of the S corporation election. Federal Form 2553 or a copy of the federal notice approving the election must be attached to the corporation's first Idaho tax return. Since Idaho follows the provisions of the Internal Revenue Code (IRC), the income of S corporations passes through and is taxed to the shareholder.

REGISTRATION

Any entity that is transacting business in Idaho, is registered with the Idaho Secretary of State to do business in Idaho, or has income attributable to Idaho must file an income tax return with the State of Idaho.

FORMS

S corporations must file Form 41S if they are transacting business in Idaho or are registered with the Idaho Secretary of State to do business in Idaho. Idaho accepts the federal approval of the S corporation election. The first year an S corporation files Form 41S, a federal Form 2553 or a copy of the federal notice approving the election must be attached to the Idaho tax return.

RATES

S corporations are generally exempt from Idaho income and franchise taxes. However, the 6.925% tax rate is imposed on an S corporation's net recognized built-in gains and excess net passive income attributable to Idaho.

DUE DATE

The returns of S corporations that are on a calendar year basis are due on or before April 15 for the preceding year. Fiscal year returns are due on or before the 15th day of the fourth month after the close of the fiscal year.

DUE DATE EXTENSION

Taxpayers have an automatic six-month extension of time to file returns, declarations, statements, or other documents if the taxpayer pays, on or before the

unextended due date, at least 80% of the tax due on the return when it is filed, or 100% of the tax due on the prior year's return.

ELECTRONIC FILING

Idaho allows electronic filing. If a business chooses to e-file, it must file both its federal and state return electronically and file them at the same time.

ELECTRONIC PAYMENT

Idaho allows the following options for electronic payment:

- Electronic Funds Transfer using ACH Debit or Credit.
- Credit/Debit Card.
- Electronic Checks.

For payments of \$100,000 or more, Idaho law requires you to use ACH Debit or ACH Credit for all taxes except individual income taxes.

WEBSITE

<http://tax.idaho.gov/i-1044.cfm>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 56
Boise, ID 83756-0056
(800) 972-7660

COMPOSITE RETURNS FOR S

Yes

ALLOWED OR NOT ALLOWED

Effective retroactively to January 1, 2012, nonresident individual owners of interests in pass-through entities transacting business in Idaho or nonresident individual beneficiaries of estates or trusts with income taxable in Idaho can exercise the option of having the entity file a composite return and pay tax at the tax rate applicable to corporations on the individual owner's share of the entity's income paid to them by the entity. Nonresident individuals can be included in the pass-through entity's composite return even if they have Idaho taxable income from other sources. This filing option is not available to entities or persons who are not individuals. The option to file a composite return and pay tax for nonresident owners is in lieu of back-up withholding

requirements, but the entity is liable for tax computed at the corporate tax rate on the nonresident owner's unreported income or income on which tax is not withheld.

FORMS

Question 1.a. on Form 41S is answered yes to file a composite return. Form PTE-12 is the schedule for pass-through owners.

RATES

Individuals included in a composite return are taxed at 6.925%.

DUE DATE

The returns of S corporations that are on a calendar year basis are due on or before April 15 for the preceding year. Fiscal year returns are due on or before the 15th day of the fourth month after the close of the fiscal year.

DUE DATE EXTENSION

Taxpayers have an automatic six-month extension of time to file returns, declarations, statements, or other documents if the taxpayer pays, on or before the unextended due date, at least 80% of the tax due on the return when it is filed, or 100% of the tax due on the prior year's return.

ELECTRONIC FILING

Idaho allows electronic filing. If a business chooses to e-file, it must file both its federal and state return electronically and file them at the same time.

ELECTRONIC PAYMENT

Idaho allows the following options for electronic payment:

- Electronic Funds Transfer using ACH Debit or Credit.
- Credit/Debit Card.
- Electronic Checks.

For payments of \$100,000 or more, Idaho law requires you to use ACH Debit or ACH Credit for all taxes except individual income taxes.

WEBSITE

<http://tax.idaho.gov/i-1044.cfm>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 56
Boise, ID 83756-0056
(800) 972-7660

ESTIMATED TAX FOR S

For S corporations, estimated tax payments are computed on the Idaho tax due on net recognized built-in gains, excess net passive income, and from the recapture of Idaho income tax credits. Estimated tax payments are not required for the tax due on income being reported for nonresident shareholders.

FORMS

Form 41ES

RATES

6.925%

DUE DATE

For calendar year taxpayers, estimated tax payments are due by the 15th day of April, June, September, and December. For fiscal year taxpayers, estimated tax payments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year.

The due dates for the federal and Idaho estimated tax payments are the same.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Idaho allows electronic filing. If a business chooses to e-file, it must file both its federal and state return electronically and file them at the same time.

ELECTRONIC PAYMENT

Idaho allows the following options for electronic payment:

- Electronic Funds Transfer using ACH Debit or Credit.
- Credit/Debit Card.
- Electronic Checks.

For payments of \$100,000 or more, Idaho law requires you to use ACH Debit or ACH Credit for all taxes except individual income taxes.

WEBSITE

<http://tax.idaho.gov/i-1044.cfm>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 56
Boise, ID 83756-0056
(800) 972-7660

REQUIRED

An estimated tax payment is required when an S corporation is required to make a payment of estimated taxes to the Internal Revenue Service (IRS) and will have an Idaho income tax liability of five hundred dollars (\$500) or more.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

A pass-through entity (PTE) transacting business in Idaho, including a trust or estate with income taxable in Idaho, may withhold income tax from a nonresident individual owner who isn't included in a composite return or doesn't file an Idaho Nonresident Owner Agreement. Withholding is not required on nonresident individuals with income of less than \$1,000 for the tax year. The withholding is a prepayment of Idaho income tax for the nonresident owner.

FORMS

Form PTE-01

RATES

6.925%

DUE DATE

April 15

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Idaho allows electronic filing.

ELECTRONIC PAYMENT

Taxpayers can pay electronically using, EFT, ACH Debit, ACH Credit, credit/debit cards, or e-checks. For payments of \$100,000 or more, taxpayers must use ACH Debit or ACH Credit.

WEBSITE

<https://tax.idaho.gov/>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 83784
Boise, ID 83707-3784
(800) 972-7660

PAYMENT ON INCOME OR DISTRIBUTIONS

Withholding is performed on the nonresident's proportionate amount of Idaho sourced distributive share income.

S CORPORATION TREATMENT

See above

C TREATMENT

Idaho does not permit federal S corporations to be treated as C corporations for state income tax purposes.

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

Idaho accepts the federal approval of the S corporation election. Federal Form 2553 or a copy of the federal notice approving the election must be attached to the corporation's first Idaho tax return.

INCOME TAX—PARTNERSHIPS, LLC

Partnerships are generally treated as pass-through entities for Idaho income tax purposes. While ordinarily there is no tax at the entity level, partners are required to pay Idaho income tax on their shares of partnership earnings. Idaho conforms to the federal choice-of-entity rules. However the partnership or LLC is taxed for federal income tax purposes is how the entity will be taxed for state income tax purposes.

COMPOSITE RETURNS

Question 1.a. on Form 65 is answered yes to file a composite return. Form PTE-12 is the schedule for pass-through owners and is included with the Form 65.

FORMS

Form 65, Idaho Partnership Return of Income.

Form PTE-12, Idaho Schedule For Pass-Through Owners.

RATES

6.925% for composite returns

DUE DATE

For calendar year taxpayers, estimated tax payments are due by the 15th day of April, June, September, and December. For fiscal year taxpayers, estimated tax payments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year.

DUE DATE EXTENSION

Taxpayers have an automatic six-month extension of time to file returns, declarations, statements, or other documents if the taxpayer pays, on or before the unextended due date, at least 80% of the tax due on the return when it is filed, or 100% of the tax due on the prior year's return.

ELECTRONIC FILING

The Tax Commission, with the IRS, provides electronic filing of federal and state partnership returns of income. The Federal/State (MeF) E-File Program provides one-stop electronic filing of returns in a single transmission.

ELECTRONIC PAYMENT

Taxpayers can pay electronically using, EFT, ACH Debit, ACH Credit, credit/debit cards, or e-checks. For payments of \$100,000 or more, taxpayers must use ACH Debit or ACH Credit.

WEBSITE

<http://tax.idaho.gov/i-1044.cfm>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 56
Boise, ID 83756-0056
(800) 972-7660

INCOME TAX—INDIVIDUAL

Idaho residents are taxed on their total income, including income earned in another state or country. Part-year residents are taxed on all income received while living in Idaho, plus any income received from Idaho sources while living outside of Idaho. Nonresidents are taxed only on income from Idaho sources.

FORMS

Form 40, Idaho Individual Income Tax Return.

Form 40V, Income Tax Payment Voucher.

Form 43, Idaho Part-Year Resident & Nonresident Income Tax Return.

Form 51, Estimated Payment of Idaho Individual Income Tax.

RATES

The income tax rate ranges from 1.125% to 6.925% on Idaho taxable income. Individual income tax is graduated so higher earnings are taxed at a higher rate.

DUE DATE

Individual income tax returns must be either postmarked or e-filed by April 15, or by October 15 for extended returns. However, if either of these two dates falls on a weekend or legal holiday, the tax return or extension must be filed by the next day that is not a Saturday, Sunday, or legal holiday.

DUE DATE EXTENSION

Taxpayers are eligible for an automatic six-month extension of time to file returns, declarations, statements, or other documents, if the taxpayer pays, on or before the unextended due date, at least 80% of the current year tax liability or 100% of the tax reported on the return for the preceding year.

ELECTRONIC FILING

The State of Idaho has partnered with software developers and the IRS to provide selected groups of taxpayers with free electronic filing.

<http://tax.idaho.gov/i-1027.cfm>

ELECTRONIC PAYMENT

Taxpayers who pay their Idaho taxes by credit or debit card or e-check must pay a convenience fee for doing so. The State Tax Commission expects the fee to equal 3% of the amount of a tax payment that is made by credit or debit card and \$5.00 for each tax payment that is made by e-check. Access Idaho, a third-party service provider, will collect the fee for the Tax Commission.

WEBSITE

<http://tax.idaho.gov/i-1039.cfm>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 56
Boise, ID 83756-0056
(800) 972-7660

FED RETURN ATTACHED TO STATE RETURN

Yes, a complete copy of the federal return is required, including all forms, schedules, and attachments.

STATE CONSTRUCTION-RELATED CREDITS

There are no credits specifically related to construction.

IRC CONFORMITY

Idaho conforms to the IRC as of 01/01/2018 and has not decoupled from the business interest deduction limitations of IRC § 163(j) as enacted by the Tax Cuts and Jobs Act.

Effective on 01/01/2018 Idaho conforms to the IRC Section 199A Pass-Through Deduction. Idaho's personal income tax calculation starts with federal taxable income.

ALTERNATIVE MINIMUM TAX

Idaho does not impose an alternative minimum tax.

NET WORTH OR STOCK TAX

REGISTRATION

Idaho does not impose a net worth or stock tax.

GROSS RECEIPTS TAX

REGISTRATION

Idaho does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Idaho law requires retailers who are doing business in Idaho to get a seller's permit and collect sales tax on the sale of goods they ship or deliver to customers in Idaho. All retailers doing business in Idaho must file regular Idaho sales tax returns to pay the tax they collect. Taxpayer can file the IBR-1 for a combined application with the Tax Commission, Idaho Department of Labor, and the Industrial Commission.

The Idaho sales tax is imposed on retailers for the privilege of making "retail sales" or a "sale at retail." The consumer is the actual taxpayer and must pay the tax to the retailer. Use tax is imposed on the use, storage, or other consumption of nonexempt tangible personal property in the state for which sales tax has not been paid.

Persons engaged in constructing, altering, repairing, or improving real estate are consumers of the materials they use. Therefore, sales to contractors of materials to be incorporated into real property, or for their use in improving real property are subject to Idaho sales or use tax even if the improved property is for resale. A "contractor" generally is a person acting as a general contractor, subcontractor, contractee, subcontractee, or speculation contractor, who uses material and equipment to perform any written or verbal contract to improve, alter, or repair real property. The terms "contractor" and "subcontractor" are not applicable to persons who merely sell tangible personal property in the form of building materials, supplies, or equipment to construction contractors for delivery at the job site without any requirement that they install such tangible personal property.

FORMS

IBR-1, Registration Form.

Form 850, Sales and Use Tax Return.

RATES

The general Idaho state sales and use tax rate is 6% of the taxable basis. Additional statewide taxes are imposed in certain instances, and certain local taxes are authorized.

DUE DATE

Monthly filers – the 20th of the month following the tax period.

Quarterly filers – the 20th of the month following the end of a quarter.

DUE DATE EXTENSION

The due date for filing sales and use tax returns may be extended for good cause, if the taxpayer files a request for extension along with an estimated return. If granted, the time for filing the return generally cannot be extended for more than one month. The estimated return and request for extension must be filed in a timely manner, and reconciled to actual figures by filing an original return within the one-month extension period. Any additional tax due based on the reconciliation must accompany the original return, including any interest due from the original due date until the date the original return is filed. If the estimated tax is less than 90% of the tax actually due, a 5% penalty will apply.

ELECTRONIC FILING

Idaho Sales & Use tax returns can be filed online at:

[https://idahotap.gentax.com/TAP/ /](https://idahotap.gentax.com/TAP/)

ELECTRONIC PAYMENT

The tax due can be paid by credit/debit card, e-check, ACH debit, or by mail with printed voucher. Electronic payment is required if the tax due exceeds \$100,000.

WEBSITE

<http://tax.idaho.gov/i-1049.cfm>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 76
Boise, ID 83707-0076
(800) 972-7660

GRANDFATHERING OF RATE CHANGES

If the customer taxes possession of the taxable goods prior to the rate change, then the prior sales tax rate applies.

GOVERNMENT PROVIDED MATERIALS

If materials are purchased by a property owner without paying tax and they are used by the contractor, the contractor is liable for use tax, even if the owner is an exempt entity such as the U.S. Government, state government, or a local government.

TAXABLE SERVICES

Sales of services are generally not taxable, except that certain specified services are subject to tax. Taxable services include:

- The production or fabrication of property by special order;
- Furnishing, preparing or serving food, beverages or meals;
- Charges for admission;
- Charges for the privilege of using tangible personal property or recreational facilities;
- The provision of hotel, motel, tourists home, or trailer court accommodations;
- Leasing or renting tangible personal property;
- Fishing/hunting guide services;
- Photography, printing services; and
- Charges for on-demand charter flights.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

An Idaho County or resort city may impose local sales and use tax. A county sales tax must be imposed on all sales, without exception, that are subject to state sales and use tax. A resort city sales tax may be imposed on part or all of the sales subject to state tax. In addition, a local auditorium or community center district is authorized to impose a local hotel/motel room sales tax.

FORMS

For those localities which impose an additional local sales tax rate, these returns are found on the Idaho Tax Commission website.

RATES

Rates will vary.

DUE DATE

Same as the state sales tax return.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

The tax due can be paid by credit/debit card, e-check, ACH debit, or by mail with printed voucher. Electronic payment is required if the tax due exceeds \$100,000.

WEBSITE

<http://tax.idaho.gov/i-1023.cfm>

MAILING ADDRESS/PHONE NUMBER

Varies

GRANDFATHERING OF RATE CHANGES

Same as state sales tax.

GOVERNMENT PROVIDED MATERIALS

Same as state sales tax.

TAXABLE SERVICES

Same as state sales tax.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Taxpayers must have an Idaho withholding account number if the taxpayer has one or more full or part-time employees in Idaho and the IRS requires the taxpayer to issue W-2 Wage and Tax Statements.

Form 910, Idaho Withholding Payment Voucher.

Form 967, Idaho Annual Withholding Report.

RATES

The maximum personal income tax rate is 6.925%.

DUE DATE

The Form 910 is due:

- Monthly filers – The 20th of the month following payment period.
- Semimonthly filers – The fifth day following the payment period.
- Quarterly – The last day of the month following the payment period.

Form 967, W-2s, 1099s, and other information returns are due by the last day of February whether you file electronically or by paper.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

The Form 910 can be filed by paper or electronically from the following site:

<https://idahotap.gentax.com/TAP/> /

ELECTRONIC PAYMENT

Payment can be made by credit/debit card, e-check, or Electronic Funds Transfer. Electronic payment is required if the tax due exceeds \$100,000.

WEBSITE

<http://tax.idaho.gov/i-1026.cfm>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 76
Boise, ID 83707-0076
(800) 972-7660

NEW HIRE

Idaho's new hire reporting law requires all Idaho employers to report their new employees to the Idaho Department of Labor within 20 days of the date of hire.

<https://labor.idaho.gov/newhire/>

TERMINATION

Idaho is a "work at will" state.

<http://labor.idaho.gov/dnn/Businesses/IdahoLaborLaws/LaborLawsFAQ.aspx>

INDEPENDENT CONTRACTOR TREATMENT

Idaho law follows federal law regarding who is an employee and who is an independent contractor.

UNEMPLOYMENT

FORMS

The Idaho Department of Labor administers the state unemployment insurance program in conjunction with the United States Department of Labor. State Unemployment Tax, is an employer paid tax paid into the unemployment insurance trust fund that provides benefits to qualified, unemployed, or underemployed workers during periods of unemployment through no fault of their own.

A general contractor can be held liable for unemployment insurance tax due on wages paid by a subcontractor if final payment to the subcontractor is made and the subcontractor has not paid unemployment insurance taxes.

Form TX20/TX26, Quarterly Unemployment Tax Report.

Form TX20C, Amended Quarterly Unemployment Tax Report.

RATES

2019 Standard Rate for new employers – 1%; \$40,000 wage base.

DUE DATE

The reports and remittance are due the last day of the months of April, July, October, and January for the quarter ended the preceding month, except when the last day falls on a weekend or holiday. In those cases, the next business day is the due date.

DUE DATE EXTENSION

The Idaho Department of Labor may, for good cause shown by a covered employer, grant filing and payment extensions not to exceed 60 days from the date due. Employers must request extensions on or before the due date of the quarter for which the extension is desired.

ELECTRONIC FILING

Employers may report and pay their unemployment insurance taxes online through the Idaho Department of Labor's secure Employer Contact Online Reporting System at [ECORE](#).

ELECTRONIC PAYMENT

Employers can use one of the following three options to pay their taxes online:

- Pay online using electronic check (it's free).
- Use a credit or debit card to pay your taxes (3% vendor fee applies).
- Download a voucher and mail your payment to the department.

WEBSITE

<https://labor.idaho.gov>

MAILING ADDRESS/PHONE NUMBER

Idaho Department of Labor
317 W. Main Street
Boise, ID 83735
Phone: (208) 332-3570
Fax: (208) 334-6300

NEW HIRE

All employers must report newly hired employees to the Idaho Department of Labor within 20 days of the date of hire. This requirement covers all Idaho employers either hiring new employees or rehiring employees whose previous employment was terminated more than 12 months prior to the current hire date.

TERMINATION

<http://labor.idaho.gov/dnn/Businesses/IdahoLaborLaws/LaborLawsFAQ.aspx>

INDEPENDENT CONTRACTOR TREATMENT

For a worker to qualify as an independent contractor, exempt from unemployment insurance tax, BOTH of the following conditions must be met:

- 1) The worker must be free from direction and control in the performance of the work; and
- 2) The worker must be engaged in an independently established trade, occupation, profession, or business.

PROPERTY TAX

PERSONAL PROPERTY

All property within the jurisdiction of Idaho is subject to appraisal, assessment, and taxation, unless expressly exempted. For the purpose of assessment and taxation, property within the state is classified as: Class 1: Real property; Class 2: Personal property; and Class 3: Operating property. "Personal property" means everything that is the subject of ownership and that is not included within the term "real property." An item of taxable personal property purchased on or after January 1, 2013 is exempt from property taxation if the item has an acquisition price of \$3,000 or less.

The term "item of taxable personal property" means equipment, machinery, furniture, or other personal property that is functioning at its highest and best use for the purpose it was designed and constructed, and is generally capable of performing that function without being combined with other items of personal property. An "item of taxable personal property" does not include an individual component part of a piece of equipment, machinery, furniture or other personal property as a whole. An "item of taxable personal property" also does not include an improvement to real property, a part that will become an improvement, or anything defined as a fixture.

An occupancy tax is imposed on newly constructed and occupied residential, commercial, and industrial structures, including new manufactured housing, except additions to existing improvements or manufactured housing, prorated for the portion of the calendar year in which the first occupancy or use of the improvement occurs. The occupancy tax is in lieu of property taxes on the improvements or new manufactured housing during the year of construction. "New manufactured housing" means manufactured housing, whether real or personal, never previously occupied.

Machinery, tools, and equipment not permanently integrated with real property, held as tenant improvements, or held for rent or lease are subject to taxation and assessment as personal property.

Construction equipment or machinery is considered to be transient personal property if it is kept, moved, transported, shipped, or hauled into or remaining, for periods of not less than 30 days, in more than one county in the state during the same year. Such construction machinery or equipment is subject to assessment and taxation in each of the counties in which it was located in proportion to the portion of the year it was kept in the county.

REGISTRATION

The State Tax Commission has general supervision over administration of property taxes. It reviews and equalizes assessment of property among the several counties. The county assessor assesses all real and personal property in its county.

The county commissioner of each county acts as a board of equalization for the purpose of equalizing the assessment of property on the property rolls and hears appeals on assessment of property.

FORMS

Varies by locality

RATES

The rates vary by jurisdiction. In 2018 the average statewide rate is 1.511%.

DUE DATE

Property taxes are payable to the applicable tax collector on December 20 of the same year in which they are levied. Property taxes can be paid in two halves, with one-half paid by December 20 and the remaining half by June 20 of the following year.

DUE DATE EXTENSION

A four-month extension is available for the December 20 payment.

ELECTRONIC FILING

Varies by locality.

ELECTRONIC PAYMENT

Varies by locality.

WEBSITE

<http://tax.idaho.gov/m-formpub.cfm>

MAILING ADDRESS/PHONE NUMBER

Varies by locality.

REAL PROPERTY

Effective January 1, 2009, “real property” means land, rights and privileges to land, quarries and fossils in and under land, improvements, standing timber, including standing timber owned separately from the ownership of the land on which the timber stands (with certain exceptions), and other property that the law defines, or courts interpret, declare, and hold to be real property under the letter, spirit, intent, and meaning of the law.

Effective January 1, 2009, “improvements” mean buildings, structures, manufactured homes, mobile homes, and modular buildings erected on or affixed to land, fences, water ditches constructed for mining, manufacturing, or irrigation purposes, fixtures, and floating homes, whether or not such improvements are owned separately from the ownership of the land on which they may be erected, affixed, or attached, erected on, or affixed to the land, and fruit, nut-bearing, and ornamental trees or vines not of natural growth growing on the land, except nursery stock.

REGISTRATION

Same as personal property tax.

FORMS

Same as personal property tax.

RATES

Same as personal property tax.

DUE DATE

Same as personal property tax.

DUE DATE EXTENSION

Same as personal property tax.

ELECTRONIC FILING

Same as personal property tax.

ELECTRONIC PAYMENT

Same as personal property tax.

WEBSITE

Same as personal property tax.

MAILING ADDRESS/PHONE NUMBER

Same as personal property tax.

INTANGIBLES TAX

REGISTRATION

Idaho does not impose an intangibles tax.

FUEL TAX

REGISTRATION

Idaho imposes a motor fuels tax, in the nature of an excise tax, on distributors who receive gasoline or other motor fuels in Idaho. The legal incidence of the tax generally is borne by distributors and is measured by the total number of gallons the distributor receives.

Idaho imposes a motor fuels use tax on persons who consume gasoline or other motor fuels in motor vehicles that are licensed or are required to be licensed under the laws of Idaho or another jurisdiction and are operated on Idaho highways, if the Idaho motor fuels tax imposed on such fuel has not been paid or is subject to a credit or refund under the International Fuel Tax Agreement and the fuel is not otherwise exempt from the tax.

Contractors must pay sales tax on fuel used in off-road equipment unless on-road fuels excise taxes have already been paid on the fuel.

FORMS

Form 75

RATES

Rates vary depending of fuel used.

DUE DATE

Returns can be filed monthly, quarterly, annually, or some other method but cannot cover more than one year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

The tax due can be paid by credit/debit card, e-check, ACH debit, or by mail with printed voucher. Electronic payment is required if the tax due exceeds \$100,000.

WEBSITE

<http://tax.idaho.gov/index.cfm>

MAILING ADDRESS/PHONE NUMBER

Idaho State Tax Commission
P.O. Box 76
Boise, ID 83707-0076
(800) 972-7660

OTHER (Taxes, Fees, Registration, etc.)

BUSINESS PRIVILEGE TAX

REGISTRATION

Idaho imposes a minimum tax of \$20 on corporations that transact business in Idaho, are registered with the Idaho Secretary of State to do business in Idaho, or are exercising their corporate franchise in Idaho. For a unitary group of corporations, the \$20 minimum tax is required for each corporation required to file an Idaho income tax return. The minimum tax also applies to S corporations.

TAXABLE BASIS

The tax is a flat minimum tax.

FORMS

The minimum tax is paid on the income tax form required to be filed by that entity.

UNCLAIMED PROPERTY PROGRAM

Idaho Unclaimed Property Law is located in Idaho Code Title 14, Chapter 5 and online at: <https://legislature.idaho.gov/>

IMPACT FEES

Various, see local jurisdictions websites.

MINIMUM WAGE

\$7.25 per hour

REGISTERED AGENTS

Required, an individual can act as their own registered agent if they have an Idaho physical address. Or, taxpayers may use another legal business entity who is filed with the Idaho Secretary of State with an Idaho physical address.

DAVIS BACON

While a prevailing wage law does not currently exist in the state of Idaho, all public works projects contracted by the state of Idaho do fall under the federal Davis-Bacon Act and are governed by the U.S. Department of Labor.

DRUG TESTING FACILITIES

Various

OTHER

CFMA Chapters in Idaho:

Boise, ID: <http://cafe.cfma.org/Idaho/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

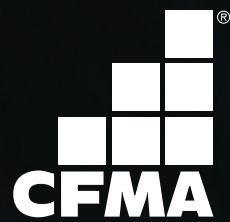
February 25, 2019

DATE OF LAST UPDATE

May 7, 2014

SUBJECT MATTER EXPERT

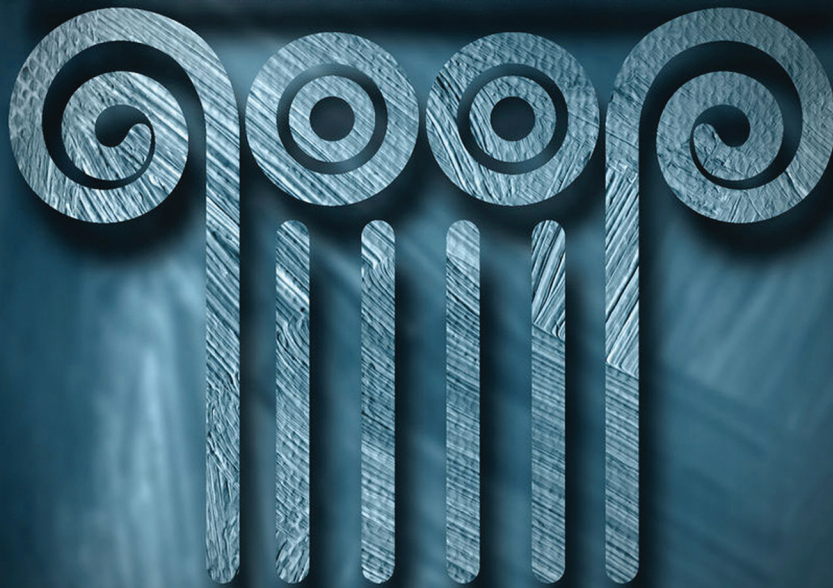
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



ILLINOIS

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

CORPORATION

Before the Secretary of State issues an Authority to Transact Business in Illinois, three items must be submitted to the Department of Business Services:

1. Application for Authority, Form BCA 13.15 (*in duplicate*).
2. Recent certified copy of Articles of Incorporation and all amendments and mergers.
3. Check for all applicable license fees, franchise taxes, filing fees, and penalties and interest.

LIMITED LIABILITY COMPANIES

Fill out an Application for Admission to Transact Business (LLC 45.5), and provide a certificate of good standing from your home state.

LIMITED PARTNERSHIP

Fill out an Application for Certificate of Authority (LP 902), and provide a certificate of good standing from your home state.

FORMS

BCA 13.15, Corporation – Application for Authority to Transact Business in Illinois.

LLC 45.5, Limited Liability Company – Application for Admission to Transact Business.

LP 902, Limited Partnership – Application for Certificate of Authority.

RATES, FEES, COSTS

Corporation	\$175
Limited Liability Company	\$500
Limited Partnership	\$150

WEBSITE

<http://www.cyberdriveillinois.com/home.html>

MAILING ADDRESS

Secretary of State
213 State Capitol
Springfield, IL 62756

ADDITIONAL ASSISTANCE

(217) 785-3000.

ANNUAL RENEWALS

Beginning with the year following year of registration an annual report must be filed and an annual franchise tax.

FORMS

BCA 14.05 (FOR), Foreign Corporation Annual Report.
LLC 50.1, Limited Liability Company Annual Report.
LP 210, Annual Report.

RATES

Corporation	\$ 75
Limited Liability Company	\$250
Limited Partnership	\$100

DUE DATE

Yearly in the month of initial registration.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.cyberdriveillinois.com

MAILING ADDRESS/PHONE NUMBER

Secretary of State
501 S. Second St.
Springfield, IL 62756
(217) 782-7808

REGISTRATION WITH DEPARTMENT OF REVENUE

You must register with the Illinois Department of Revenue if you conduct business in Illinois, or with Illinois customers.

FORMS

REG-1, New Business or electronically.

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://www2.illinois.gov/rev/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Central Registration Division
Illinois Department of Revenue
P.O. Box 19030
Springfield, IL 62794-9030
(217) 785-3707

LICENSES—GC & SPECIALTY

REGISTRATION

Illinois does not have a state general contractor's license. Roofing contractors are the exception. In order to do roofing work in Illinois you need to be certified by the Illinois Department of Professional Regulation. Plumbers need to get an Illinois plumbing license from the Illinois Department of Public Health.

Some local jurisdictions in Illinois have city specific registrations, be sure to check with the city before beginning a job.

TESTS AND EXAMS

Not Applicable

RATES

Application fee for Licensure as a Roofing Contractor	\$125
Application for Examination for Plumber's License – due 30 days prior to date of examination – fees.	
Application fee for Illinois Licensed Apprentice Plumber	\$175
Application fee for Plumbers Registered or Licensed in Chicago or Outside the State of Illinois	\$225

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.idfpr.com

MAILING ADDRESS/PHONE NUMBER

Roofing Contractor:

Department of Financial and Professional Regulations
Attn: Division of Professional Regulation
320 West Washington Street, 3rd Floor
Springfield, IL 62786

Plumbers:

Illinois Department of Public Health
Plumbing Program
525 W. Jefferson St., 3rd Floor
Springfield, IL 62761
(217) 524-0791

RECIPROCITY STATES

Not Applicable

EQUITY REQUIREMENT

Not Applicable

FINANCIAL STATEMENT REQUIREMENTS

Not Applicable

LOCAL LICENSES

REGISTRATION

City of Aurora
City of Bloomington
City of Chicago
City of Elgin
City of Rockford

This list is not complete, just an example; please consult the website for the city where your job is located to ensure you meet all the requirements.

FORMS

Varies by jurisdiction.

RATES

Varies by jurisdiction.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Varies by jurisdiction.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Varies by jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by jurisdiction.

INCOME TAX

INCOME TAX—C CORPORATION

You must file a tax return if you are a corporation that has net income or loss from Illinois sources or are qualified to do business in the State of Illinois and are required to file a federal income tax return.

FORMS

IL-1120, Corporation Income and Replacement Tax Return.

RATES

Corporation Income tax rate 9.5% (7% rate plus a 2.5% personal property replacement income tax rate).

DUE DATE

The statutory due date is the same as the federal corporate income tax statutory due date of April 15 for calendar year taxpayers and the 15th day of 4th month after the close of the tax year for fiscal year taxpayers.

DUE DATE EXTENSION

Illinois provides a paperless automatic filing extension of 6 months to taxpayers whose returns are due on the 15th day of the 4th month after the end of the taxable year, and 7 months for all other taxpayers; payment must be made with Form IL-505-B unless paying by EFT. 100% of tax must be paid by original due date of return to avoid interest and penalty.

ELECTRONIC FILING

Available, see: [https://mytax.illinois.gov/ /](https://mytax.illinois.gov/)

ELECTRONIC PAYMENT

Available, see: [https://mytax.illinois.gov/ /](https://mytax.illinois.gov/)

WEBSITE

<https://www2.illinois.gov/rev/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

With Payment:

Illinois Department of Revenue
P.O. Box 19028
Springfield, IL 62794-9028
(217) 782-3336

Without Payment:

Illinois Department of Revenue
P.O. Box 19008
Springfield, IL 62794-9008
(217) 782-3336

ESTIMATED TAX

Required if your estimated tax is expected to be more than \$400.

FORMS

IL-1120-ES, Estimated Income and Replacement Tax Payments for Corporations.

RATES

Same as above.

DUE DATE

Fifteenth day of the fourth, sixth, ninth, and 12th month of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Available, see: [https://mytax.illinois.gov/ /](https://mytax.illinois.gov/)

WEBSITE

<https://www2.illinois.gov/rev/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Illinois Department of Revenue
P.O. Box 19045
Springfield, IL 62794-9045
(217) 782-3336

ALTERNATIVE MINIMUM TAX

Not Applicable

CONFORMITY

Illinois conforms to the current IRC and has not decoupled from the business interest deduction limitations of IRC §163(j) as enacted by the Tax Cuts and Jobs Act.

Also, Illinois conforms to the Tax Cuts and Jobs Act provision that provides a 100% first-year deduction for the adjusted basis of qualified property acquired and placed in service after September 27, 2017, and before January 1, 2023.

ALLOCATION AND APPORTIONMENT FACTORS

Single Sales Factor.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Illinois has adopted some of the UDITPA provisions.

OTHER MULTISTATE COMPACT

Illinois participates in commission meetings and participates in the MTC as an associate/ project member.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

None.

SPECIFIC EXCLUSION OF INCOME ITEMS

See above.

SPECIFIC EXCLUSION OF COST ITEMS

See above.

CREDITS AND TAX INCENTIVES

Enterprise Zone Investment Credit.

River Edge Redevelopment Zone Investment Credit.

High Impact Investment Credit.

Economic Development for a Growing Economy (EDGE) Credit.

Research and Development Credit.

INCOME TAX—S CORPORATION

You must file a tax return if you are an S corporation that has net income or loss from Illinois sources or are qualified to do business in the State of Illinois and are required to file a federal 1120S.

FORMS

IL-1120-ST, Small Business Corporation Replacement Tax Return.

RATES

Personal Property Replacement tax 1.5%.

DUE DATE

Fifteenth day of the third month following the close of the tax year.

DUE DATE EXTENSION

If payment is due, Form IL-505-B, Automatic Extension Payment must be filed; if no payment is due then the return is automatically extended seven months.

ELECTRONIC FILING

Available, see: <https://mytax.illinois.gov/> /

ELECTRONIC PAYMENT

Available, see: <https://mytax.illinois.gov/> /

WEBSITE

<https://www2.illinois.gov/rev/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

With Payment:
Illinois Department of Revenue
P.O. Box 19032
Springfield, IL, 62794-9032
(217) 782-3336

Without Payment:
Illinois Department of Revenue
P.O. Box 19053
Springfield, IL 62794-9053
(217) 782-3336

COMPOSITE RETURNS FOR S

Filed on Schedule B "Partners' or Shareholders' Identification" of Form IL-1120-ST;
tax paid with form as well.

ALLOWED OR NOT ALLOWED

Allowed

FORMS

See above.

RATES

For partnership, or S corporation shareholders – 1.5% replacement tax.

For nonresident individual shareholders – 4.95%.

For estates, or trusts – 6.45% (4.95% plus 1.5% replacement tax).

For corporate shareholders – 9.5% (7% plus 2.5% replacement tax).

DUE DATE

Same as tax return.

DUE DATE EXTENSION

Same as tax return.

ELECTRONIC FILING

Same as tax return.

ELECTRONIC PAYMENT

Same as tax return.

WEBSITE

Same as tax return.

MAILING ADDRESS/PHONE NUMBER

Same as tax return.

ESTIMATED TAX FOR S

S corporations are not required to make estimates but may voluntarily pre-pay using Form IL-516-I, Pass-Through Prepayment Voucher for withholding from individuals and estates and Form IL-516-B, Pass-Through Prepayment Voucher for withholding from corporations, partnerships, and trusts.

FORMS

See above.

RATES

Same as tax return rate.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Same as tax return.

WEBSITE

Same as tax return.

MAILING ADDRESS/PHONE NUMBER

See forms.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Required if Form IL-1000-E, Certificate of Exemption for Pass-Through Withholding Payments isn't signed.

FORMS

Will be paid with composite and reported on Schedule K-1-P(3), Pass-Through Withholding Calculation for Nonresident Members.

RATES

Same as composite.

DUE DATE

Same as composite.

DUE DATE EXTENSION

Same as composite.

ELECTRONIC FILING

Same as composite.

ELECTRONIC PAYMENT

Same as composite.

WEBSITE

Same as composite.

MAILING ADDRESS/PHONE NUMBER

Same as composite.

PAYMENT ON INCOME OR DISTRIBUTIONS

Income.

S CORPORATION TREATMENT

Withhold if nonresident.

C TREATMENT

Withhold if nonresident.

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

If you are a partnership with Illinois activity then you must file Form IL-1065, Partnership Replacement Tax Return.

COMPOSITE RETURNS

Composite return is not allowed after 12/31/2014.

FORMS

IL-1065, Partnership Replacement Tax Return.

RATES

N/A

DUE DATE

Fifteenth day of the fourth month following the tax year.

DUE DATE EXTENSION

Automatic six-month extension if no payment is owed; if payment is owed must file IL-505-B, Automatic Extension Payment, with payment by original due date.

ELECTRONIC FILING

Allowed

ELECTRONIC PAYMENT

Allowed

WEBSITE

<https://www2.illinois.gov/rev/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

With Payment:
Illinois Department of Revenue
P.O. Box 19031
Springfield, IL 62794-9031
(217) 782-3336

Without Payment:
Illinois Department of Revenue
P.O. Box 19053
Springfield, IL 62794-9053
(217) 782-3336

INCOME TAX—INDIVIDUAL

Nonresidents:

Required to file if they have enough Illinois income to have a tax liability, however, if only Illinois income is from a partnership or S corporation that withheld enough to cover the tax, no filing required.

FORMS

IL-1040, Individual Income Tax Return.

RATES

4.95% of Illinois income

DUE DATE

April 15

DUE DATE EXTENSION

If no tax is due, automatic six-month extension, if tax is due IL-505-I, Automatic Extension Payment for Individuals Filing Form IL-1040 must be filed by original due date.

ELECTRONIC FILING

Available

ELECTRONIC PAYMENT

Available

WEBSITE

<https://www2.illinois.gov/rev/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Payment:

Illinois Department of Revenue
Springfield, IL 62726-0001
(217) 782-3336

No Payment:

Illinois Department of Revenue
Springfield, IL 62719-0001
(217) 782-3336

FED RETURN ATTACHED TO STATE RETURN

Yes

STATE CONSTRUCTION-RELATED CREDITS

See corporate section.

IRC CONFORMITY

No Conformity to IRC Section 199A Pass-Through Deduction. Illinois' personal income tax calculation starts with federal adjusted gross income. Individual taxpayers are not allowed to take standard or itemized deductions and are not otherwise permitted to deduct an amount equal to the IRC § 199A deduction.

ALTERNATIVE MINIMUM TAX

Not Applicable

NET WORTH OR STOCK TAX

Illinois does not have a net worth or stock tax.

GROSS RECEIPTS TAX

Illinois does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Sales tax is imposed on a seller's receipts from sales of tangible personal property for use or consumption.

Three categories:

- 1) Qualifying food, drugs, and medical appliances.
- 2) Items required to be titled or registered.
- 3) Other general merchandise.

FORMS

ST-1, Sales and Use Tax and E911 Surcharge Return.

RATES

General Merchandise – 6.25%.

Food Drugs and Medical – 1%.

DUE DATE

Twentieth day of month following the end of the reporting period.

If average monthly liability is:

- Greater than \$200 – monthly filing required.
- Between \$50 and \$200 – quarterly filing required.
- Less than \$50 – annual filing required.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available, see: [https://mytax.illinois.gov/ /](https://mytax.illinois.gov/)

ELECTRONIC PAYMENT

Available, see: [https://mytax.illinois.gov/ /](https://mytax.illinois.gov/)

WEBSITE

<https://www2.illinois.gov/rev/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Illinois Department of Revenue
Retailers' Occupation Tax
Springfield, IL 62796-0001
(217) 782-3336

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Not Applicable

TAXABLE SERVICES

Some types of:

- Catering;
- Computer Services;
- Copying Services;
- Engraving Services;
- Lawn Care Services;
- Printing Services;
- Telecommunications Services; and
- Veterinary Services.

Double check rules to confirm taxability.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

See city websites for any specific additional registration requirements.

FORMS

Filed on state form.

RATES

Rates vary from 0 – 4.75%.

You can use the following website to look up rates for specific locations:

<https://mytax.illinois.gov/> /

DUE DATE

Same as state.

DUE DATE EXTENSION

Same as state.

ELECTRONIC FILING

Same as state.

ELECTRONIC PAYMENT

Same as state.

WEBSITE

Same as state.

MAILING ADDRESS/PHONE NUMBER

Same as state.

GRANDFATHERING OF RATE CHANGES

Same as state.

GOVERNMENT PROVIDED MATERIALS

Same as state.

TAXABLE SERVICES

Same as state.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

IL-941, Illinois Withholding Income Tax Return.

IL-501, Payment Coupon.

RATES

4.95%.

DUE DATE

Returns are filed quarterly unless notified by the Department of Revenue (Department), due on the last day of April, July, October, and January.

Payments are due in one of three ways:

- Semi-weekly: Pay by Wednesday for amounts withheld the preceding Wednesday, Thursday, or Friday – and pay Friday for amounts withheld the preceding Saturday, Sunday, Monday, or Tuesday. **Must** be made electronically.
- Monthly: Pay by the 15th of each month for the preceding month. Pay with payment coupon Form IL-501. (New taxpayers are automatically assigned to this method and are notified if another method must be used).
- Annual: Department will notify you if you qualify for this with your three payment options.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available

ELECTRONIC PAYMENT

Available

WEBSITE

[HTTPS://WWW2.ILLINOIS.GOV/REV/PAGES/DEFAULT.ASPX](https://www2.illinois.gov/rev/pages/default.aspx)

MAILING ADDRESS

For mailing IL-501:

Illinois Department of Revenue
P.O. Box 19447
Springfield, IL 62794-9447

For mailing IL-941:

Illinois Department of Revenue
P.O. Box 19052
Springfield, IL 62794-9052

NEW HIRE

Contact Illinois Department of Employment Security to report a newly hired employee within 20 days of adding an employee:

Illinois Department of Employment Security
P.O. Box 19473
Springfield, IL 62794-9473

TERMINATION

Illinois is an “employment-at-will” state, meaning that an employer or employee may terminate the relationship at any time, without any reason or cause.

If more than 50 employees are laid off contact the Illinois Department of Employment Security (IDES) for special instructions.

INDEPENDENT CONTRACTOR TREATMENT

Individuals are assumed to be employees until proven that:

- Such individual has been and will continue to be free from control or direction over the performance of such services, both under his contract of service and in fact;
- Such service is either outside the usual course of the business for which such service is performed or that such service is performed outside of all the places of business of the enterprise for which such service is performed; and
- Such individual is engaged in an independently established trade, occupation, profession, or business.

UNEMPLOYMENT

FORMS

UI-1, Report to Determine Liability Under the unemployment Insurance Act
UI-3/40, Employer's Contribution and Wage Report

RATES

Are assigned by IDES; if you disagree with your rate you must contest within 15 days of being assigned. The standard unemployment tax rate for new employers is 3.175% for 2019. Experienced employers' rates range from 0.475% to 6.875% for 2019.

DUE DATE

Wage reports and payments are due a month after the close of each quarter: April 30, July 31, October 31, and January 31.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available

ELECTRONIC PAYMENT

Available

WEBSITE

http://www.ides.illinois.gov/Pages/Unemployment_Taxes_and_Reporting.aspx

MAILING ADDRESS/PHONE NUMBER

Illinois Department of Employment Security
Revenue Division
33 South State Street
Chicago, IL 60603
(312) 793-4880

NEW HIRE

See above.

TERMINATION

See above.

INDEPENDENT CONTRACTOR TREATMENT

Same as above.

PROPERTY TAX

PERSONAL PROPERTY

The Illinois Constitution directed the legislature to abolish personal property taxes for business. This has been replaced by the Personal Property Replacement Tax which is paid on the income tax return for corporations, partnerships, trusts, S corporations and public utilities. See income tax section above.

REGISTRATION

Same as income tax.

FORMS

Same as income tax.

RATES

Corporations pay 2.5% on income.

Partnerships, trusts, and S corporations pay 1.5% on income.

Public utilities pay 0.8% on invested capital.

DUE DATE

Same as income tax.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Same as income tax.

ELECTRONIC PAYMENT

Same as income tax.

WEBSITE

Same as income tax.

MAILING ADDRESS/PHONE NUMBER

Same as income tax.

REAL PROPERTY

Property tax is a local tax imposed by local government taxing districts and administered by local officials. Contact the local assessor for more information.

REGISTRATION

Not Applicable

FORMS

Varies by local jurisdiction.

RATES

Varies by local jurisdiction.

DUE DATE

Due dates for payment of real property taxes vary from jurisdiction to jurisdiction.

DUE DATE EXTENSION

Varies by local jurisdiction.

ELECTRONIC FILING

Varies by local jurisdiction.

ELECTRONIC PAYMENT

Varies by local jurisdiction.

WEBSITE

Varies by local jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

INTANGIBLES TAX

REGISTRATION

Illinois does not have an intangibles tax.

FUEL TAX

The Motor Fuel Tax is imposed on the privilege of operating motor vehicles on public highways and recreational watercraft on waterways in Illinois. It is paid by distributors and suppliers, who collect the tax from their customers.

Typically, refunds are allowed for fuel used off-road such as in manufacturing, construction, landscaping, etc. No claims for refund can be made on dyed diesel.

REGISTRATION

REG-1, New Business or electronically.

FORMS

For distributors and suppliers paying the motor fuel tax:

RMFT-5, Motor Fuel: Distributor/Supplier Tax Return.

RMFT-5-US, Underground Storage Tank Tax and Environmental Impact Fee Receiver Return.

RMFT-71, Liquefied Petroleum Gas Tax Return.

For those claiming refunds for fuel used for non-highway purposes:

RMFT-11-A, Illinois Motor Fuel Tax Refund Claim.

RATES

Motor Fuel Tax:

Gasoline/Gasohol – \$0.19/gallon

Diesel Fuel – \$0.215/gallon

Combustible Gases – \$0.19/gallon

Motor Fuel Use Tax:

Gasoline/Gasohol – \$0.383/gallon

Diesel Fuel – \$0.427/gallon

Combustible Gases – \$0.284/gallon

DUE DATE

For motor fuel tax forms: Due on or before the 20th day of each month for previous month's activity.

For refund claims made by distributors and suppliers – up to one year from the day the tax was paid.

For refund claims by non-distributors – up to two years from the day the tax was paid.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not available, returns must have original signature.

ELECTRONIC PAYMENT

Available

WEBSITE

<https://www2.illinois.gov/rev/research/taxrates/Pages/motorfuel.aspx>

MAILING ADDRESS

Refund Claim:
Illinois Department of Revenue
P.O. Box 19019
Springfield, IL 62794-9019

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

To claim unclaimed property in Illinois visit the Illinois State Treasurer's ICash website: <https://icash.illinoistreasurer.gov/>

IMPACT FEES

Environmental Impact Fee imposed on receivers of certain petroleum products in Illinois. Tax is paid by the receiver who first sells or used the following petroleum products:

- Motor Fuel.
- Home Heating Oil.
- Kerosene.
- Aviation Fuel.

MINIMUM WAGE

\$8.25.

REGISTERED AGENTS

Required to register with the State of Illinois.

DAVIS BACON

For all wage policies in Illinois visit the Fair Labor Standards Division website: <https://www2.illinois.gov/idol/laws-rules/fls/pages/default.aspx>

DRUG TESTING FACILITIES

For a list of centers in Illinois visit:
<http://www.testcountry.com/drug-testing-center-facilities/Illinois.htm>

COMMUNICATIONS

Chicago CFMA Chapter
19244 Blackhawk Parkway, Unit 73
Mokena, IL 60448
(815) 806-4908

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

AUTHOR

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DATE OF THIS UPDATE

March 22, 2019

DATE OF LAST UPDATE

May 28, 2015

SUBJECT MATTER EXPERT

John P. Eardley, CPA, MST
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(616) 242-6171

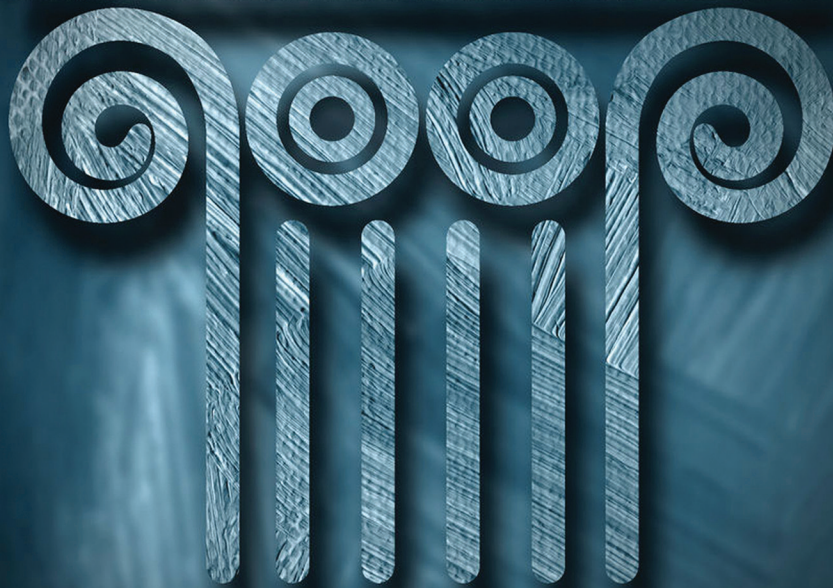
john.eardley@crowehorwath.com



**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



INDIANA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes choosing the business entity type, selecting a business name, the principal office address, determining the Registered Agent in Indiana, providing names and addresses of officers/directors/partners, preparing registration forms, and paying all appropriate fees.

FORMS

To register, go to: <https://inbiz.in.gov/start-business> and click on "Start a new Business." Once registered, the business will be able to log in and register with the Secretary of State and pay the required fees

RATES, FEES, COSTS

Incorporation	\$90 (\$80 if filed online)
Limited Liability Company	\$90 (\$80 if filed online)
Limited Partnership	\$90 (\$80 if filed online)
Limited Liability Partnership	\$90 (\$80 if filed online)
Nonprofit Organizations	\$30 (\$25 if filed online)

WEBSITE: <https://inbiz.in.gov/start-business>

MAILING ADDRESS/PHONE NUMBER

Office of the Indiana Secretary of State
200 W. Washington St., Room 201
Indianapolis, IN 46204
(317) 232-6576

ADDITIONAL ASSISTANCE

Additional assistance is available at: <http://www.in.gov/sos/business/>

ANNUAL RENEWALS

After a business entity has formed or been granted authority to do business in the State of Indiana, it has an ongoing responsibility to file regular business entity reports. These reports must be filed every year by nonprofit organizations and every two years by for-profit businesses.

FORMS

Annual reports are filed online at: <https://www.in.gov/sos/business/2426.htm>

RATES

The filing fee is as follows:

For Profits: \$20 for [tps://www.in.gov/core](https://www.in.gov/core) subscribers or \$22.44 for credit card users.

Nonprofits: \$5.00 for [https://www.in.gov/core/](https://www.in.gov/core) subscribers or \$7.14 for credit card users.

DUE DATE

The filings are due during the anniversary month of the organization's formation or the anniversary month when granted authority to do business in the State of Indiana.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available here: <https://inbiz.in.gov/business-entity/>

ELECTRONIC PAYMENT

Available here: <https://inbiz.in.gov/business-entity/>

WEBSITE: <https://inbiz.in.gov/business-entity/>

MAILING ADDRESS/PHONE NUMBER

Office of the Indiana Secretary of State
200 W. Washington St., Room 201
Indianapolis, IN 46204
(317) 232-6576

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is necessary for any person or entity conducting a trade of business in the State of Indiana. A business will need to register with the Department of Revenue (the Department) if it will be doing any of the following in the state:

- Sell products or tangible items.
- Have employees.

FORMS

Business registrations are only available by completing Form BT-1 online at:
<https://www.in.gov/dor/4323.htm>

RATES

Only registration for sales tax carries a fee of \$25.

DUE DATE

Before initiating business operations in Indiana.

ELECTRONIC FILING

Register with the Indiana Department of Revenue at:
<https://inbiz.in.gov/BOS/Home/Index>

ELECTRONIC PAYMENT

Pay for registration with the Indiana Department of Revenue at:
<https://inbiz.in.gov/BOS/Home/Index>

WEBSITE

<https://inbiz.in.gov/BOS/Home/Index>

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46206-0040
(317) 232-2165

LICENSES—GC & SPECIALTY

The only construction contractors licensed by the State of Indiana are plumbers.

REGISTRATION

To become an Indiana Plumbing Contractor, complete an Application for Journeyman Plumber or Plumbing Contractor Examination for Licensing (Form 40602) available at: <http://www.in.gov/pla/3747.htm>

FORMS

Form 40602, Application for Journeyman Plumber or Plumbing Contractor Examination for Licensing.

RATES

Odd year issuance:	\$ 50
Even year issuance:	\$100
Renewal – Every two (2) years:	\$100
Temporary Plumbing Contractor (plus recovery fund):	\$ 25

WEBSITE

<http://www.in.gov/pla/plumbing.htm>

MAILING ADDRESS/PHONE NUMBER

Indiana Professional Licensing Agency
Indiana Plumbing Commission
402 W. Washington Street, Room W072
Indianapolis, IN 46204
Staff phone number: (317) 234-8800
Staff e-mail: [pla14@ pla.in.gov](mailto:pla14@pla.in.gov)

RECIPROCITY STATES

Reciprocity is not available for journeyman and contractor plumbers. Instead, you must present an application and pay the fee. Then the application goes before the board. If board approved you must take the exam and pass.

EQUITY REQUIREMENT

None

FINANCIAL STATEMENT REQUIREMENTS

None

LOCAL LICENSES

REGISTRATION

Licensing for plumbing contractors is administered by the State of Indiana; however, the license may be required to be registered with the respective locality where work is performed.

General contracting may require licensing dependent upon the locality. Indiana counties differ in their licensing requirements; therefore each specific locality will need to be reviewed for filing requirements.

INCOME TAX

INCOME TAX—C CORPORATION

Every corporation deriving business from sources within Indiana is required to file a corporate income tax return and pay a tax. The tax is based on federal taxable income allocated and apportioned to Indiana. Indiana apportions income using a single sales factor apportionment method.

FORMS

Form IT-20, Corporate Adjusted Gross Income Tax Return.

Form IT-6, Corporation Estimated Income Tax Voucher/Extension Payment.

Form IT-20X, Amended Corporation Income Tax Return.

Include copies of pages 1 through 5 of the completed U.S. Corporation Income Tax Return (Form 1120) or the comparable federal return being filed. Also include federal Schedule M-3 and any confirmation of an extension of time to file the return.

RATES

Split year rate:

After June 30, 2018, and before July 1, 2019 – 5.75%.

After June 30, 2019, and before July 1, 2019 – 5.5%.

The following steps must be used to determine the tax rate if a corporation is subject to different tax rates for a taxable period:

- 1) Multiply the rate in effect before the rate change by the number of months in the corporation's taxable year that precede the month the rate changed.
- 2) Multiply the rate in effect after the rate change by the number of months in the corporation's taxable year that follow the month before the rate changed.
- 3) Add the amounts in Step 1 and Step 2, and then divide the sum by 12.
- 4) Round the rate determined in Step 3 to the nearest 0.01%.

DUE DATE

File Form IT-20 or IT-6 by the 15th day of the fourth month following the close of the tax year.

DUE DATE EXTENSION

The Indiana Department of Revenue (the Department) accepts the federal extension of time application (Form 7004) or the federal electronic extension. Returns

postmarked within 30 days after the last date indicated on the federal extension are considered timely filed. If your corporation does not need a federal extension of time but needs one for filing the state return, submit a letter to the Department requesting such an extension prior to the annual return's due date.

ELECTRONIC FILING

Indiana does currently allow for the electronic filing of C corporation returns.

ELECTRONIC PAYMENT

Accepted here: https://secure.in.gov/apps/dor/dor_epay/start.htm

WEBSITE

<http://www.in.gov/dor/3335.htm>

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46206-0040
(317) 232-0129

ESTIMATED TAX

A corporation whose estimated AGIT liability exceeds \$2,500 for a taxable year must file quarterly estimated tax payments. The quarterly estimated tax payments must be submitted with an appropriate Indiana voucher, with Form IT-6, or by electronic funds transfer (EFT), depending on the amount due. The quarterly due dates for estimated payments are the 20th day of the 4th, 6th, 9th, and 12th months of the taxpayer's tax period, regardless of whether filing on a calendar-year, fiscal-year, or short-year basis. Taxpayers should use the reporting taxpayer's federal identification number.

The quarterly estimated payment must be equal to the lesser of:

- 25% of the AGI tax liability for the taxable year; or
- The annualized income installment calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's liability for AGI tax.

If the estimated liability exceeds \$5,000 per quarter, a corporation must remit the tax by EFT. If the estimated payment is made by EFT, the corporation is not required to file Form IT-6.

Corporations required to make quarterly estimated payments can use the annualized income installment method. It must be calculated in the manner provided by IRC Section 6655(e) as applied to the corporation's AGI tax liability.

DUE DATE

See rates section above.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

https://secure.in.gov/apps/dor/dor_epay/start.htm

ELECTRONIC PAYMENT

Accepted at: www.in.gov/dor/epay. For questions about EFT payments, call: (317) 232-5500.

WEBSITE

<http://www.in.gov/dor/3335.htm>

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46206-0040
(317) 232-0129

ALTERNATIVE MINIMUM TAX

Indiana does not have an alternative minimum corporate income tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Indiana has decoupled from the federal business interest deduction limitation for tax years beginning after December 31, 2017 under IRC § 163(j) as enacted by the Tax Cuts and Jobs Act.

ALLOCATION AND APPORTIONMENT FACTORS

Indiana utilizes a single sales factor for apportionment purposes. The numerator is the total receipts of the taxpayer in Indiana during the tax year. The denominator is the total receipts of the taxpayer everywhere during the tax year.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

In Ind. Admin. Code 3.1-1-37 the State of Indiana provides that the statutory apportionment formula in Indiana will generally follow the allocation and apportionment guidance provided by UDITPA.

OTHER MULTISTATE COMPACT

Indiana is an associate member of the Multistate Tax Compact.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

No construction specific apportionment formulas.

SPECIFIC EXCLUSION OF INCOME ITEMS

No construction specific exclusions of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

Economic Development for a Growing Economy (EDGE)

This credit is for businesses that conduct certain activities designed to foster job creation in Indiana. It is a refundable tax liability credit.

Hoosier Business Investment Credit

This credit is for qualified investments, including costs associated with the following:

- Constructing special-purpose buildings and foundations;
- Making onsite infrastructure improvements;
- Modernizing existing equipment;
- Purchasing equipment used to make motion pictures or audio production;
- Purchasing or constructing new equipment directly related to expanding the workforce in Indiana;
- Retooling existing machinery and equipment;
- Constructing or modernizing transportation or logistical distribution facilities;
- Improving the transportation of goods via highway, rail, air, or water; and
- Improving warehousing and logistical capabilities.

This credit is administered by the IEDC. You can contact them at One North Capitol, Suite 700, Indianapolis, IN 46204. You can also visit their website at: <https://iedc.in.gov/> or call them at (317) 232-8800. Please see Information Bulletin #95 at: www.in.gov/dor/3650.htm

Indiana Research Expense Credit 822

Indiana has a research expense credit similar to the federal credit (Form 6765) for increasing research activities for qualifying expenses paid in carrying on a trade or business in Indiana. Compute the credit using Schedule IT-20REC.

Other Credits

College and University Contribution Credit, Community Revitalization Enhancement, Enterprise Zone Tax Credits and Benefits, Ethanol Production Credit, Headquarters Relocation Credit, Historic Building Rehabilitation Credit, Indiana Comprehensive Health Insurance Association, Industrial Recovery Credit, Natural Gas Commercial Vehicle Credit, Neighborhood Assistance Credit, New Employer Credit, Riverboat Building Credit, and Venture Capital Investment Credit.

INCOME TAX—S CORPORATION

Every S corporation deriving income from sources within Indiana is required to file an S corporation income tax return. Corporations that are permitted to and do file in accordance with Section 1361(a)(1) of the Internal Revenue Code (IRC) are exempt from the Indiana adjusted gross income tax for any tax period for which the election is in effect, except on passive income and built-in gains. The corporation must make quarterly estimated tax payments if its Indiana tax liability exceeds \$2,500.

REGISTRATION

S corporation registration is the same as C corporation registration. Indiana recognizes the federal S corporation election.

FORMS

Form IT-20S, Indiana S Corporation Income Tax Return.

Form IT-20SCOMP, Shareholders' Composite Adjusted Gross Income Tax Return.

RATES

Every S corporation with passive income or built-in gains is taxed at the same rates as imposed on C corporations. See C corporation section for detail on the applicable tax rate.

DUE DATE

Form IT-20S is due on or before the 15th day of the fourth month following the close of the S corporation's tax year.

DUE DATE EXTENSION

The Department accepts the federal extension of time application (Form 7004) or the federal electronic extension. Returns postmarked within 30 days after the last date indicated on the federal extension are considered timely filed. If the corporation does not need a federal extension of time but needs one for filing the state return, a letter

should be submitted to the Department requesting such an extension prior to the annual return's due date.

ELECTRONIC FILING

Available using one of the approved vendors listed here:
<http://www.in.gov/dor/5239.htm>. Additionally, K-1s may be submitted in accordance with the following guidance: <http://www.in.gov/dor/3772.htm>

ELECTRONIC PAYMENT

Accepted at: https://secure.in.gov/apps/dor/dor_epay/start.htm.

WEBSITE

<http://www.in.gov/dor/3335.htm>

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46206-0040
(317) 232-0129

COMPOSITE RETURNS FOR S CORPORATIONS

An S corporation that has nonresident shareholders must file a composite return for all its nonresident shareholders—unless the nonresident shareholder has filed the Indiana Composite Filing Opt-out Affidavit (IN-COMPA) with the S corporation to opt out of the composite filing. A \$500 penalty will be assessed to any S corporation that fails to file a composite return that includes all qualifying nonresident shareholders.

ALLOWED OR NOT ALLOWED

An S corporation that has nonresident shareholders must file a composite return for all its nonresident shareholders—unless the nonresident shareholder has filed the IN-COMPA with the S corporation to opt out of the composite filing. A \$500 penalty will be assessed to any S corporation that fails to file a composite return that includes all qualifying nonresident shareholders.

FORMS

Form IT-20COMP, Shareholders' Composite Indiana Adjusted Gross Income Tax Return. The composite return should be filed with the S corporation's Form IT-20S S Corporation Income Tax Return.

RATES

Withholding for nonresident individuals is 3.4% for 2014 on Indiana sourced income. The withholding will be 3.3% for tax years 2015 and 2016 and will be 3.23% for tax year 2017 and after.

Withholding for nonresident corporations is at the applicable rate detailed in the C corporation section.

DUE DATE

Due the 15th day of the fourth month following the close of the taxable year of the shareholders or partners included in the composite return.

DUE DATE EXTENSION

The Department accepts the federal extension of time application (Form 7004) or the federal electronic extension. Returns postmarked within 30 days after the last date indicated on the federal extension are considered timely filed. If the corporation does not need a federal extension of time but needs one for filing the state return, a letter should be submitted to the Department requesting such an extension prior to the annual return's due date.

ELECTRONIC FILING

Not allowed for composite returns.

ELECTRONIC PAYMENT

Not allowed for composite returns.

WEBSITE

<http://www.in.gov/dor/3335.htm>

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46206-0040
(317) 232-0129

ESTIMATED TAX FOR S

S corporations that are subject to tax on passive income and built-in gains must make quarterly estimated tax payments if its Indiana tax liability exceeds \$2,500.

For S corporations required to withhold on nonresidents and that make only one annual distribution to shareholders, no estimates are due. Full payment of the tax liability is payable by the 15th day of the fourth month following the close of the tax period.

S corporations registered with the state that make more than one annual distribution to shareholders must remit monthly withholding payments.

FORMS

Form IT6, Corporation Estimated Income Tax Voucher/Extension Payment.

Form WH-1 is required to be transmitted electronically:

<https://www.intax.in.gov/Web/Default.aspx>

RATES

The tax rate on passive income and built-in gains is at the appropriate corporate tax rate (see C corporation tax rate section).

Withholding for nonresident individuals is 3.23% of adjusted gross income, plus applicable county income tax rates.

DUE DATE

Quarterly estimated payments for passive income or built-in gains are due on the 20th day of the 4th, 6th, 9th, and 12th months of the tax year.

Remittances for nonresident withholding is determined and communicated by the Department.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

https://secure.in.gov/apps/dor/dor_epay/start.htm

<https://www.intax.in.gov/Web/Default.aspx>

WEBSITE

<http://www.in.gov/dor/4336.htm>

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46206-0040
(317) 232-0129

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Form WH-1 – Amounts withheld from employees and/or nonresident shareholders who are not individuals or who opted out of the composite return should be included in the remittance with Form WH-1. The nonresident withholding account will be separate from any existing employees withholding account.

Businesses currently filing paper coupons will need to transition to filing via the state's INtax program or use a third-party vendor to electronically transmit Form WH-1.

Form WH-3 – The withholding agent must complete an annual Withholding Tax Reconciliation Return, Form WH-3. This must be filed by the end of the second month following the close of the tax period for nonresident withholding accounts. It must be filed by the 15th day of the fourth month following the close of the tax period for nonresident and one-time distribution withholding accounts. The following must be included:

- The Indiana taxpayer identification number (TID);
- The S corporation's name; and
- The calendar year.

Form WH-3 is used to reconcile the monthly or annual WH-1 returns. When remitting this form, the business must also remit the supporting W-2 and WH-18 reports. The way in which Form WH-3 is submitted depends on the number of wage statements filed in a year. Follow these guidelines: If fewer than 25 wage statements were filed for the entire tax year, paper copies of the withholding Forms (WH-1, WH-18, WH-3, W-2s, W-2Gs, and 1099s) can be filed. They can be submitted via the state's online INtax application: (www.intax.in.gov) or use a third-party vendor to electronically submit them. If more than 25 but fewer than 3,500 wage statements were filed for the entire tax year, all withholding forms must be filed electronically. The state's online INtax application: (www.intax.in.gov) or a third-party vendor may be used to submit electronically.

If more than 3,500 wage statements were filed, either a third-party vendor must submit the filings on your behalf or a file using bulk upload may be used. For more

information, see the Department's Bulk Upload Guide at:
<https://www.in.gov/dor/files/bulk-upload-guide.pdf>

INCOME TAX—PARTNERSHIPS, LLC

Partnerships conducting business within Indiana must file an annual return and an information return with the Department, disclosing each partner's share of distributed and undistributed income.

The term "partnership" includes a syndicate, group, pool, joint venture, limited liability company, limited liability partnership, or other unincorporated organization that is not, within the meaning of Indiana Code (IC) 6-3-1, a corporation, a trust, or an estate. Banks with common trust funds filing U.S. Form 1065 must file partnership Form IT-65 and comply with provisions of Treas. Reg. 1.6032-1 when reporting for Indiana purposes.

COMPOSITE RETURNS

A partnership that has nonresident partners must file a composite return for all its nonresident partners—unless the nonresident partner has filed the IN-COMPA with the partnership to opt out of the composite filing. A \$500 penalty will be assessed to any partnership that fails to file a composite return that includes all qualifying nonresident partners.

FORMS

Form 65, Indiana Partnership Return.

Form IT-65COMP, Partners' Composite Adjusted Gross Income Tax Return.

RATES

A partnership, as such, is not subject to tax. Instead, the partnership's partners are liable for Indiana personal income tax on their respective shares of partnership income.

Penalty for Failure to File – If a return showing no liability on line 7 is filed late, the penalty for failure to file by the due date is \$10 per day the return is past due, up to a maximum of \$250.

DUE DATE

The due date for filing is the 15th day of the fourth month following the close of the partnership's tax year.

DUE DATE EXTENSION

The Department accepts the federal extension of time application (Form 7004) or the federal electronic extension. There is no reason to contact the Department prior to filing the annual return if a valid federal extension has been filed. Returns postmarked within 30 days after the last date indicated on the federal extension form are considered timely filed.

ELECTRONIC FILING

Indiana does not currently allow for the electronic filing of partnership returns. However, Indiana K-1s may be submitted electronically in accordance with the following guidance: <http://www.in.gov/dor/3772.htm>

ELECTRONIC PAYMENT

Accepted at: https://secure.in.gov/apps/dor/dor_epay/start.htm.

WEBSITE

https://secure.in.gov/apps/dor/dor_epay/start.htm

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46206-0040
(317) 232-0129

INCOME TAX—INDIVIDUAL

FORMS

Form IT-40, Full-Year Resident Individual Income Tax Return.

Form IT-40PNR, Part-Year or Full-Year Nonresident Individual Income Tax Return.

Form IT-40RNR, Reciprocal Nonresident Individual Income Tax Return.

Form IT-9, Application for Extension of Time to File Form IT-40 or Form IT-40PNR.

RATES

The individual income tax rate is 3.23%.

DUE DATE

On or before April 15 for all taxpayers.

DUE DATE EXTENSION

An extension of time to file is automatically granted when the Application for Automatic Extension of Time to File U.S. Individual Income Tax Return (Form 4868) has been filed with the Internal Revenue Service plus 30 days. If no federal extension has been filed, then an extension of time is granted when the Application for Extension of Time to File Form IT-40 or Form IT-40PNR (Form IT-9) is filed with the Department by April 15 of the following tax year.

ELECTRONIC FILING

Indiana participates in the Federal/State Electronic Filing program and allows the electronic filing of personal income tax returns. All electronic return originators (EROs), transmitters, and software developers must meet federal electronic filing requirements, as well as the requirements for the Indiana electronic filing program:

<http://www.in.gov/dor/4740.htm>

ELECTRONIC PAYMENT

https://secure.in.gov/apps/dor/dor_epay/start.htm

WEBSITE

<http://www.in.gov/dor/4703.htm>

MAILING ADDRESS

If Balance Due:
Indiana Department of Revenue
P.O. Box 7224
Indianapolis, IN 46207-7224

If Refund or Zero Due:
Indiana Department of Revenue
P.O. Box 40
Indianapolis, IN 46206-0040

FED RETURN ATTACHED TO STATE RETURN

No federal attachments are required to be attached to the Indiana filing.

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Indiana.

IRC CONFORMITY

IRC 62 is explicitly incorporated by references as the starting point for adjusted gross income of all individuals. Indiana conforms to the IRC as amended and in effect on February 11, 2018, however the deduction of qualified business income under IRC § 199A reduces federal taxable income, rather than federal adjusted gross income. For estates and trusts, the federal deduction allowable under IRC § 199A for qualified business income is required to be added back in determining taxable income.

ALTERNATIVE MINIMUM TAX

There is no alternative minimum tax for individuals in Indiana.

NET WORTH OR STOCK TAX

Indiana does not impose a net worth or stock tax.

GROSS RECEIPTS TAX

Indiana does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

REGISTRATION

Indiana counties impose a county adjusted gross income tax that is administered by the State of Indiana. More information regarding the county taxes can be found at: <http://www.in.gov/dor/3980.htm>

STATE SALES AND USE TAX

REGISTRATION

All general and subcontractors improving real property in the State of Indiana are required to register with the Department for the remittance of any sales and uses taxes that may be due to the State of Indiana. Online Form BT-1 should be completed to register for sales and use tax purposes: <https://secure.in.gov/apps/dor/bt1/>

Time and material construction contractors are retail merchants and must register with the Department to purchase construction materials exempt from sales and use tax.

Lump-sum construction contractors must also register with the Department as retail merchants to purchase construction materials exempt from sales and use tax. However, when completing a construction project pursuant to a lump sum contract, a contractor is not a retail merchant and may not accept a direct payment permit in lieu of an exemption certificate.

FORMS

Sales & use tax must be filed electronically.

RATES

Sales and use tax rate: 7% (State rate only).

DUE DATE

Returns and payment are due on or before the 20th day of the following month after the end of the reporting period. A return must be filed regardless if tax is due.

DUE DATE EXTENSION

No extension is available without explicit permission from the commissioner.

ELECTRONIC FILING

Sales tax is to be remitted electronically.

To file electronically see: <https://www.intax.in.gov/web/security/login.aspx>.

ELECTRONIC PAYMENT

To pay electronically go to: <https://www.intax.in.gov/web/security/login.aspx>

WEBSITE

For more information go to: <http://www.in.gov/dor/3986.htm>

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46206-0040
(317) 233-4015

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Sales of tangible property and charges for labor or services are exempt when sold to, billed to, and paid for by the U.S. Government or Indiana government.

The Indiana government is specifically in reference to the State of Indiana, an agency or instrumentality of the state, a political subdivision of the state, or an agency or instrumentality of a political subdivision of the state, including a county solid waste management district or a joint solid waste management district.

TAXABLE SERVICES

Indiana taxes services only to the extent that the services rendered are part of a unitary transaction with all items of personal property as a single order or agreement and for which a total combined charge or price is calculated.

CONTRACTING SERVICES

Lump-Sum Contractors – If a construction contractor purchases construction materials pursuant to a lump sum contract, the construction contractor pays either: (1) sales tax at the time the construction materials are purchased; or (2) use tax at the time the construction materials are incorporated into real property if the contractor purchased or acquired the construction materials exempt from sales tax and the owner of the real property could not have purchased the materials exempt from sales tax (as evidenced by a customer's properly completed ST-105, General Sales Tax Exemption Certificate).

Time and Material Contractors – If a construction contractor purchases construction materials to be used in a time and material contract, the construction contractor is a retail merchant and may purchase the construction materials exempt from sales tax. However, the construction contractor must collect sales tax on the resale

of the construction materials and remit the sales tax, unless the customer presents a properly completed ST-105, General Sales Tax Exemption Certificate.

USE TAX

Generally, any type of business entity (individual, partnership, corporation, etc.) that makes purchases of tangible personal property is subject to use tax unless it previously paid at least a 7% sales tax on the purchase to the vendor. Use tax can be thought of as a mirror of the sales tax. Indiana's sales tax and use tax rates are 7%.

Use tax is due on property brought into Indiana for use, storage, or consumption, unless the Indiana Code (IC 6-2.5-5) contains an applicable exemption for your purchase. If sales tax of at least 7% was paid at the time of purchase, then no use tax is due. However, if sales of less than 7% was paid at the time of purchase, then use tax may be due.

Credit for sales or use tax paid to another state in which the property was acquired or used may be taken in computing the amount of use tax due. Credit must be computed by applying the rate of sales or use tax paid to another state to the value of the property at the time it enters Indiana.

LOCAL SALES AND USE TAX (CITY/COUNTY/SPECIAL)

Indiana localities do not impose local sales and use taxes.

EMPLOYMENT TAXES

WITHHOLDING

Employers who make payments of wages subject to the Indiana adjusted gross income tax and who are required to withhold federal taxes pursuant to the IRC are required to withhold Indiana state and local income taxes from an employee's wages.

FORMS

Form WH-1 – Amounts withheld from employees and/or nonresident shareholders who are not individuals or who opted out of the composite return should be included in the remittance with Form WH-1. The nonresident withholding account will be separate from any existing employees withholding account. Businesses currently filing paper coupons will need to transition to filing via the state's INtax program or use a third-party vendor to electronically transmit Form WH-1.

Form WH-3 – The withholding agent must complete an annual Withholding Tax Reconciliation Return, Form WH-3. This must be filed by the end of the second month following the close of the tax period for nonresident withholding accounts.

Form WH-3 is used to reconcile the monthly or annual WH-1 returns. When remitting this form, the business must also remit the supporting W-2 and WH-18 reports. The way in which Form WH-3 is submitted depends on the number of wage statements filed in a year. Follow these guidelines: If fewer than 25 wage statements were filed for the entire tax year, paper copies of the withholding Forms (WH-1, WH-18, WH-3, W-2s, W-2Gs, and 1099s) can be filed. They can be submitted via the state's online INtax application(<https://www.intax.in.gov>)or use a third-party vendor to electronically submit them. If more than 25 but fewer than 3,500 wage statements were filed for the entire tax year, all withholding forms must be filed electronically. The state's online INtax application (<https://www.intax.in.gov/>) or a third-party vendor maybe used to submit electronically.

If more than 3,500 wage statements were filed, either a third-party vendor must submit the filings on your behalf or a file using bulk upload may be used. For more information, see the Department's Bulk Upload Guide at: <https://www.in.gov/dor/files/bulk-upload-guide.pdf>

RATES

The rate depends on a couple of different factors. Please refer to: <http://www.in.gov/dor/reference/files/dn01.pdf>

DUE DATE

Form WH-1 is due electronically by the 20th day of the following month of the period end.

Form WH-18 is due by the end of the second month following the close of the tax period.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://www.intax.in.gov/Web/Default.aspx>

ELECTRONIC PAYMENT

<https://www.intax.in.gov/Web/Default.aspx>

WEBSITE

<http://www.in.gov/dor/3988.htm>

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Revenue
100 North Senate Avenue
Indianapolis, IN 46206-0040
(317) 233-4016

NEW HIRE

All public, private, non-profit, and government employers are required to report all newly hired employees, or employees returning to work after a break of at least 60 days, within 20 days of hire.

TERMINATION

Indiana, similar to the majority of other U.S. states, is an employment-at-will jurisdiction. Although employers in at-will states can generally terminate their employees at-will and without notice, they cannot terminate them for discrimination or retaliatory reasons.

INDEPENDENT CONTRACTOR TREATMENT

One of the most common employment exclusions is an independent contractor. When independent contractor status is in question, employers should determine if the person has a federal identification number. Independent contractors are required to file business tax returns and have a federal identification number.

The criteria for independent contractor status are:

- 1) The individual who performs the work is free from control and direction over its performance both in fact and under the contract;
- 2) The individual customarily is engaged in an independent business or occupation of the same nature as that involved in the work; and
- 3) The work is: (a) outside the usual course of business of the person for whom the work is performed, or (b) performed outside any place of business of the person for whom the work is performed.

UNEMPLOYMENT

Individuals and businesses that pay wages in Indiana are required to open a state unemployment account with DWD. Only the person or legal entity that actually paid the wages is able to open an account with the Department. An employer can register online using our online Uplink Employer Self Service program, at: <https://uplink.in.gov/ESS/ESSLogon.htm>

FORMS

Form UC-1, Report to Determine Liability. Employers should file this form no later than 20 days after the first day of business. This single registration form covers obligations to seven state agencies. The employer only completes sections that apply to his/her business.

Additional forms are available at: <http://www.in.gov/dwd/2406.htm>

RATES

New employers, except employers acquiring other employers, governments, and employers with a NAICS code beginning with 23, pay premiums at the 2.73% rate. Rate for employers with NAICS beginning with 23 (construction companies) is the lesser of 4.0 or the average rate for all construction companies. The new construction company rate is 2.5%. The premium rate for new government employers is 1.6%. New employers may qualify for a merit rate after they have completed BOTH of the following:

- Register as an employer subject to the Act for 36 consecutive calendar months ending on June 30 of the year immediately prior to the merit rate year (Requirement A).
- Report some wages in each of the three 12-month periods ending on June 30 of the year immediately prior to the merit rate year (Requirement B).

DUE DATE

Indiana employers are required to file wages and tax returns each quarter. Each return covers the activity during the calendar quarter. The return is due by the end of the month following the end of the quarter. Payment is due with the return.

Forms UC-1 and UC-5 will be sent to you at the end of each quarter. If you do not receive the report, a substitute Form, UC1-S, can be obtained at:

<http://www.in.gov/dwd/2406.htm>

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://uplink.in.gov/ESS/ESSLogon.htm>

ELECTRONIC PAYMENT

<https://uplink.in.gov/ESS/ESSLogon.htm>

WEBSITE

<http://www.in.gov/dwd/>

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Workforce Development
Indiana Government Center South
10 North Senate Avenue
Indianapolis, IN 46204
1-(800) 891-6499

NEW HIRE

See withholding section above.

TERMINATION

See withholding section above.

INDEPENDENT CONTRACTOR TREATMENT

See withholding section above.

PROPERTY TAX

For information regarding property taxes, you can access the Indiana Department of Local Government Finance at: <http://www.in.gov/dlgf/2516.htm>

PERSONAL PROPERTY

Indiana does not tax personal property.

REAL PROPERTY

All real estate and capitation taxes assessed and levied are due to the respective county where the real property is located. Property taxes are administered and collected by local government officials.

REGISTRATION

Varies by locality.

FORMS

Varies by property type. Further information is provided:
<http://www.in.gov/dlgf/8516.htm>

RATES

Varies by locality; however, Indiana has the following linked Tax Bill Estimator tool that can be used to approximate the taxes related to a property:
<http://gateway.ifionline.org/CalculatorsDLGF/TaxCalculator.aspx>

DUE DATE

Property taxes should be due in two installments annually – one on May 10, and one on November 10; at least 15 days prior to May 10.

If an installment of property taxes is not completely paid on or before the due date, a penalty shall be added to the unpaid portion. If the full installment of property taxes is completely paid within 30 days of the due date and no other delinquent taxes are due on the property, a 5% penalty will be owed on the amount that was delinquent. After 30 days, the penalty increases to 10% on the amount that is delinquent.

In addition, if any taxes remain unpaid when the next year's installments are due an additional penalty equal to 10% of any taxes remaining unpaid shall be added. A property may become subject to a tax sale if the taxes remain unpaid.

MAILING ADDRESS/PHONE NUMBER

Indiana Department of Local Government Finance
100 N. Senate, N-1058B
Indianapolis, IN 46204
(317) 232-3777

INTANGIBLES TAX

Indiana does not have an intangibles tax.

FUEL TAX

A business that operates commercial motor vehicles in the State of Indiana must pay a tax based upon the fuel usage for certain vehicles.

If vehicles are subject to this tax, they must be registered with the Indiana Department of Revenue's MCS, have yearly compliance decals and license cards, and file quarterly tax returns.

There are two types of fuel tax requirements for vehicles depending on whether they travel intrastate (in the State of Indiana ONLY) or interstate (in more than one state, including Canada). Those that travel interstate are required to register for an International Fuel Tax Agreement (IFTA), and those who travel intrastate are required to register for Motor Carrier Fuel Tax (MCFT).

REGISTRATION

Registration for commercial motor vehicles only. Not applicable for contractors.

WEBSITE

<http://www.in.gov/dor/4233.htm>

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

The Office of the Attorney General administers the Indiana Unclaimed Property Program. Information details, including property remittance, deadlines, and forms, can be found at: <https://indianaunclaimed.gov/>

General questions: (866) 462-5246.

IMPACT FEES

County governments may develop and establish impact fees for services for which the county will bear increased costs of development. These areas may include but are not limited to: 1) a sanitary sewer system or wastewater treatment facility, 2) a park or recreational facility, 3) a road or bridge, 4) a flood control facility, and 5) a water treatment facility.

MINIMUM WAGE

Indiana's minimum wage is \$7.25 per hour.

REGISTERED AGENTS

All corporations, limited liability companies, limited partnerships, and limited liability partnerships must maintain a Registered Agent and registered address within the State of Indiana. The Registered Agent is the legal representative and contact for the business. The Registered Agent cannot be the business entity itself. The Registered Agent may be a person or another formal business association which was incorporated (or qualified) in Indiana and which maintains a valid Registered Agent in Indiana. The business address of the Registered Agent must be identical to the office address. A post office box number is not sufficient unless a rural route number is part of the address.

DAVIS BACON

The Department of Labor establishes and enforces the payment of wage rates for laborers and mechanics employed on state-funded construction projects.

Prevailing rates must be paid on new construction projects costing more than \$100,000 and on alteration, repair, renovation, rehabilitation, demolition, or reconstruction projects costing more than \$15,000. For a project to be covered by the law, the state or any subdivision thereof must be a party to the public works contract, and, the state must have appropriated any part of the funds.

The Department of Labor determines the classification of workers and the type of construction on state-funded construction projects. Wage rates are established by an annual survey conducted by the Department.

For more information on Indiana's Common Constructions (Prevailing) Wage laws, including rates, visit: <https://www.in.gov/dol/2723.htm>

DRUG TESTING FACILITIES

A list of drug testing centers in Indiana is available here:
<https://www.nationaldrugscreening.com/Indiana.html>
<http://www.testcountry.com/drug-testing-center-facilities/Indiana.htm>

OTHER

CFMA Chapters in Indiana:

Central IN, Indianapolis, IN: <http://cafe.cfma.org/CentralIndiana/Home>

Northern IN, Ft. Wayne, IN: <http://cafe.cfma.org/NorthernIndiana/Home>

Tri-State IN, Evansville, IN: <http://cafe.cfma.org/TriStateIndianaEvansvilleIN/Home/>

On 11/1/2017 Indiana issued Informational Bulletin No. 60 - Contractor and Construction Materials; Purchases of Construction Material; Sales of Construction Material.

On 11/1/2017 Indiana issued Informational Bulletin No. 9 - Agricultural Production Exemptions.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

AUTHOR

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DATE OF THIS UPDATE

March 22, 2019

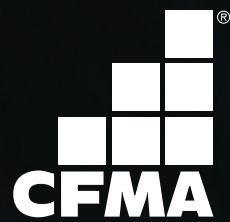
DATE OF LAST UPDATE

June 1, 2015

SUBJECT MATTER EXPERT

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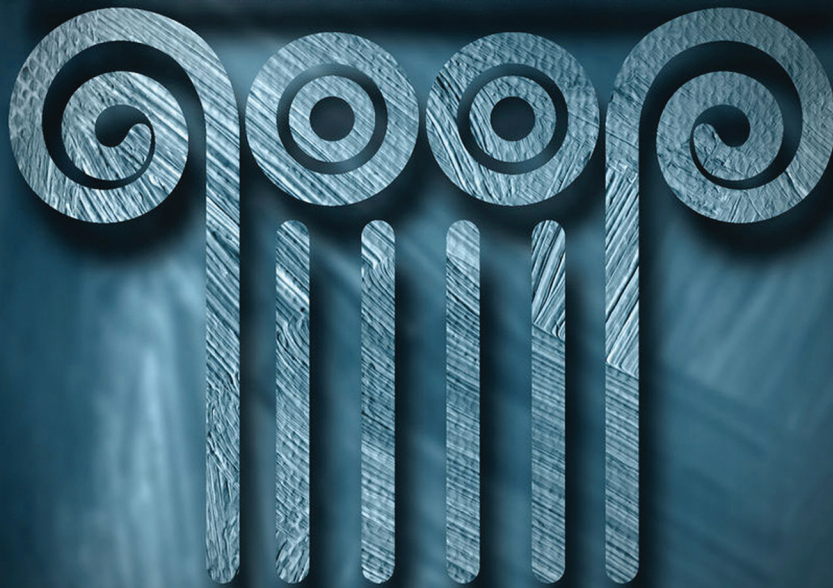
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



IOWA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes submitting the required forms and paying a fee.

FORMS

In addition to the list below, registration forms, including the Application for Reservation of Name, can be found at:

<http://sos.iowa.gov/business/FormsAndFees.html#FLP488>

Domestic

Profit Corporations – Articles of Incorporation.

Limited Liability Companies – Certificate of Organization.

Limited Partnerships – Certificate of Limited Partnership.

Limited Liability Partnerships – Statement of Qualification.

Foreign

Profit Corporations – Application for Certificate of Authority.

Limited Liability Companies – Application for Certificate of Authority.

Limited Partnerships – Application for Certificate of Authority.

Limited Liability Partnerships – Statement of Foreign Qualification.

RATES, FEES, COSTS

Domestic

Articles of Incorporation	\$ 50
Certificate of Organization	\$ 50
Certificate of Limited Partnership	\$100
Statement of Qualification	\$ 50

Foreign

Application for Certificate of Authority	\$100
Statement of Foreign Qualification	

Optional. Business entity registration forms can be filed online at:

<https://sos.iowa.gov/file/origination/index.aspx>

ELECTRONIC PAYMENT

Optional. Payments can be made online with credit cards at:
<https://sos.iowa.gov/file/origination/index.aspx>

WEBSITE

<http://sos.iowa.gov>

MAILING ADDRESS/PHONE NUMBER

Iowa Secretary of State
First Floor, Lucas Building
321 E. 12th Street
Des Moines, IA 50319
(515) 281-5204
E-mail: sos@sos.iowa.gov

ADDITIONAL ASSISTANCE

The Secretary of State website has FAQ's as well as forms, instructions, etc.

ANNUAL RENEWALS

Renewals are required biennially.

FORMS

Paper forms are available from the Secretary of State. Online filing is generally the preferable procedure.

RATES

Biennial renewals are \$30 online and \$45 by paper.

DUE DATE

The first biennial report shall be delivered to the Secretary of State between January 1 and April 1. Corporate entities must renew by the first even-numbered year following the calendar year in which an entity was incorporated or authorized to transact business, and non-corporate entities by the first odd-numbered year following the calendar year in which an entity was authorized to transact business.

Subsequent biennial reports must be delivered to the Secretary of State between January 1 and April 1 of the following even- or odd-numbered calendar years. Entities

not renewed within 60 days after the biennial report is due may be administratively dissolved by the Secretary of State. An Application for Reinstatement may be filed for \$5 along with any late biennial reports and fees. All biennial reports and fee payments must be submitted with the Application for Reinstatement.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. Annual renewals can be done online at:
<https://sos.iowa.gov/file/br/login.aspx>

ELECTRONIC PAYMENT

Optional. Payments can be made online with credit cards at:
<https://sos.iowa.gov/file/br/login.aspx>

WEBSITE

<http://sos.iowa.gov>

MAILING ADDRESS/PHONE NUMBER

Iowa Secretary of State
First Floor, Lucas Building
321 E. 12th Street
Des Moines, IA 50319
(515) 281-5204
E-mail: sos@sos.iowa.gov

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is required for businesses that will have reporting requirements for withholding, sales and income taxes, among other types of taxes. Since all construction companies will have these taxes, registration is required for contractors.

FORMS

Form 78-005, Iowa Business Tax Permit Registration.

RATES

There is no cost to register with the Iowa Department of Revenue.

DUE DATE

Prior to doing business in Iowa.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. To register electronically, go to: <https://www.idr.iowa.gov/CBA/start.asp>

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tax.iowa.gov/businesses>

MAILING ADDRESS/PHONE NUMBER

Iowa Department of Revenue
Registration Services
P.O. Box 10470
Des Moines, IA 50306-0470
Phone: (800) 367-3388 or (515) 281-3114
Fax: (515) 281-3906

LICENSES—GC & SPECIALTY

REGISTRATION

Construction contractors must register with the Iowa Division of Labor, and renew that registration annually. The law requires that all individual contractors and businesses performing “construction” work within Iowa be registered with the Iowa Division of Labor if they earn at least \$2,000 a year from that work. Individuals or businesses making less than \$2,000 a year on “construction” work, or who work only on their own real estate or property, are not required to register.

“Construction” is defined very broadly to include not only typical “construction” work, but also companies or individuals who perform electrical, plumbing, roofing, or house painting work, as well as installation of landscaping, windows, cable, elevators, and many other activities.

TESTS AND EXAMS

Specialty contractors may need to take an exam in order to obtain the proper licensing.

Electrician’s Licenses

You must submit an application and application fee to the Iowa Electrical Examining Board. Once you are notified that the Board has approved your application, you will need to register and schedule an exam. Exams are given by:

Prometric:

Attn: Iowa Electrical Program
1260 Energy Lane
St. Paul, MN 55108
(800) 897-2046
Fax: (800) 347-9242
<http://www.prometric.com>

Plumber’s Licenses

You must submit an application and application fee to the Iowa Plumbing and Mechanical Systems Board. Once you are notified that the Board has approved your application, you will need to register and schedule an exam. Exams are given by:

Prometric:

Attn: Iowa Plumbing Program
1260 Energy Lane
St. Paul, MN 55108
(800) 341-2170
Fax: (800) 347-9242
<http://www.prometric.com>

FORMS

Contractor Registration Application/Renewal Form.

RATES

Contractor Registration Fee

\$50 registration fee for contractors. If you are not registered, renew your registration every year or meet the bond requirements, or you may receive a \$500 citation. A citation up to \$5,000 may be imposed for a repeat violation.

Fee exemption forms may be obtained from Iowa's website at: www.iowaworkforce.org/labor/contractor.htm. The fee exemption only applies to a self-employed contractor. Other legal entities do not qualify. If all of the following are true, you may qualify for an exemption of the \$50 yearly registration fee:

- I am a self-employed contractor.
- I do not pay more than \$2,000 per year to employ others (do not include yourself).
- I never perform construction work with or for other contractors working in the "same phase of construction" at the job site. (The "same phase of construction" is defined as the same type of work, such as masonry, stonework, electrical work, or concrete work, etc.).
- If applicable, I have enclosed a list of all current employees and a list of all employees who have worked for me for the past 12 months and the amount paid to each employee.

The exemption form must be signed by the contractor and be notarized, and must accompany the registration application.

Electrician's license fees

It will cost \$375 to apply for the license. The exam will cost either \$60 or \$55, depending on license category. The license fee is prorated by month the license is purchased. Check with the Iowa Electrical Examining Board for your particular license fee.

Plumber's license fees

It will cost \$35 to apply for the license. The exam will cost either \$70 or \$60, depending on license category. The apprentice license is \$50. The journeyman license is \$100 per trade. The master license is \$250 per trade. The medical gas license is \$50. All licenses are good for two years.

DUE DATE

Annually

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not available. Registrations are only accepted by mail with a check/money order.

ELECTRONIC PAYMENT

Not available. Registrations are only accepted by mail with a check/money order.

WEBSITE

<http://www.iowaworkforce.org/labor/contractor.htm>

MAILING ADDRESS/PHONE NUMBER

Iowa Division of Labor Services
1000 East Grand Avenue
Des Moines, IA 50319-0209
Phone: (515) 242-5871 or 1-(800) 562-4692, ext. 25871
Fax: (515) 725-2427

E-mail: contractor.registration@iwd.iowa.gov

RECIPROCITY STATES

The State of Iowa Electrical Examining Board has reciprocal licensing agreements with Minnesota, Nebraska, and South Dakota. The applicant must have passed a state-sponsored examination, held the qualifying license for one year, and must meet Iowa licensure requirements in order for the license to qualify for reciprocity.

For more information, go to:

<http://www.dps.state.ia.us/fm/electrician/PDFs/Reciprocal%20Licensing%20Agreements%20with%20Other%20States.pdf>

EQUITY REQUIREMENT

Not Applicable

FINANCIAL STATEMENT REQUIREMENTS

Out-of-state contractors must file a \$25,000 surety bond with the Iowa Division of Labor, at the time of registration and renewing:

<http://www.iowaworkforce.org/labor/CR.oos.bond.form.pdf>

Having a branch office in Iowa does not make you an “in-state” contractor if your business is principally based outside of Iowa. Registering your company with the Secretary of State does not make your company an “in-state” contractor. After you have completed your work in Iowa, your bonding company must send a written request to the Iowa Division of Labor asking that your bond be released.

LOCAL LICENSES

Contact the county or city clerk for any specific licenses or ordinances associated with that jurisdiction. Each county or city will have their specific forms for the local license.

INCOME TAX

INCOME TAX—C CORPORATION

A return is required to be filed by all businesses doing business in Iowa or deriving income from sources within the state, unless specifically exempt by Iowa Code Section 422.34.

Iowa has a graduated corporate income tax rate. The starting basis for Iowa taxable income is the federal taxable income before the net operating loss deduction. The accounting period and method are the same as the federal. A copy of the federal return including all the supporting schedules are required attachments to the return. Any federal audit changes require an amended state return within six months of the final federal determination.

FORMS

IA Form 1120, Corporation Income Tax Return.

IA Form 1120V, Corporation Income Tax Payment Voucher. Use to pay tax when an extension is requested.

IA Form 4562A and 4562B, Depreciation Adjustment Schedules. Used to compute depreciation differences from the Federal 4562.

IA Form 1120X, Amended Corporation Income Tax Return.

IA Form 1139-CAP, Application for Refund Due to the Carryback of Capital Losses.

RATES

The first \$25,000 is taxed at 6%, 8% on the next \$75,000, 10% on the next \$150,000, and 12% on all income over \$250,000.

A penalty of 10% will be added to the tax due for failure to timely file a return if the return is filed after the original due date of the return and if at least 90% of the correct amount of tax is not paid by the original due date of the return.

A penalty of 5% will be added to the tax due if the return is filed by the original due date and at least 90% of the correct amount of tax is not paid by the original due date of the return. Interest on an unpaid balance accrues monthly.

DUE DATE

Thirtieth day of the fourth month following the close of the taxable year.

Amended returns claiming a refund have a general three-year statute.

A short-year return is due within 45 days after the original federal due date.
DUE DATE EXTENSION

Automatic six-month extension if 90% of tax is paid by original due date.
Payment of taxes at the extension date is made with IA Form 1120V EXT.

No extensions are available past the first six-month automatic extension.

ELECTRONIC FILING

Optional. IA Form 1120 is available for electronic filing:

<https://tax.iowa.gov/efile-pay>

IA Form 1120X and IA Form 1139-CAP must be paper filed.

ELECTRONIC PAYMENT

Optional. Payment can be made online.

WEBSITE

<https://tax.iowa.gov/businesses>

MAILING ADDRESS

Iowa Form 1120 & 1120X:
Corporation Tax Return Processing
Iowa Department of Revenue
P.O. Box 10468
Des Moines, IA 50306-0468

Iowa Form 1139-CAP:
Compliance Services
Iowa Department of Revenue
P.O. Box 10465
Des Moines, IA 50306-0465

ESTIMATED TAX

Estimated tax is required if tax is expected to exceed \$1,000.

FORMS

IA Form 1120ES, Corporation Estimated Tax Payment.

IA Form 2220, Underpayment of Estimated Tax by Corporations.

RATES

Estimates may be paid in full at the time of the first filing or in four equal installments. The taxpayer may elect to pay any installment prior to the date prescribed. If it is first determined that the estimated tax will be greater than \$1,000 on or before the last day of the fourth month of the taxable year, the estimated tax shall be paid in four equal installments.

If it is first determined that the estimated tax will be greater than \$1,000 after the last day of the: 1) fourth month but not later than the last day of the sixth month of the taxable year, the estimated tax must be paid in three equal installments; 2) sixth month but not later than the last day of the ninth month of the taxable year, the estimated tax must be paid in two equal installments; 3) ninth month of the taxable year, the estimated tax shall be paid in full on or before the last day of the taxable year.

DUE DATE

Generally the estimates are due on the last day of the 4th, 6th, 9th, and 12th month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. Electronic payment of estimated tax is required when the total corporate tax liability for the prior tax year exceeds \$80,000: <https://tax.iowa.gov/efile-pay>

ELECTRONIC PAYMENT

Electronic payment is required if the prior year tax liability of the corporation is over \$80,000.

WEBSITE

<https://tax.iowa.gov/businesses>

MAILING ADDRESS

Corporate Estimate Processing
Iowa Department of Revenue
P.O. Box 10466
Des Moines, IA 50306-0466

ALTERNATIVE MINIMUM TAX

Iowa's alternative minimum tax (AMT) calculation and rules closely follow the federal Form 4626.

Taxable corporations are subject to the Iowa alternative minimum corporate income tax if the amount of this alternative tax exceeds their regular Iowa corporate income tax liability.

The Iowa corporate AMT rate is 7.2%, as determined by applying this statutory formula: 60% times the maximum corporate income tax rate (12%), rounded to the nearest one-tenth of 1%. The Iowa AMT is imposed on the Iowa alternative minimum taxable income.

A small business corporation or a new corporation for its first year of existence, which through the operation of IRC § 55(e) is exempt from the federal AMT, is not subject to the Iowa AMT.

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

The following typical construction items are not adopted for Iowa:

- IRC Section 168(k) bonus depreciation.
- Carryback of net operating losses for tax years beginning on or after January 1, 2009.
- Corporations doing business both within and outside Iowa who incur a loss shall compute the net operating loss carryover deduction for Iowa only for the loss attributed to operations in Iowa.
- Any Iowa taxes expensed on the federal return are required to be added back on Schedule A of the return. Other state taxes are deductible.
- Any Iowa income tax refunds included in federal income are removed on the Iowa return on Schedule A. Other state tax refunds are included in income.
- Compensation reduced on the federal return for the jobs tax credit will be subtracted from the federal taxable income as an Iowa deduction.
- 50% of federal income taxes are deductible on the Iowa return.

Other differences are on the IA Form 1120, Instruction Booklet.

ALLOCATION AND APPORTIONMENT FACTORS

Iowa uses a single-factor apportionment formula under which the taxpayer's business income taxable by Iowa is determined by multiplying its income subject to apportionment (which is its Iowa net income after the Iowa additions and subtractions to federal net income, minus its nonbusiness income) times the Iowa business activity ratio. The "Iowa business activity ratio" is the ratio of Iowa receipts to receipts everywhere from the manufacture or sale of tangible personal property, services, and other business.

Net Operating Loss (NOL)

The NOL deduction must be taken after apportionment in Iowa. No carryback allowed. Carryforward 20 years.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Iowa has not adopted the UDITPA.

OTHER MULTISTATE COMPACT

Iowa has not adopted the Multistate Tax Compact and is not a member or an associate member of the Multistate Tax Commission, but it is a project member and the state's allocation and apportionment provisions follow some of the provisions of the UDITPA model.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

No construction specific apportionment formulas in Iowa.

SPECIFIC EXCLUSION OF INCOME ITEMS

No construction specific exclusion of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

Credits that may be contractor-related include:

- Housing Investment Credit.
- New Jobs Tax Credit.
- Minimum Tax Credit.
- Redevelopment Tax Credit.
- Iowa allows a deduction for hiring certain ex-felons.

Additional information is available on IA Form 148, the Instruction Booklet, which is updated annually.

INCOME TAX—S CORPORATION

Every S corporation doing business in Iowa, deriving income from sources within Iowa, or which is domiciled in Iowa, must file an Iowa S corporation return.

REGISTRATION

Rules for S corporation registration are identical to C corporations.

FORMS

Form IA 1120S, Income Tax Return for S corporations.

A complete copy of the federal return is required to be attached to the IA Form 1120S.

IA Forms 4562A and 4562B, Depreciation Adjustment Schedules, is used to compute depreciation differences from the federal 4562.

RATES

The amount of Iowa taxable built-in gains or passive investment income is subject to tax at the same rates as C corporation income:

- Under \$25,000, multiply by 6%.
- \$25,000 to \$100,000, multiply by 8% and subtract \$500.
- \$100,000 to \$250,000, multiply by 10% and subtract \$2,500.
- Over \$250,000, multiply by 12% and subtract \$7,500.

Shareholders are taxed at the individual level.

DUE DATE

Last day of the fourth month after the close of the taxable year.

DUE DATE EXTENSION

Iowa extension is an automatic six months if at least 90% of any taxes due at the corporate level are paid by the original due date. Payment should be remitted using IA Form 1120V EXT.

No extensions are available past the first six-month automatic extension.

ELECTRONIC FILING

Optional. IA Form 1120S is available for electronic filing:
<https://tax.iowa.gov/efile-pay>

ELECTRONIC PAYMENT

Optional. Payment can be made online at the Iowa Department of Revenue website.

WEBSITE

<https://tax.iowa.gov/businesses>

MAILING ADDRESS/PHONE NUMBER

Corporation Tax Return Processing
Iowa Department of Revenue
P.O. Box 10468
Des Moines, IA 50306-0468
(800) 367-3388

COMPOSITE RETURNS FOR S

A pass-through entity such as an S corporation, while not liable for tax itself, can file a composite return and remit tax on behalf of nonresident shareholders, partners, beneficiaries, or members. Doing so relieves the nonresident shareholders from having to file their own Iowa individual returns and pay their own tax, so long as they have no other Iowa-source income and have not otherwise elected to file Iowa returns.

Nonresident shareholders whose share of entity earnings fall below nonresident filing thresholds can be excluded from the composite return. The threshold for filing is generally income in excess of one standard deduction.

ALLOWED OR NOT ALLOWED

Composite returns are allowed, but not required.

FORMS

Iowa Form 1040C, Composite Individual Income Tax Return, is the composite return for nonresidents. The same form is used for both S corporations and partnerships with the appropriate box checked.

Iowa Form 1040V, Individual Income Tax Payment Voucher, is used to make a payment.

RATES

Composite return tax rates are the same as the individual tax rates, ranging from 0.36% to 8.98%. For 2019 the top rate is 8.53%.

DUE DATE

Last day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

An automatic six-month extension for filing is available only if 90% of the tax due is paid by the original due date.

ELECTRONIC FILING

Composite returns are not available for electronic filing.

ELECTRONIC PAYMENT

Electronic payment is required if the prior year tax liability of the corporation is over \$80,000.

WEBSITE

<https://tax.iowa.gov/businesses>

MAILING ADDRESS

The composite return mailing address is:

Composite Return Processing
Iowa Department of Revenue
P.O. Box 9187
Des Moines, IA 50306-9187

The composite return payment voucher, Iowa 1040V:

Iowa Income Tax
Iowa Department of Revenue
P.O. Box 9187
Des Moines, IA 50306-9187

ESTIMATED TAX FOR S

An S corporation is required to make estimated tax payments on behalf of nonresident S corporation shareholders if the estimated annual tax due is at least \$1,000. See Income Tax – C Corporations above for more information on estimated tax payments.

Taxpayers filing composite returns are not required to make payments of estimated tax. However, if taxpayers desire to make estimated payments, the estimated payments should be made on Form IA 1040ES using the partnership, S corporation, or trust identification number assigned by the Iowa Department of Revenue in lieu of the social security number.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Iowa-source income received by a nonresident partner or shareholder of an S corporation doing business in Iowa is subject to withholding.

The company must be a registered withholding agent in Iowa in order to remit any payments.

FORMS

Estimated tax payments for composite returns is paid with IA Form 1120 ES. Nonresident shareholders must sign and file a Nonresident Request for Release from Withholding form in order to make estimated payments.

Withholding is submitted on a Withholding Payment Voucher or online.

Composite return payments should be made on IA Form 1040V using the S corporation's EIN.

RATES

5%

DUE DATE

Due dates vary based on the amount withheld by the employer.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. Withholding forms can be electronically filed on the website.

ELECTRONIC PAYMENT

Optional. Electronic payment is available on the website.

WEBSITE

<https://tax.iowa.gov/businesses>

MAILING ADDRESS

Withholding Tax Processing
Iowa Department of Revenue
P.O. Box 10411

Des Moines, IA 50306-0411

PAYMENT ON INCOME OR DISTRIBUTIONS

Not Applicable

S CORPORATION TREATMENT

Every S corporation doing business in Iowa, deriving income from sources within Iowa, or which is domiciled in Iowa, must file an Iowa S corporation return. A non-Iowa S corporation should not file only because one or more of its shareholders are Iowa residents or because the S corporation is registered with the Secretary of State.

C TREATMENT

Not Applicable

RECOGNIZE FEDERAL S ELECTION

Yes. Corporations electing to be treated as S corporations for federal income tax purposes under IRC § 1362 are exempt from the Iowa corporate income tax to the same extent that they are exempt from the federal corporate income tax and their shareholders are subject to tax on the pass-through income.

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Every partnership deriving income/loss from real, tangible, or intangible property owned within Iowa or from a business carried on within Iowa must file. Only partnerships with activity (income/loss) from Iowa sources, or which are domiciled in Iowa, are required to file. A non-Iowa partnership should not file only because one or more of its partners are Iowa residents, or because the partnership is registered with the Secretary of State.

COMPOSITE RETURNS

A partnership may file an Iowa composite individual income tax return and pay any tax due on the behalf of nonresident partners.

FORMS

Form 1065, Partnership Return of Income. A complete copy of the corresponding federal return is required to be attached to the Iowa return.

Form 1040C, Composite Individual Income Tax Return.

Form 1040ES, Estimated Tax for Individuals. Estimated tax payments for composite returns.

RATES

A partnership is not a taxable entity in Iowa, but the members of a partnership are taxed on their individual shares whether actually distributed to them or not. This pass-through income is reportable on the partner's individual, trust, or corporate tax return.

Composite tax rates are the same as individual tax rates.

DUE DATE

Last day of the fourth month following the close of the partnership tax year.

DUE DATE EXTENSION

Iowa extension is an automatic six-month extension. No extension request form is required.

ELECTRONIC FILING

Optional: <https://tax.iowa.gov/efile-pay>

ELECTRONIC PAYMENT

No tax is due with IA Form 1065.

WEBSITE

<https://tax.iowa.gov/businesses>

MAILING ADDRESS

Income Tax Return Processing
Iowa Department of Revenue
Hoover State Office Building
Des Moines, IA 50319-0120

INCOME TAX—INDIVIDUAL

Full-year residents are taxed on all income, regardless of the source, except certain specified tax exempt income. Filing is required if the income exceeds certain levels based on the standard deduction and personal exemptions and you are required to file a federal income tax return.

Part-year residents and nonresidents who work in Iowa or receive income from Iowa sources are required to file IA Form 1040. All sources of income are reported on the IA1040, with a credit allowed on Form IA126 for non-Iowa sourced income. Residents of other states are required to file in Iowa if their income from Iowa sources exceeds \$1,000.

Iowa has a reciprocal agreement with Illinois. An Iowa resident's wages from working in Illinois are only taxable in the State of Iowa. Any wages or salaries earned by an Illinois resident working in Iowa are taxable only to Illinois and not to Iowa. An IL-5-W-NR is required to be filled out by the employee so that Illinois will withhold Iowa taxes.

FORMS

Iowa Form 1040, Individual Income Tax Long Form.
Iowa Form 1040X, Amended Individual Income Tax Return.
Iowa Schedule 126, Nonresident and Part-Year Resident Credit.
Iowa Form 1040V, Individual Income Tax Payment Voucher.

If credit for taxes paid to other states is claimed, a full copy of the other state's return is required as an attachment to the Iowa return. The resident or part-year resident must fill out Form IA 130 to receive the credit. Nonresidents do not qualify for this credit.

RATES

A graduated rate schedule ranging from 0.36% to 8.98%. For 2019 the top rate is 8.53%.

DUE DATE

April 30

DUE DATE EXTENSION

Iowa allows for an automatic six-month extension as long as 90% of the total tax liability is paid by April 30. The extension deadline is October 31.

ELECTRONIC FILING

Optional. Iowa allows residents, nonresidents, and part-year residents to file their Iowa income tax returns electronically: <https://tax.iowa.gov/individual-income-tax-electronic-filing-options>

ELECTRONIC PAYMENT

Electronic payments and certain credit card payments are options for payments.

WEBSITE

<https://tax.iowa.gov/individuals>

MAILING ADDRESS

For the Iowa Form 1040:
Iowa Income Tax – Document Processing
Iowa Department of Revenue
P.O. Box 9187
Des Moines, IA 50306-9187

For the Iowa Form 1040X Amended Return:
Iowa Income Tax Processing
Iowa Department of Revenue
P.O. Box 9187
Des Moines, IA 50306-9187

FED RETURN ATTACHED TO STATE RETURN

Required

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Iowa.

IRC CONFORMITY

Iowa conforms to the IRC as amended and in effect on March 24, 2018 and has not decoupled from the business interest deduction limitations of IRC § 163(j)(1), as enacted by the federal Tax Cuts and Jobs Act.

Iowa does not conform to the IRC § 199A qualified business income (pass-through) deduction because Iowa's personal income tax calculation starts with federal adjusted gross income. Iowa permits individual taxpayers to take itemized deductions to the same extent allowable on a federal return (which would not include amounts under IRC § 199A).

ALTERNATIVE MINIMUM TAX

Iowa's AMT is similar to the federal computation. The computation is done on IA Form 6251, which needs to be submitted with the tax return. It is possible to have no federal AMT liability and still have an Iowa liability. Tax preference items are similar to the federal rules.

Nonresidents and part-year residents may be subject to Iowa AMT.

NET WORTH OR STOCK TAX

Iowa does not have a net worth or stock tax.

GROSS RECEIPTS TAX

Iowa does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, many cities, counties, and municipalities throughout Iowa might have additional registration requirements that may affect your business. Contact the local government office and the county assessor's office in the location in which you have an interest for information on local or county taxes and licensing that may be needed for your business.

To obtain more information about business license taxes by county, visit:
<https://www.businesslicenses.com/Licenses/IA/>

STATE SALES AND USE TAX

REGISTRATION

A retail sales tax permit is a permit to collect and remit sales tax. Anyone selling taxable goods or services from an Iowa location must obtain a sales tax permit. A sales tax permit must be obtained for each Iowa business location.

Application for a permit can be done by paper using Form 78-005, Iowa Business Tax Permit Registration, or online at: <https://www.idr.iowa.gov/CBA/start.asp>

There is no charge for a permit. You will be mailed a letter containing your business eFile number, your permit number, and a printed permit. You are not required to display the printed permit; however, it should be readily available to prove you have one. Once issued, a sales tax permit is effective until it is canceled by the retailer or revoked by the Iowa Department of Revenue. You may begin making sales and collecting sales tax as soon as you submit an application; you do not have to wait to receive your permit number.

CONTRACTOR TREATMENT

A contractor is considered to be the consumer of building materials and supplies purchased for use in a construction contract, and is, therefore, responsible for paying sales tax at the time the purchases are made, or use tax if the purchases were made tax free.

Suppliers that sell to building contractors should charge sales tax on the purchase price of the items. Suppliers should not usually accept sales tax exemption certificates from contractors. Contractors are not allowed to make purchases for resale merely because they have a sales tax permit number.

However, designated exempt entities awarding construction contracts may issue special exemption certificates to contractors and subcontractors, allowing them to purchase, or withdraw from inventory, materials for the contract free from sales tax. See the local government portal for more construction contract registration information.

In some cases, a contractor may sell supplies and materials over the counter. This contractor is referred to as a contractor-retailer and may purchase supplies and materials tax free. The contractor-retailer provides the supplier with a valid sales tax exemption certificate. The contractor-retailer then charges customers sales tax when the items are resold at retail. If the contractor-retailer takes items from inventory for use on a contract, the cost of those materials will be reported as "goods consumed" on the sales tax return and tax is paid at that time.

Suppliers that sell to owners who are building their own structures must charge sales tax on the selling price of the materials, supplies, and equipment. Owners are considered final consumers and their purchases are taxable.

Labor is not subject to sales and use tax if performed on or in connection with new construction, reconstruction, alteration, expansion, or remodeling of a building or structure.

FORMS

Form 78-005, Iowa Business Tax Permit Registration.

Form 32-022, Iowa Sales/Retailer's Use Tax and Surcharge Return.

Form 32-025, Streamlined Sales Tax Return.

RATES

The overall state rate is 6%. Most counties have a 1% local sales tax. For more information, including lists of jurisdictions with the local option tax, refer to the Local Sales and Use Tax section below or go to: <https://tax.iowa.gov/iowa-local-option-tax-information>

A contractor may purchase materials in one jurisdiction for use in another. If the rates are the same for both, no additional filing or adjustment is required. If the rate in the location of use is more than in the location of purchase, the contractor owes the difference.

State Excise Tax on Certain Construction Equipment

Instead of the 6% state sales/use tax (and local option tax where applicable), a 5% state excise tax applies to purchase of certain construction equipment, including but not limited to, self-propelled building equipment, pile drivers, motorized scaffolding, auxiliary attachments which improved the performance, safety, operation, or efficiency of the equipment and replacement parts. For more details, visit: <https://tax.iowa.gov/sites/files/idr/education/Construction%20Equipment.pdf>

The lease or rental of such equipment to contractors for direct and primary use in construction is exempt from the excise tax.

The excise tax is reported and paid on the state sales and use tax return.

DUE DATE

Annually

- Less than \$120 tax a year.
- File one return for the calendar year.
- Due no later than January 31 following each calendar year.

Quarterly

- More than \$120 but less than \$6,000 tax per year (\$30 - \$1,500 per quarter; \$10 - \$500 per month).

- File a quarterly return at the end of each calendar quarter.
- Due by the last day of the month following each calendar quarter.

Monthly

- More than \$6,000 but less than \$60,000 tax per year (\$500 - \$5,000 per month).
- File deposits for each of the first two months of the calendar quarter – Due by the 20th of the following month.
- No monthly deposit for the third month of the quarter.
- For the third month, file the quarterly return with the payment for the balance of tax due for that quarter – Due by the last day of the month following each calendar quarter.

Semi-monthly (electronic payment required)

- More than \$60,000 tax a year (more than \$5,000 per month; more than \$2,500 semi-monthly).
- Required to file deposits twice each month electronically:
 - (1) First deposit – for the period from the first through the 15th; due on the 25th of that month;
 - (2) Second deposit – 16th through the end of the month; due on or before the 10th day of the following month. A deposit is not required for the final (sixth) semi-monthly period of each quarter.
- Also file the quarterly return – Return and last (sixth) deposit of quarter – due by the last day of the month following each calendar quarter.

NOTE: the first semi-monthly deposit for the following quarter is due before the final (sixth) deposit for the preceding quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is required if the company remits more than \$60,000 tax a year (\$5,000 per month or \$2,500 semi-monthly).

ELECTRONIC PAYMENT

Electronic payment is required if electronic filing is elected or required.

WEBSITE

Iowa Sales and Use Tax Contractors Guide: <https://tax.iowa.gov/iowa-contractors-guide#types>

Iowa Sales and Use Tax Guide: <https://tax.iowa.gov/iowa-sales-and-use-tax-guide#return>

MAILING ADDRESS/PHONE NUMBER

Sales/Use Tax Processing
Iowa Department of Revenue
P.O. Box 10412
Des Moines, IA 50306-0412
(800) 367-3388

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Sales of tangible personal property by the federal government are exempt from sales tax; however, the purchaser is required to remit use tax on the purchase.

TAXABLE SERVICES

At the time of a taxable purchase, Iowa state sales/use tax is collected by the retailer from the buyer. Tangible personal property is generally subject to sales/use tax unless specifically exempted by Iowa law. Only specifically identified services are subject to sales/use tax. The Iowa use tax complements the Iowa state sales tax. Generally, when tangible personal property or a taxable service is purchased or obtained outside of Iowa for use in Iowa, it is subject to Iowa use tax.

The following enumerated services related to construction are subject to tax: carpentry, roof, shingle, and glass repair; electrical repair and installation; excavating and grading; house and building moving; laboratory testing; landscaping; machinery operator services; machine repair of all kinds; oilers and lubricators; painting, papering, and interior decorating; pipe fitting and plumbing; wood preparations; termite, bug, roach, and pest eradicators; tin and sheet metal repair; welding; well drilling; and wrecking services.

Services performed on or connected with new construction, reconstruction, alteration, expansion, or remodeling of a building or structure, they are exempt from sales and use tax. Repair services remain taxable.

For a detailed list of taxable services in Iowa, visit: <https://tax.iowa.gov/iowa-sales-and-use-tax-taxable-services-0>

LOCAL SALES AND USE TAX (City/County/Special)

In addition to the 6% state sales tax, local jurisdictions may impose a local option sales tax of 1%. The local option sales tax may be imposed by a city or unincorporated area of a county.

The list of local option tax jurisdictions is updated in June and December and can be found here: <https://tax.iowa.gov/iowa-local-option-tax-information>

If a contractor receives taxable goods or services in a local option jurisdiction, the tax must be paid. If a contractor receives taxable services outside a local option jurisdiction for use inside a jurisdiction, the local option tax of the jurisdiction in which the taxable goods are delivered or where taxable services are first used is due.

The following are not subject to local option sales tax:

Self-propelled building equipment, pile drivers, motorized scaffolding, or attachments customarily drawn or attached to them, including auxiliary attachments which improve their performance, safety, operation, or efficiency and including replacement parts. See State Excise Tax on Certain Construction Equipment section above.

EMPLOYMENT TAXES

WITHHOLDING

Every employer or other person who is required to withhold Iowa income tax must register as a withholding agent. There is no fee for registering. You can apply for your Iowa permit online at: <https://www.idr.iowa.gov/CBA/start.asp>

Iowa will use the federal employer identification number and add a suffix to register an employer for Iowa withholding.

FORMS

Form 44-095, Withholding Quarterly Return.

Form IA W-4, Employee's Withholding Certificate and Centralized Employee Registry. Required to be filed if the employee wants any allowances. If no W-4 is signed or filed, the employer is required to withhold zero allowances.

End-of-Year Reporting (VSP) is required to be filed by all companies by the last day of February for the prior year withholding.

Additional forms can be found at: <https://tax.iowa.gov/form-types/withholding-tax>

RATES

Withholding rates vary based on compensation. There are two methods of figuring the Iowa income tax withholding. The employer can use either the manual tables or the computer formula. Either method is acceptable. The tables and computer formula are available at: <https://tax.iowa.gov/withholding-tax-information-0>

DUE DATE

Filing Frequencies

- Quarterly if you remit less than \$6,000 tax per year (less than \$500 per month).
- Monthly if you remit \$6,000 - \$120,000 tax per year (\$500 - \$10,000 per month).
- Semi-monthly if you remit more than \$120,000 tax per year (more than \$10,000 per month; more than \$5,000 semi-monthly).

DUE DATE EXTENSION

No extensions are allowed.

ELECTRONIC FILING

Optional. Withholding returns are submitted electronically through the eFile & Pay system at: <https://tax.iowa.gov/efile-pay>. To use the touch-tone telephone system, call: 1-(800) 514-8296.

ELECTRONIC PAYMENT

Optional. Electronic payment is required for employers who remit over \$10,000 a month (semi-monthly filers) in withholding.

WEBSITE

<https://tax.iowa.gov/iowa-withholding-tax-information-booklet#reportpay>

MAILING ADDRESS

Withholding Tax Processing
Iowa Department of Revenue
P.O. Box 10411
Des Moines, IA 50306-0411

NEW HIRE

New hires, including rehires, should be reported to the Centralized Employee Registry within 15 days of hire. Paper forms or online reporting can be found at:

<https://secureapp.dhs.state.ia.us/epay/NewHire/PrintableForms.aspx>

In addition, each new hire and rehire is required to complete and sign an IA W-4 within 15 days. It must show the number of allowances the employee is claiming for family members, for itemized deductions, for adjustments to income, or for the child/dependent care credit. If for any reason the employee does not complete an IA W-4, the employer must withhold at zero allowances.

Employers must keep copies of W-4 forms in their files for at least four years.

TERMINATION

All wages earned and unpaid at the time of discharge are due and payable upon the termination of employment and must be paid at the next regular pay date.

INDEPENDENT CONTRACTOR TREATMENT

Iowa income tax withholding is not required from wages paid to an independent contractor.

Independent contractors may be required to submit estimated tax payments. They must also register with the Iowa Department of Human Services by completing the Contractor Reporting Form.

UNEMPLOYMENT

All employers who are subject to Iowa's Unemployment Insurance Law are required to submit the quarterly Employer's Contribution & Payroll Report and to pay contributions due.

FORMS

Form 60-0126, Report to Determine liability, is the application used to create an account.

Form 65-5300, Employer's Contribution & Payroll Report, is the quarterly reporting form.

Form 68-0434, Payment Voucher.

RATES

Varies based upon eight different tax rate tables and employer benefit ratios. See page 11 of Iowa's Unemployment Insurance Handbook for tables and ratios: <http://www.iowaworkforce.org/ui/stawrs/70-5007.pdf>

DUE DATE

Reports are filed quarterly by the employer, due April 30, July 31, October 31, and January 31.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required. All forms are filed online at: <https://www.myiowaui.org/UITIPTaxWeb/>

ELECTRONIC PAYMENT

Required. Payments are remitted online.

WEBSITE

<http://www.iowaworkforce.org/ui/>

MAILING ADDRESS/PHONE NUMBER

Iowa Workforce Development
100 East Grand Avenue
Des Moines, IA 50319-0209
(515) 281-5387

NEW HIRE

To assist Iowa's Investigation and Recovery Unit in investigating potential unemployment insurance fraud, employers should report all new hires to the National Directory of New Hires.

TERMINATION

Separation notice is Form 60-0154. This is required to be filed within ten days of the event. The form should be mailed to the Iowa Workforce Development or call: (866) 834-9672.

The purpose of unemployment compensation is to provide benefits to those who are unemployed through no fault of their own. Therefore, to be eligible for payments, an applicant generally must either: (1) have quit for good cause attributable to his or her employer, or (2) have been terminated for reasons other than serious misconduct connected with his or her work. Under certain conditions, an unemployed worker may not be disqualified for voluntarily quitting. The Iowa Administrative Code lists over 30 voluntary quits which are not found to be with good cause attributable to the employer and over 20 which would not disqualify the claimant.

The law restricts payment of unemployment insurance benefits to workers who are without a job through no fault of their own.

INDEPENDENT CONTRACTOR TREATMENT

An independent contractor cannot get unemployment compensation. Independent contractors are in business for themselves. They are not employees. They have an independent trade, business, or profession they offer to the public. They are generally hired to accomplish a task(s) determined by the employer. Independent contractors retain the right to control how they will do the work.

Independent contractors may be required to submit estimated tax payments. They must also register with the Iowa Department of Human Services by completing the Contractor Reporting Form.

PROPERTY TAX

PERSONAL PROPERTY

Personal property is generally exempt from property tax.

REAL PROPERTY

Real property is subject to an annual property tax. While there is a form to file to return the value for tax assessment, the county will generally assess and notify of the value, with a right to appeal by the property owner.

REGISTRATION

Taxes are automatically billed to the owner of the property.

FORMS

Vouchers are mailed to the property owners each year. Vouchers are also available on the county websites.

RATES

Rates vary by county due to county, school, and local tax rates.

DUE DATE

The tax may be paid in two installments, the first of which becomes delinquent on October 1 and the second of which becomes delinquent on April 1.

DUE DATE EXTENSION

No extensions are allowed.

ELECTRONIC FILING

No forms are required to be filed in order to pay property taxes.

ELECTRONIC PAYMENT

Property taxes can be paid electronically.

WEBSITE

<https://www.iowatreasurers.org/iscta/access/home.do>

MAILING ADDRESS/PHONE NUMBER

Mailing addresses will vary by county.

INTANGIBLES TAX

Iowa does not have an intangibles tax.

FUEL TAX

Tax is imposed on each gallon of fuel sold in Iowa for use in motor vehicles or aircraft. Fuel includes gasoline, diesel fuel, liquefied petroleum gas, liquefied natural gas, compressed natural gas, aviation fuel, and ethanol blended gasoline.

The point of taxation for fuel (except LPG, CNG, and LNG) in Iowa is the terminal rack or supplier level. All fuel leaving the pipeline distribution system must have the tax paid. Only dyed diesel fuel used for off-highway purposes and fuel exported outside of Iowa is sold tax-free.

REGISTRATION

Iowa Fuel Tax License Application: <https://tax.iowa.gov/form-types/fuel-tax>

Or write to:

Iowa Department of Revenue
Tax Management Division - Fuel Tax
P.O. Box 10465
Des Moines, Iowa 50306-0465

To have the form faxed to you, call: 1-(800) 572-3943 or (515) 281-4139

FORMS

A contractor who pays tax on non-highway used fuel and can claim a refund by filing an Iowa Motor Fuel Tax Refund Permit Application. The contractor will then use the permit number to claim a refund on their Iowa income tax return.

Fuel tax forms can be found at: <https://tax.iowa.gov/form-types/fuel-tax>

RATES

Rates routinely change and vary by type of fuel. The following are the most commonly purchased types of fuel. For a complete list please visit the Iowa Department of Revenue website at: <https://tax.iowa.gov/iowa-tax-fee-descriptions-and-rates#mvf>

Effective July 1, 2018:

- Gasoline: 30.7 cents per gallon.
- Ethanol blended gasoline: 29.0 cents per gallon.
- Diesel: 32.5 cents per gallon.
- LPG: 30 cents per gallon.
- Compressed Natural Gas: 31 cents per gallon.

DUE DATE

Tax returns are required to be filed by the licensee no later than the last day of the month following the month in which the fuel was withdrawn from the terminal or, in the case of liquefied petroleum gas, liquefied natural gas, or compressed natural gas, placed into the fuel supply tank of a motor vehicle. Importers are required to file semimonthly.

DUE DATE EXTENSION

The Iowa Department of Revenue may grant an extension for the filing of any required return or tax payment.

The request for extension must be in writing before the due date of the return or remittance. The request must include an explanation justifying the extension. The extension period cannot exceed 30 days.

ELECTRONIC FILING

Optional. Fuel tax has three electronic filing methods: Online (tax return only), schedule upload, and EDI (schedules only).

Restrictive suppliers, importers, and blenders that have less than 5,000 gallons of fuel per month may file the return online using eFile & Pay. You will log into eFile & Pay and key in your total gallons. Schedules of Disbursements and Receipts are not required.

ELECTRONIC PAYMENT

Payment is required to be made electronically for all Iowa Fuel Tax License holders, including LPG.

Electronic payment options:

- ePay (direct debit from your account through the eFile & Pay system).
- ACH Credit.

WEBSITE

<https://tax.iowa.gov/form-types/fuel-tax>

MAILING ADDRESS/PHONE NUMBER

Send refund permit requests to:
Iowa Department of Revenue
Tax Management Division – Fuel Tax
P.O. Box 10465
Des Moines, IA 50306-0465
Fax: (515) 281-3756

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

The Iowa unclaimed property law requires that all businesses review their records each year and report unclaimed assets to the Unclaimed Property Program of the Iowa Treasurer's office. This report must be filed on or before November 1 of each year and should include all property that is reportable as of July 1.

For more information, go to: www.greatiowatreasurehunt.com

IMPACT FEES

Contact your local county or city officials for information on impact fees.

MINIMUM WAGE

As of February 24, 2015, Iowa's minimum wage is \$7.25 per hour.

REGISTERED AGENTS

Every entity registered with the Secretary of State must have an agent for service of process in the state. This is an individual or business entity that agrees to accept legal papers on the entity's behalf if it is sued. A registered agent may be an individual who resides in Iowa, or a domestic or foreign business entity authorized to do business in Iowa. The registered agent must have a physical street address in Iowa. The agent should agree to accept service of process on your entity's behalf prior to designation.

DAVIS BACON

There is no state prevailing wage law in Iowa. The state's public work projects fall under the federal Davis-Bacon and Related Acts and are governed by the federal Department of Labor.

A list of Davis-Bacon wage determinations is published by the U.S. Government Printing Office (GPO) by state. You can find the current prevailing wage for Iowa at: <http://www.gpo.gov/fdsys/>. The Iowa wage determination you are supposed to use for your job may be different than the one on the GPO website. As a result, you should always refer to the bid spec to insure you are using the correct wage determination for your prevailing wage job in Iowa.

MINIMUM WAGE

Iowa minimum wage is \$7.25 per hour.

DRUG TESTING FACILITIES

For a list of drug testing centers throughout Iowa, visit:
<http://www.testcountry.com/drug-testing-center-facilities/iowa.htm>
OTHER

CFMA Chapters in Iowa:

Des Moines, IA: <http://cafe.cfma.org/iowa/Home/>
Quad Cities, Davenport, IA: <http://cafe.cfma.org/QuadCitiesDavenportIA/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

February 25, 2019

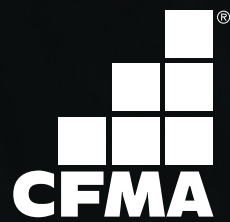
DATE OF LAST UPDATE

June 30, 2014

SUBJECT MATTER EXPERT

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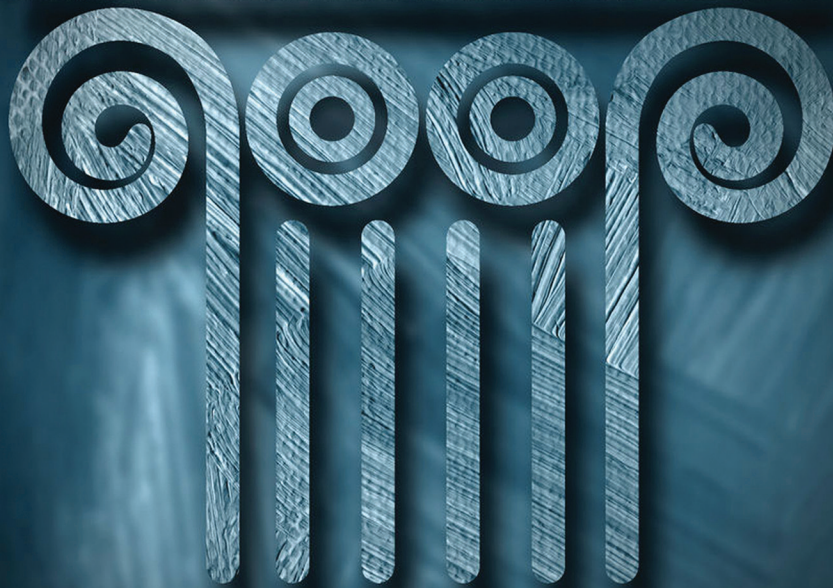
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



KANSAS

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Any entities doing business in the State of Kansas must register with the Secretary of State.

FORMS

FA 51-03, Foreign Corporation Application.

FL 51-10, Foreign Limited Liability Corporation Application.

FLLP 51-18, Foreign Limited Liability Partnership Application.

RATES, FEES, COSTS

Foreign Corporation	\$115
Foreign Limited Liability Corporation	\$165
Foreign Limited Liability Partnership	\$165

WEBSITE

<https://sos.kansas.gov/>

MAILING ADDRESS/PHONE NUMBER

Kansas Office of the Secretary of State
Memorial Hall, 1st Floor
120 S.W. 10th Avenue
Topeka, KS 66612-1594
(785) 296-4564

ADDITIONAL ASSISTANCE

Business customer service is available by phone at: (785) 296-4564.

ANNUAL RENEWALS

Annual report must be filed yearly.

FORMS

AR 50, For-Profit Corporation Annual Report.

RATES

Paper filing	\$55
Online fee	\$50

DUE DATE

Fifteenth day of the fourth month after the tax year end.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Filing available online at the Kansas website.

ELECTRONIC PAYMENT

Paying electronically is available when you file online.

WEBSITE

<https://sos.kansas.gov/>

MAILING ADDRESS

Kansas Office of the Secretary of State
Memorial Hall, 1st Floor
120 S.W. 10th Avenue
Topeka, KS 66612-1594

REGISTRATION WITH DEPARTMENT OF REVENUE

The Kansas Department of Revenue recommends taxpayers begin the application process three to four weeks prior to their start date in Kansas. Applications are accepted online, by mail, by fax, or in person.

FORMS

CR-16, Kansas Business Tax Application – This application is used to register for almost every kind of Kansas tax.

CR-142, Escrow Agreement for Guarantee of Kansas Nonresident Contractors' Tax Liability; this return must be notarized.

CR-120, Kansas Nonresident Contractors' Registration and Bonding Law.

ST-44, Nonresident Contractors' Information Form.

ST-45, Nonresident Contractors' Bond.

ST-40, Nonresident Contractors' Request for Bond Release.

RATES

None

DUE DATE

Three to four weeks prior to your start date in Kansas.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://www.accesskansas.org/businesscenter/>

https://www.kansas.gov/user/login?service=https%3A%2F%2Fwww.kansas.gov%2Fbusinesscenter%2Fspring_cas_security_check

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.ksrevenue.org

MAILING ADDRESS/PHONE NUMBER

Kansas Department of Revenue
915 SW Harrison St.
Topeka, KS 66612-1588
(785) 368-8222

LICENSES—GC & SPECIALTY

REGISTRATION

Contractors and subcontractors who are not residents of Kansas must register and be bonded for each contract performed in Kansas when the total contract price or compensation received is more than \$10,000. This registration is in addition to a Kansas sales and withholding tax registration. However, this requirement is waived if a nonresident contract is a foreign corporation authorized to do business in Kansas by the Kansas Secretary of State (see Section #1 above).

Note: Any nonresident contractor or subcontractor who fails to register or comply is not entitled to recover, by way of Kansas courts, payment for performance of the contract. Failure to register and post the required bond is a misdemeanor offense; upon conviction a nonresident contractor or subcontractor may be fined not less than \$100.00 nor more than \$5,000.00.

Licenses are registered at the local level in Kansas, there is no state-wide license. Local licenses may include:

- General Contractor
- Building
- Residential
- Electrical
- Fire
- Mechanical
- Plumbing
- Roofing
- Framing
- Swimming Pool

TESTS AND EXAMS

Varies by jurisdiction.

RATES

Varies by jurisdiction.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Varies by jurisdiction.

ELECTRONIC PAYMENT

Varies by jurisdiction.

WEBSITE

Varies by jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by jurisdiction.

RECIPROCITY STATES

Verify with the Department of Revenue (Department).

EQUITY REQUIREMENT

None

FINANCIAL STATEMENT REQUIREMENTS

None

LOCAL LICENSES

REGISTRATION

Johnson County

Kansas City

Topeka

Wichita

Sedgwick County

Seward County

FORMS

See local websites.

RATES

See local websites.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Varies by jurisdiction—for example:

Olathe: <http://www.jocogov.org/dept/planning-and-codes/cls/home>

Kansas City: <https://www.wycokck.org/>

Topeka: <https://www.topeka.org/>

Wichita: http://www.sedgwickcounty.org/mabcd/contractor_license.asp

Overland Park: <http://www.opkansas.org/doing-business/permits-and-licenses/>

MAILING ADDRESS/PHONE NUMBER

Varies by jurisdiction.

INCOME TAX

INCOME TAX—C CORPORATION

Corporate income tax is assessed against every corporation doing business in Kansas or deriving income from sources within Kansas. A Kansas corporation income tax return must be filed by all corporations doing business within or deriving income from sources within Kansas who are required to file a federal income tax return, whether or not a tax is due.

FORMS

Form K-120, Corporation Income Tax.

RATES

4% on up to \$50,000, 7% on all amounts above \$50,000.

DUE DATE

Fifteenth day of the fourth month after year end.

DUE DATE EXTENSION

Six-month extension granted with federal extension, if payment is owed use K-120V.

ELECTRONIC FILING

Available through KS WebTax or IRS E-file.

ELECTRONIC PAYMENT

Available through KS WebTax using EFT.

WEBSITE

www.ksrevenue.org

MAILING ADDRESS/PHONE NUMBER

Kansas Corporate Tax
Kansas Department of Revenue
915 SW Harrison Street
Topeka, KS 66612-1588
(785) 368-8222

ESTIMATED TAX

Estimated tax is due if tax liability is expected to exceed \$500.

FORMS

K-120ES, Individual Estimated Income Tax Voucher.

RATES

Same as above.

DUE DATE

Fifteenth day of the fourth, sixth, ninth, and 12th months of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available through KS WebTax or IRS E-file.

ELECTRONIC PAYMENT

Available through KS WebTax using EFT.

WEBSITE

www.ksrevenue.org

MAILING ADDRESS/PHONE NUMBER

Kansas Corporate Tax
Kansas Department of Revenue
915 SW Harrison Street
Topeka, KS 66612-1588
(785) 368-8222

ALTERNATIVE MINIMUM TAX

Not Applicable

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Add:

State and municipal interest
State taxes
Federal NOL
Miscellaneous (see instructions)

Less:

Interest on U.S. Government obligations
80% of foreign dividends
Miscellaneous (see instructions)

ALLOCATION AND APPORTIONMENT FACTORS

Three-factor apportionment.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

UDITPA has been adopted by the Multistate Compact (MTC) which Kansas is a member of.

OTHER MULTISTATE COMPACT

Kansas is a compact member of the MTC.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

No specific construction apportionment exceptions.

SPECIFIC EXCLUSION OF INCOME ITEMS

See above

SPECIFIC EXCLUSION OF COST ITEMS

See above

CREDITS AND TAX INCENTIVES

Kansas offers many credits including but not limited to the following:

- Business and Job Development Credit.
- Environmental Compliance Credit.
- Historic Site Contribution Credit.
- Research and Development Credit.
- Small Employer Health Insurance Contribution Credit

INCOME TAX—S CORPORATION

FORMS

K-120S

RATES

Income passed on to shareholders.

DUE DATE

Fifteenth day of the fourth month after the close of the tax year.

DUE DATE EXTENSION

Six-month extension granted with federal extension.

ELECTRONIC FILING

Available at WebTax.

ELECTRONIC PAYMENT

Available at WebTax.

WEBSITE

www.ksrevenue.org

MAILING ADDRESS/PHONE NUMBER

Kansas S Corporation Income
Kansas Department of Revenue
915 SW Harrison St.
Topeka, KS 66612-1588
(785) 368-8222

COMPOSITE RETURNS FOR S

Composite returns using Form K-40 may be filed on behalf of nonresidents that do not have income from any other state sources. Not allowed for any tax credit or not operating loss. Schedule K-40C must be attached to the return.

ALLOWED OR NOT ALLOWED

Allowed

FORMS

K-40, Individual Income Tax.

K-40C, Composite Income Tax schedule.

RATES

Use table for tax – between 3.1% and 5.7%.

DUE DATE

Fifteenth day of the fourth month.

DUE DATE EXTENSION

Six-month extension with federal, pay any tax due with K-40V.

ELECTRONIC FILING

WebTax

ELECTRONIC PAYMENT

WebTax

WEBSITE

www.ksrevenue.org

MAILING ADDRESS/PHONE NUMBER

Kansas Income Tax
Kansas Department of Revenue
915 SW Harrison St.
Topeka, KS 66612-1588
(785) 368-8222

ESTIMATED TAX FOR S

Required if tax is expected to be more than \$500.

FORMS

K-40ES, Individual Estimated Income Tax Voucher.

RATES

Same as above.

DUE DATE

Fifteenth day of the fourth, sixth, and ninth months of the tax year, and the first month of the following tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

WebTax

ELECTRONIC PAYMENT

WebTax

WEBSITE

www.ksrevenue.org

MAILING ADDRESS/PHONE NUMBER

Estimated Tax
Kansas Department of Revenue
915 SW Harrison St.
Topeka, KS 66612-1588
(785) 368-8222

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Withholding requirements repealed July 1, 2014.

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

PAYMENT ON INCOME OR DISTRIBUTIONS

Not Applicable

S CORPORATION TREATMENT

Not Applicable

C TREATMENT

Not Applicable

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Partnerships file the same form as S corporations in Kansas; see S corporation section.

COMPOSITE RETURNS

See S corporation.

FORMS

See S corporation.

RATES

The tax rate ranges from 3.1% to 5.7% for tax years 2018 and after. The tax is computed as if the partner is a resident, and it is then multiplied by the ratio of modified Kansas-source income to Kansas adjusted gross income.

DUE DATE

The statutory due date is April 15 for calendar year taxpayers and the 15th day of the 4th month after the close of the tax year for fiscal year taxpayers.

DUE DATE EXTENSION

See S corporation.

ELECTRONIC FILING

See S corporation.

ELECTRONIC PAYMENT

See S corporation.

WEBSITE

See S corporation.

MAILING ADDRESS/PHONE NUMBER

See S corporation.

INCOME TAX—INDIVIDUAL

Nonresidents file the same form as Kansas residents and composite filers, Form K-40.

FORMS

K-40, Individual Income Tax.

RATES

Ranged from 3.1% to 5.7%

DUE DATE

Fifteenth day of the fourth month after year end.

DUE DATE EXTENSION

Six-month automatic extension with federal; payments can be made on K-40V.

ELECTRONIC FILING

Available on WebTax.

ELECTRONIC PAYMENT

Available on WebTax.

WEBSITE

www.ksrevenue.org

MAILING ADDRESS/PHONE NUMBER

Kansas Income Tax
Kansas Department of Revenue
915 SW Harrison St.
Topeka, KS 66612-1588
(785) 368-8222

FED RETURN ATTACHED TO STATE RETURN

No

STATE CONSTRUCTION-RELATED CREDITS

See credits in C corporation section.

IRC CONFORMITY

Kansas adopts the current Internal Revenue Code (IRC).

Kansas's personal income tax calculation starts with federal adjusted gross income. Kansas itemized deductions are based on deductions from federal adjusted gross income as provided under the IRC.

The IRC § 199A deduction is not taken from federal adjusted gross income, so is not permitted for Kansas income tax purposes.

Kansas conforms to the current IRC and has not decoupled from the business interest deduction limitations of IRC §163(j) as enacted by the Tax Cuts and Jobs Act.

ALTERNATIVE MINIMUM TAX

Not Applicable

NET WORTH OR STOCK TAX

REGISTRATION

Kansas does not have a net worth or stock tax.

GROSS RECEIPTS TAX

REGISTRATION

Kansas does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

If you sell goods, admissions, or provide taxable services you must be registered with the Kansas Department of Revenue (see Section #1 above) to collect sales tax from your customers on behalf of the state and, where applicable, the city and/or county.

FORMS

ST-16, Retailers' Sales Tax Return Single Jurisdiction Filers.

ST-36, Retailers' Sales Tax Return Multiple Jurisdiction Filers.

CT-9U, Retailers' Compensating Use Tax Return and Voucher.

CT-10U, Consumers' Compensating Use Tax Return and Voucher.

RATES

6.5% special and local tax rates apply.

DUE DATE

If annual tax due is \$80 or less file annually before January 25 of the following year.

If annual tax due is between \$80 and \$3,200 file quarterly; file before the 25th of the fourth, seventh, tenth, and 13th month following the end of the tax year.

If annual tax due is between \$3,200 and \$32,000 file monthly; file on or before the 25th of the following month.

If annual tax liability is above \$32,000 then file prepaid monthly; file on or before the 25th of the current month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required: WebTax.

ELECTRONIC PAYMENT

WebTax

WEBSITE

www.ksrevenue.org

MAILING ADDRESS/PHONE NUMBER

Electronic filing required for sales tax.

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Not Applicable

TAXABLE SERVICES

Kansas sales tax applies to the services of installing, applying, altering, repairing, servicing, or maintaining tangible personal property.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

Same as state – Retailers report and remit the total of the state and local sales taxes collected to the Kansas Department of Revenue.

FORMS

Same as state.

RATES

Up to 1% general and 1% special for counties: up to 2% general and 1% special for cities.

DUE DATE

Same as state.

DUE DATE EXTENSION

Same as state.

ELECTRONIC FILING

Same as state.

ELECTRONIC PAYMENT

Same as state.

WEBSITE

Same as state.

MAILING ADDRESS/PHONE NUMBER

Same as state.

GRANDFATHERING OF RATE CHANGES

Same as state.

GOVERNMENT PROVIDED MATERIALS

Same as state.

TAXABLE SERVICES

Same as state.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

KW-3, Annual Withholding Tax Return.

KW-5, Kansas Withholding Tax Deposit Report.

K-4, Employees Withholding Allowance Certificate.

RATES

See individual rates.

DUE DATE

Annual Reporting (\$0 - \$200 withheld) – January 25 of following year.

Quarterly Reporting (\$200 - \$1,200 withheld) – 25th of the month following the close of the quarter.

Monthly Reporting (\$1,200 - \$8,000 withheld) – 15th day of the month following the reporting period.

Semi-Monthly (\$8,000 - \$100,000 withheld) – 25th of the month and the 10th of next month.

Quad-Monthly (over \$100,000) – within three banking days of the seventh, 15th, 21st, and last day of the month (EFT required).

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

WebTax

ELECTRONIC PAYMENT

WebTax

WEBSITE

www.ksrevenue.org

MAILING ADDRESS/PHONE NUMBER

File online.

NEW HIRE

Must report new hire, rehire or employee returning to work from an extended layoff within 20 days.

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

The general rule is that an individual is an independent contractor if the employer controls or directs only the result of the work and not the means and methods of accomplishing the result.

UNEMPLOYMENT

FORMS

K-CNS 100, Quarterly Wage Report & Unemployment Tax Return.

RATES

A new employer is assigned a rate of 6.0% for the construction industry (2.7% for non-construction).

After three years, the employer will have a tax rate computed using its own experience factors.

DUE DATE

Last day of the month following the end of the quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Encouraged by the Department; required if more than 50 employees.

ELECTRONIC PAYMENT

Encouraged by the Department; required if more than 50 employees.

WEBSITE

<https://www.dol.ks.gov/KansasEmployer.aspx>

MAILING ADDRESS/PHONE NUMBER

Kansas Employment Security Fund
P.O. Box 400
Topeka, KS 66601-0400
(785) 296-5027

NEW HIRE

See above

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

Same as above.

PROPERTY TAX

PERSONAL PROPERTY

All personal property is taxed in Kansas unless specifically exempt. Exempt property includes:

- Property owned by a Kansas resident that is stored on a municipal airport or airfield.
- Vehicles used by college students who are taxed in their state of residence.
- TPP of banks, bankers, brokers, merchants, insurance, or other companies where the TPP is listed in the taxing district where their business is usually done.
- TPP of manufacturers or mines, listed in the taxing district where they are located.

REGISTRATION

Not Applicable
FORMS

Personal Property Assessment.

RATES

Local authorities determine rates.

DUE DATE

March 15

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Varies by local jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

REAL PROPERTY

Real property is subject to property tax in Kansas unless specifically exempted by the statute. The tax is administered at the local level.

REGISTRATION

Not Applicable

FORMS

Varies by local jurisdiction.

RATES

Determined locally.

DUE DATE

Due dates for payment of real property taxes vary from jurisdiction to jurisdiction.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Varies by local jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

INTANGIBLES TAX

REGISTRATION

The intangibles tax is a local tax levied on gross earnings received from intangible property such as savings accounts, stocks, bonds, accounts receivable, and mortgages. It is not to be confused with the state income tax which is used to support state government. All Kansas residents and corporations owning taxable property and every nonresident owning accounts receivable or other intangible property with a Kansas business situs, receiving earnings from this property during the calendar year or fiscal year, must file an intangibles tax return with your county clerk by April 15 if the tax due is \$5.00 or more.

FORMS

Form 200, Local Intangible Tax Return.

RATES

See form instructions, rates vary by jurisdiction.

DUE DATE

April 15

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Varies by jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by jurisdiction.

FUEL TAX

REGISTRATION

There are two types of fuel licenses available in Kansas:

- IFTA/Interstate: \$13 for a 24-hour motor fuel permit and \$25 for a 72-hour motor fuel permit. Motor fuel permits may be purchased in multiples of three upon making proper application and payment of the required fees. The permits can be obtained at the ports of entry or by calling the Central Permit Office, 785-368-6501.
- LFCL: Licensed liquid fuel carriers can purchase a \$5 trip permit for new vehicles or for an extra/substitute vehicle used temporarily or for emergency purposes. A non-licensed carrier may obtain a trip permit for vehicles that enter the state on an occasional trip or are in temporary service.

FORMS

MF-72, Motor Fuel Refund Bulk Fuel Disbursements Schedule.

MF-52, Distributors Tax Return.

MF-37, Motor Fuel Order Form.

MF-51, Application for Motor Vehicle/Special Fuels Tax Refund Permit.

RATES

Gasoline \$0.24/gallon.

Gasohol \$0.24/gallon.

Special Fuel \$0.26/gallon.

DUE DATE

Report monthly, due on or before the 25th of the following month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required for distributors receiving 50,000 gallons or more of motor fuel per month. Use EDI program – contact Carole Rutschmann for information (785) 291-3660.

ELECTRONIC PAYMENT

EFT via website below.

WEBSITE

www.ksrevenue.org

MAILING ADDRESS/PHONE NUMBER

Kansas Department of Revenue
Docking State Office Bldg., Motor Fuel
915 SW Harrison Street
Topeka, KS 66625-8000
(785) 368-8222

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Kansas businesses must report the names of people with bank accounts, wages, stocks, and dividends that have been abandoned to the state treasurer. Property in your name may be checked on by calling 1-800-432-0386.

IMPACT FEES

Sometimes known as adequate facility or excise taxes.

Various

STATE ISSUES OTHER THAN TAXES

Various

MINIMUM WAGE

\$7.25 per hour

REGISTERED AGENTS

Required to do business in Kansas. The state does not keep a list of registered agents on file, please consult with your attorney.

NET OPERATING LOSS (NOL)

The NOL deduction must be taken after apportionment in Kansas. A federal NOL is carried back or forward after all Kansas modifications applicable to the net loss in the year the loss was incurred and after apportionment as to the source. No carryback allowed. NOL carryforward 10 years.

DAVIS BACON

Kansas's wage laws follow Davis Bacon wage determinations from the Kansas Department of Labor. The prevailing wage rate differs by county and for different types of work.

DRUG TESTING FACILITIES

Various

See: <http://www.testcountry.com/drug-testing-center-facilities/Kansas.htm>

Effective on 3/15/2018 Kansas issued Ruling Number: C-18-024 - Sales tax on labor for construction contract.

COMMUNICATIONS

Publication KS-1525, Kansas Sales and Use Tax for Contractors, Subcontractors, and Repairmen.

CFMA Chapters in Kansas:

Greater Wichita, Wichita, KS: <http://cafe.cfma.org/GrWichita/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

AUTHOR

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DATE OF THIS UPDATE

February 25, 2019

DATE OF LAST UPDATE

May 11, 2015

SUBJECT MATTER EXPERT

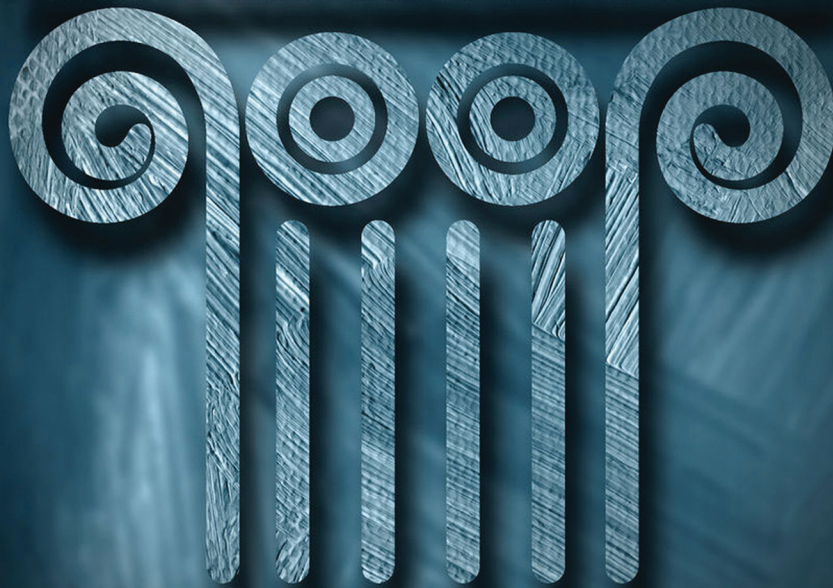
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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



KENTUCKY

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Entities incorporated or organized outside of Kentucky shall not transact business in Kentucky until it obtains a Certificate of Authority from the Secretary of State.

FORMS

FBE, Certificate of Authority can be filed with the state via mail.

All registration forms can be found at: <http://www.sos.ky.gov/bus/business-filings/Forms/Pages/default.aspx>

Domestic

Corporation:

- Articles of Incorporation – Profit (PAI)
- Articles of Incorporation – Non-Profit (NAI)
- Articles of Incorporation – Professional Services (KPS)

Limited Liability Company:

- Articles of Organization – Profit (KLC)
- Articles of Organization – Non-Profit (NLC)
- Articles of Organization – Professional Services (PLC)

Limited Partnership:

- Certificate of Limited Partnership (KNP)
- Registration or Renewal of Entity Name (REG)

Limited Liability Partnership:

- Statement of Qualification (KNL)
- Registration or Renewal of Entity Name (REG)

Partnership:

- Statement of Partnership Authority (KNG)
- Registration or Renewal of Entity Name (REG)

Business Trusts:

- Application for Declaration of Trust
- Registration or Renewal of Entity Name (REG)

Foreign

Corporation:

- Certificate of Authority (FBE)
- Registration or Renewal of Entity Name (REG)

Limited Liability Company:

- Certificate of Authority (FBE)
- Registration or Renewal of Entity Name (REG)

Limited Partnership:

- Certificate of Authority (FBE)
- Registration or Renewal of Entity Name (REG)

Limited Liability Partnership:

- Statement of Foreign Qualification (FNL)
- Registration or Renewal of Entity Name (REG)

Partnership:

- Statement of Partnership Authority (KNG)
- Registration or Renewal of Entity Name (REG)

Business Trusts:

- Certificate of Authority (FBE)
- Registration or Renewal of Entity Name (REG)

RATES, FEES, COSTS

Domestic

Corporation:

Articles of Incorporation – Profit (PAI) - \$40.00 plus organization tax (based on number of shares):

- \$.01 per share up to 20,000 shares
- \$.005 per share for the next 180,000 shares
- \$.002 per share on remaining shares

Articles of Incorporation – Non-Profit (NAI) - \$8.00

Articles of Incorporation – Professional Services (KPS) - \$40.00 plus organization tax (based on number of shares):

- \$.01 per share up to 20,000 shares
- \$.005 per share for the next 180,000 shares
- \$.002 per share on remaining shares

Limited Liability Company:

- Articles of Organization – Profit (KLC) - \$40.00
- Articles of Organization – Non-Profit (NLC) - \$40.00
- Articles of Organization – Professional Services (PLC) - \$40.00

Limited Partnership:

- Certificate of Limited Partnership (KNP) - \$40.00
- Registration or Renewal of Entity Name (REG) - \$36.00

Limited Liability Partnership:

- Statement of Qualification (KNL) - \$40.00
- Registration or Renewal of Entity Name (REG) - \$36.00

Partnership:

- Statement of Partnership Authority (KNG) - \$40.00
- Registration or Renewal of Entity Name (REG) - \$36.00

Business Trusts:

- Application for Declaration of Trust - \$15.00
- Registration or Renewal of Entity Name (REG) - \$36.00

Foreign

Corporation:

- Certificate of Authority (FBE) - \$90.00
- Registration or Renewal of Entity Name (REG) - \$36.00

Limited Liability Company:

- Certificate of Authority (FBE) - \$90.00
- Registration or Renewal of Entity Name (REG) - \$36.00

Limited Partnership:

- Certificate of Authority (FBE) - \$90.00
- Registration or Renewal of Entity Name (REG) - \$36.00

Limited Liability Partnership:

- Statement of Foreign Qualification (FNL) - \$90.00
- Registration or Renewal of Entity Name (REG) - \$36.00

Partnership:

- Statement of Partnership Authority (KNG)
- Registration or Renewal of Entity Name (REG) - \$36.00

Business Trusts:

- Certificate of Authority (FBE) - \$90.00
- Registration or Renewal of Entity Name (REG) - \$36.00

WEBSITE

<http://www.sos.ky.gov/bus/business-filings/OnlineServices/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Kentucky Secretary of State
700 Capital Ave., Ste. 152
Frankfort, KY 40601
(502) 564-3490

ADDITIONAL ASSISTANCE

For additional assistance, go to: <http://www.sos.ky.gov/Pages/contact.aspx>

ANNUAL RENEWALS

FORMS

You can electronically file articles of organization for a domestic limited liability company, articles of incorporation for a domestic corporation, annual reports, renewals of assumed name, and statements of change of registered agent/office or principal office. <https://app.sos.ky.gov/ftsearch/?path=ftarp>

RATES

Domestic and Foreign Corporations	\$15.00
Domestic and Foreign Limited Partnerships	\$15.00
Domestic and Foreign Limited Liability Companies	\$15.00
Domestic and Foreign Limited Liability Partnerships	\$15.00

DUE DATE

Due by June 30 of each year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

The following may be filed online: Annual Report, Renewal of Assumed Name and Statement of Change, or Registered Agent/Office or Principal Office. <https://app.sos.ky.gov/ftsearch/?path=ftscg&type=RAC>

ELECTRONIC PAYMENT

Fees may be paid by cash; check made payable to Kentucky State Treasurer; Electronic Funds Transfer (ACH) if filing online, prepaid account, or debit or credit card issued by an approved issuer.

WEBSITE

<http://www.sos.ky.gov/bus/business-filings/OnlineServices/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Office of the Secretary of State Filings Branch
700 Capital Ave.
P.O. Box 718
Frankfort, KY 40602
(502) 564-3490

REGISTRATION WITH DEPARTMENT OF REVENUE

All businesses doing business in Kentucky must register with the Department of Revenue (Department) by completing a Kentucky Tax Registration Application, Form 10A100(P).

The Department notes that applications will be processed within approximately five to ten business days.

FORMS

Form 10A100(P), Kentucky Tax Registration Application and Instructions.

RATES

Not Applicable

DUE DATE

Entities formed in Kentucky must register with the Kentucky Department of Revenue within 30 days of formation with the Kentucky Secretary of State's Office. Entities formed outside of Kentucky must register within 30 days of the earlier of: obtaining a certificate of authority from the Secretary of State or first engaging in activities that result in being treated as doing business.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. To register online, visit: <http://onestop.ky.gov/Pages/default.aspx>

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://onestop.ky.gov/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Kentucky Department of Revenue Taxpayer Registration Section
P.O. Box 299, Station 20
Frankfort, KY 40602-0299
Phone: (502) 564-3306
Fax: (502) 227-0772

LICENSES—GC & SPECIALTY

REGISTRATION

Kentucky requires new businesses to obtain permits and licenses that correspond to their available services. The cost of the license or permit will depend on the trade or occupation. For example, licenses exist for building inspectors, real estate brokers/sales associates, and electrical contractors. Visit the Occupational Licenses/Permits section of Kentucky One Stop: <http://onestop.ky.gov/start/Pages/occupational.aspx> for a list of possible permits and licenses. The site includes online verification and registration for licenses.

Department of Housing, Buildings and Construction, along with local government (city and county) building departments, is responsible for enforcing the Kentucky Building Code for construction projects in Kentucky. The Commonwealth of Kentucky does not issue a state level construction contractor's license. Some local governments do have special registration and/or licensing requirements for construction contractors operating in their jurisdiction. Construction permits and certificates of approval are required for most construction projects in Kentucky. Certain construction sub-specialties (plumbing, sprinkler installation, electrical, mechanical/HVAC, boiler, etc.) do require state licensure. Refer to website listed below for additional information.

FORMS AND REQUIREMENTS FOR SPECIALTY LICENSES

Plumber's Licenses

To operate a plumbing business in Kentucky you need a master plumber license. To install plumbing you need a journeyman license. A journeyman plumber applicant must document two years of experience as an apprentice plumber working under the supervision of a licensed plumber. A master plumber applicant must have possessed a valid journeyman license for two years before taking the exam. To get an application for a plumbing license, contact:

Department of Housing, Buildings, & Construction
Division of Plumbing
1047 US Highway 127 S, Suite 1
Frankfort, KY 40601-4337
Phone: (502) 564-3580
Fax: (502) 564-0690
<http://ohbc.ky.gov/plb/plblic.htm>

Forms are available online at: <http://ohbc.ky.gov/plb/plbfap.htm>

Plumber's license fees: You need to be a U.S. citizen or have applied for your first papers to get a license. You also have to pass an exam. The master exam, which lasts three hours, is based on written questions and chart analysis. It will cost you \$150

to apply and \$250 for the license. You need to have a journeyman's license to take the master exam.

The journeyman exam has written questions, chart work, and a practical section. The chart work will ask you to complete a drawing of a layout. The written and chart sections of the exam together last 2½ hours. The practical section lasts 2½ hours. The journeyman exam will cost you \$50.

The exams use the Kentucky State Plumbing Law, Regulation and Code book. You can get the book from the Division of Plumbing (Division).

Kentucky doesn't have a reciprocal agreement with any other state.

Electrician's Licenses

To operate an electrical business in Kentucky you need a license.

To apply, contact:

Department of Housing, Building, & Construction
Division of Fire Protection
Electrical Licensing
101 Sea Hero Drive, Ste. 100
Frankfort, KY 40601
(502) 573-0364
<http://ohbc.ky.gov/fp/els/>

Forms are available online at: <http://ohbc.ky.gov/fp/els/elsformspubs.htm>

Electrical Contractor

In order to contract with the public to perform electrical work, only licensed electrical contractors may pull electrical permits. To qualify for the license you need:

- Two years verifiable experience as an electrical contractor in Kentucky.
- Proof of \$500,000 general liability insurance.
- Proof of worker's compensation insurance.
- Completed application form.
- \$200 application fee.
- Passport sized photo.
- Pass the required International Code Council exam.

Master Electrician

Each electrical contractor must employ at least one master electrician. Master electricians are responsible for all electrical work performed under their supervision. To qualify for the license you need:

- Six years verifiable experience as an electrician in Kentucky.

- Completed application form.
- \$100 application fee.
- Passport sized photo.
- Pass the required International Code Council exam.

Electrician

All electrical work must be performed by, or under the supervision of, a licensed electrician or master electrician. In order to work unsupervised, an electrical worker must be licensed as at least an electrician. To qualify for the license you need:

- Four years verifiable experience as an electrician in Kentucky,
- Completed application form,
- \$50 application fee,
- Passport sized photo,
- Pass the required International Code Council exam.

In order to contract with the public and pull permits, your business must be licensed as an electrical contractor. Each electrical contractor must employ at least one master electrician. Therefore, if you are running a one-person electrical business, you must obtain both an electrical contractor and a master electrician license.

You will need to pass the International Code Council exam.

International Code Council
900 Montclair Road
Birmingham, AL 35213
(877) 783-3926
<http://www2.iccsafe.org>

Exams are administered by LaserGrade, LP. Contact them to find the nearest testing center.

LaserGrade, LP
1-(800) 211-2754
<http://www.lasergrade.com>

Electrician's fees: It will cost \$200 to apply for the contractor license, \$100 for the master license, and \$50 for the electrician license.

HVAC Contractor's Licenses

You need a license to do HVAC work in Kentucky. For an application, contact:

Department of Housing, Buildings, & Construction

Division of Fire Protection
Electrical Licensing
101 Sea Hero Drive, Ste. 100
Frankfort, KY 40601
(502) 573-0364
<http://ohbc.ky.gov/>

The Division issues master, journeyman, limited journeyman, duct, and limited journeyman installer licenses. To obtain a master license, you must pass an exam (including a business and law portion) and have two years mechanical experience. You must also provide show proof of insurance showing general liability insurance coverage from a Kentucky authorized company in the minimum amount of (\$800,000 general aggregate, \$500,000 for general liability, and \$300,000 for property damage). The journeyman and limited journeyman license applicants must have two years' experience, pass an exam, and work under the supervision of a master contractor. The Division also registers apprentices. Upon registration, apprentices can start receiving credit for experience gained under the supervision of a master contractor.

You will need to pass the International Code Council exam:

International Code Council
900 Montclair Road
Birmingham, AL 35213
(877) 783-3926
<http://www2.iccsafe.org>

Exams are administered by LaserGrade, LP. Contact them to find the nearest testing center.

LaserGrade, LP
(800) 211-2754
<http://www.lasergrade.com>

HVAC license fees: It will cost you \$250 to apply for a master's license and \$50 for the exam; it will cost you \$50 to apply for the journeyman's license and \$40 for the exam.

RATES

See Above

DUE DATE

See Above

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

See Above

ELECTRONIC PAYMENT

See Above

WEBSITE

<http://dhbc.ky.gov/bce/>

MAILING ADDRESS/PHONE NUMBER

Building Codes Enforcement
101 Sea Hero Rd., Suite 100
Frankfort, KY 40601
Phone: (502) 573-0373
Fax: (502) 573-1059

LOCAL LICENSES

REGISTRATION

Many counties and other local jurisdictions require contractors to obtain proper licensing prior to beginning of work. Contractors must contact local jurisdictions where the project is located in order to ensure compliance with the licensing requirements.

Here are some of the most common licenses and permits you may need:

- Alarm Permit.
- Building Permit.
- Business License and/or Tax Permit.
- Health Permit.
- Occupational Permit.
- Signage Permit.
- Zoning Permit.

INCOME TAX

INCOME TAX—C CORPORATION

Kentucky imposes an annual corporate income tax and Limited Liability Entity Tax (LLET) on almost all corporations having taxable contacts with the state. A corporation meeting any of the following must file the Kentucky Corporation Income Tax and LLET return:

- 1) Organized under the laws of Kentucky.
- 2) Has commercial domicile in Kentucky.
- 3) Owns or leases property in Kentucky.
- 4) Has one or more individuals performing services in Kentucky.
- 5) Maintains an interest in a pass-through entity doing business in Kentucky.
- 6) Derives income from or attributable to sources within Kentucky, including deriving income directly or indirectly from a trust doing business in Kentucky, or deriving income directly or indirectly from a single-member limited liability company that is doing business in Kentucky and is disregarded as an entity separate from its owner for federal income tax purposes.
- 7) Directs activities at Kentucky customers for the purposes of selling them goods or services.

The starting basis for Kentucky taxable income is the federal taxable income (loss) before net operating loss and special deduction. A corporation must use the same accounting period and method of accounting for Kentucky tax purposes as it does for federal tax purposes. If a corporation's accounting period or method of accounting is changed for federal tax purposes, the same change must be made for Kentucky tax purposes. A copy of the federal return including all supporting schedules and attachments are required with the return. The corporate taxpayers that amend their federal returns must amend their state returns within 30 days from the date of the final federal determination on the return.

Note that many local jurisdictions within Kentucky also impose a net profits tax on all for-profit business entities. The following link provides a list of jurisdictions that impose this tax: <http://app.sos.ky.gov/occupationaltax/>

FORMS

Form 720, Kentucky Corporation Income Tax and LLET Return.

Forms 720-ES, Corporation Income/Limited Liability Entity Tax Estimated Voucher.

Form 41A720SL, Application for Six-Month Extension of Time to File Corporation or Limited Liability Pass-Through Entity Return.

Form 720X, Amended Corporation Income Tax and Corporation License Tax Return.

Form 722, Election to File Consolidated Kentucky Corporation Income Tax Return.

RATES

5% on taxable net income.

A limited liability entity tax (LLET) is due in addition to the corporate income tax but may be credited against the income tax. The minimum LLET is \$175.

The penalty for late payment or underpayment of corporation business tax is the greater of 10% or \$25.

Interest on an unpaid balance accrues at an annual rate of 2% plus prime rate on the underpayment of tax from the original due date of the return through the date of payment.

DUE DATE

A Kentucky Corporation Income and LLET Return must be filed and payment must be made on or before the 15th day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

The Extension Request, Form 41A720SL, is due the same day as the due date for the related federal tax return.

Note that a six-month extension of time to file a Kentucky Corporation Income Tax and LLET Return may be obtained by either filing Form 41A720SL by the due date of the return or by attaching a copy of the federal extension to the return when filed. If payment is made with an extension, Kentucky Form 41A720SL must be used.

ELECTRONIC FILING

Allowed

ELECTRONIC PAYMENT

Allowed

WEBSITE

<https://revenue.ky.gov/Collections/Pages/E-file-Payment-Options.aspx>

MAILING ADDRESS/PHONE NUMBER

Mail paper return to:
Kentucky Department of Revenue
Frankfort, KY 40620
(502) 564-8139 – Tax information
(502) 564-3658 – Forms and Publications

ESTIMATED TAX

If Kentucky corporation income tax and LLET is expected to exceed \$5,000, taxpayer must make its required annual payment in three installments.

FORMS

Forms 720-ES.

RATES

Safe harbor is 100% of the prior year's tax if the prior year tax liability was \$25,000 or less.

DUE DATE

The estimates are due on the 15th of the 6th, 9th, and 12th months of the income year. 50% of the estimated tax due shall be paid by the first estimated payment date and 25% of the estimated tax due shall be paid by the second and third estimated payment due dates.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Allowed

ELECTRONIC PAYMENT

Allowed

WEBSITE

<http://revenue.ky.gov/etax.htm>

MAILING ADDRESS/PHONE NUMBER

Kentucky Department of Revenue
Frankfort, KY 40620
(502) 564-8139 – Tax information
(502) 564-3658 – Forms and Publications

ALTERNATIVE MINIMUM TAX

Kentucky imposes a LLET on corporations. The LLET is the greater of \$175 or the tax based on gross receipts/gross profits. Note that the state allows a credit against corporate income tax for the amount of the LLET less \$175, and as such, the minimum tax is \$175.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

The following typical items represent modifications between gross income for federal income tax purposes and gross income for Kentucky:

- Taxes, including those of any foreign country or political subdivision of a foreign country, measure in whole or in part, by gross or net income, must be added back to federal taxable income.
- Interest income derived from obligations of sister states and political subdivision must be added to federal taxable income.
- Interest income from obligations of the U.S. and its agencies and instrumentalities should be subtracted from federal taxable income.
- Dividend income must be deducted from federal taxable income.
- Interest expense between related members must be added back to federal taxable income.
- Intangible expenses connected with a related member must be added back to federal taxable income.
- Related-party interest expenses must be added back to federal taxable income.

Kentucky does not allow depreciation computed under the federal bonus depreciation rules of IRC §168(k) or the IRC § 179 deduction.

ALLOCATION AND APPORTIONMENT FACTORS

One-factor receipts formula.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Kentucky has adopted UDITPA. However the allocation and apportionment rules provided under the Kentucky corporation income tax law differs from the UDITPA allocation and apportionment rules in some respects.

OTHER MULTISTATE COMPACT

Kentucky has adopted the Multistate Tax Compact and is a member of the National Nexus Program.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

There is no special apportionment formula for construction contractors; consequently the general apportionment rules apply. Contractors should use a one-factor receipts formula.

SPECIFIC EXCLUSION OF INCOME ITEMS

No specific exclusion of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

Kentucky credits against the corporation business tax include the following:

- Economic Development Tax Credits.
- Farming Operation Networking Tax Credit.
- Certified Rehabilitation Tax Credit.
- Unemployment Tax Credit.
- Recycling/Composting Tax Credit.
- Investment Fund Tax Credit.
- Coal Incentive Tax Credit.
- Qualified Research Facility Tax Credit.
- GED Incentive Tax Credit.
- Voluntary Environmental Remediation Tax Credit.

- Biodiesel Tax Credit.
- Environmental Stewardship Tax Credit.
- ENDOW Kentucky Tax Credit.
- New Markets Development Program Tax Credit.
- Food Donation Tax Credit.

Additional tax credit information is available in the return instructions.

INCOME TAX—S CORPORATION

Every S corporation meeting any of the following must file Form 720S:

- 1) Organized under the laws of Kentucky.
- 2) Has commercial domicile in Kentucky.
- 3) Owns or leases property in Kentucky.
- 4) Has one or more individuals performing services in Kentucky.
- 5) Maintains an interest in a pass-through entity doing business in Kentucky.
- 6) Derives income from or attributable to sources within Kentucky, including deriving income directly or indirectly from a trust doing business in Kentucky, or deriving income directly or indirectly from a single-member limited liability company that is doing business in Kentucky and is disregarded as an entity separate from its owner for federal income tax purposes.
- 7) Directs activities at Kentucky customers for the purposes of selling them goods or services.

Kentucky recognizes federal S corporation status. There is no separate election for Kentucky tax purposes.

Note that many local jurisdictions within Kentucky also impose a net profits tax on all for-profit business entities. The following link provides a list of jurisdictions that impose this tax: <http://app.sos.ky.gov/occupationaltax/>

REGISTRATION

Rules for S corporation registration are identical to C corporations.

FORMS

Form 720S, Kentucky S Corporation Income Tax and LLET Return.

RATES

S corporations are subject to the LLET. For businesses with gross receipts less than \$3 million, there is a minimum LLET of \$175. For businesses with \$3 million or more in gross receipts, the LLET is the lesser of 9.5 ¢ per \$100 of gross receipts or 75 ¢ per \$100 of gross receipts. Also, S corporations are required to withhold on the distributive share of income to nonresident individual shareholders. The withholding rate on nonresident individual shareholders is 5%.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

In order to receive a six-month extension of time to file Form 720S and the same extension of time to furnish Kentucky Schedule K-1 to its members, the taxpayer must either attach a copy of the federal extension to the return when filed or file Kentucky Form 41A720SL on or before the 15th day of the fourth month following the close of the taxable year together with an electronic payment of the total tax due.

ELECTRONIC FILING

Mandated for corporations that report \$1 million or more in federal gross receipts.
Allowed for other corporations.

ELECTRONIC PAYMENT

Mandated for payment of employee withholding taxes if total tax liability exceeds \$45,000 in any calendar year.

WEBSITE

<https://revenue.ky.gov/Collections/Pages/E-file-Payment-Options.aspx>

MAILING ADDRESS/PHONE NUMBER

Mail paper return to:
Kentucky Department of Revenue
Frankfort, KY 40620
(502) 564-8139 – Tax information
(502) 564-5658 – Forms and Publications

COMPOSITE RETURNS FOR S

A pass-through entity may file a composite return on behalf of electing nonresident individual (includes a nonresident estate or trust) partners, members, or

shareholders. The tax is computed at the highest individual rate (currently 5%). The composite return may include: only nonresident individual partners, members or shareholders whose distributable income was not subject to withholding, only nonresident individual partners, members or shareholders whose only source of income within Kentucky is distributive share income from one or more pass-through entities, only nonresident individual partners, members or shareholders that have elected to be included in the composite income tax return by submitting a written statement to the pass-through entity within 30 days after the close of the pass-through entity's taxable year, Form PTE-WH (check composite box) for each nonresident individual partner, member or shareholder included in the composite return, and remittance of the income tax due.

ESTIMATED TAX FOR S

Every pass-through entity required to withhold Kentucky income tax or file a composite income tax return shall make estimated tax if: a nonresident partner's, member's, or shareholder's estimated tax liability can reasonably be expected to exceed \$500, or a corporate partner's or member's estimated tax liability can reasonably be expected to exceed \$5,000.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

FORMS

Form 740NP-WH, Kentucky Nonresident Income Tax Withholding on Distributive Share Income Report and Composite Income Tax Return.

RATES

The highest marginal rate of 5% for both corporate and non-corporate shareholders.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

See due date for S corporation income tax.

ELECTRONIC FILING

Not available for 2014 forms.

ELECTRONIC PAYMENT

Optional. EFT registration is available at:
<https://revenue.ky.gov/Collections/Pages/E-file-Payment-Options.aspx>

WEBSITE

<http://revenue.ky.gov/Business/passthrough.htm>

MAILING ADDRESS

Kentucky Department of Revenue
Frankfort, KY 40620

PAYMENT ON INCOME OR DISTRIBUTIONS

Composite payments must be made based on owner's distributive share of Kentucky income.

RECOGNIZE FEDERAL S ELECTION

Kentucky recognizes federal S corporation status. There is no separate election for Kentucky tax purposes.

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Every partnership or LLC meeting any of the following must file Form 765:

- 1) Organized under the laws of Kentucky.
- 2) Has commercial domicile in Kentucky.
- 3) Owns or leases property in Kentucky.
- 4) Has one or more individuals performing services in Kentucky.
- 5) Maintains an interest in a pass-through entity doing business in Kentucky.
- 6) Derives income from or attributable to sources within Kentucky, including deriving income directly or indirectly from a trust doing business in Kentucky, or deriving income directly or indirectly from a single-member limited liability company that is doing business in Kentucky and is disregarded as an entity separate from its owner for federal income tax purposes.
- 7) Directs activities at Kentucky customers for the purpose of selling them goods or services.

Note that many local jurisdictions within Kentucky also impose a net profits tax on all for-profit business entities. The following link provides a list of jurisdictions that impose this tax: <http://app.sos.ky.gov/occupationaltax/>

REGISTRATION

Rules for LLC and partnership registration are identical to C corporations.

FORMS

Form 765, Kentucky Partnership Income and LLET Return.

RATES

LLCs and partnerships are subject to the LLET. The LLET is the greater of \$175 or the tax based on gross receipts/gross profits. For businesses with \$3 million or more in gross receipts, the LLET is the lesser of 9.5 ¢ per \$100 of gross receipts or 75 ¢ per \$100 of gross receipts. Also, S corporations are required to withhold on the distributive share of income to nonresident individual shareholders. The withholding rate on nonresident individual shareholders is 5%.

LLCs and partnerships are required to withhold on the distributive share of income to nonresident individual shareholders. The withholding rate on nonresident individual shareholders is 5%.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

In order to receive a six-month extension of time to file Form 765 and the same extension of time to furnish Kentucky Schedule K-1 to its members, the taxpayer must either attach a copy of the federal extension to the return when filed or file Kentucky Form 41A720SL on or before the 15th day of the fourth month following the close of the taxable year together with an electronic payment of the total tax due.

ELECTRONIC FILING

Mandated for partnerships, LLPs, and LLCs that report \$1 million or more in federal gross receipts.

ELECTRONIC PAYMENT

Allowed

WEBSITE

<http://revenue.ky.gov/etax.htm>

MAILING ADDRESS/PHONE NUMBER

Mail paper return to:
Kentucky Department of Revenue
Frankfort, KY 40620
(502) 564-8139 – Tax information
(502) 564-5658 – Forms and Publications

COMPOSITE RETURNS FOR PARTNERSHIPS, LLCs

A pass-through entity may file a composite return on behalf of electing nonresident individual (includes a nonresident estate or trust) partners, and members or shareholders. The tax is computed at the highest individual rate (currently 5%). The composite return may include: only nonresident individual partners, members or shareholders whose distributable income was not subject to withholding, only nonresident individual partners, members or shareholders whose only source of income within Kentucky is distributive share income from one or more pass-through entities, only nonresident individual partners, members or shareholders that have elected to be included in the composite income tax return by submitting a written statement to the pass-through entity within 30 days after the close of the pass-through entity's taxable year, Form PTE-WH (check composite box) for each nonresident individual partner, member or shareholder included in the composite return, and remittance of the income tax due.

ESTIMATED TAX FOR PARTNERSHIPS, LLCs

Every pass-through entity required to withhold Kentucky income tax or file a composite income tax return shall make estimated tax if: a nonresident partner's, member's, or shareholder's estimated tax liability can reasonably be expected to exceed \$500, or a corporate partner's or member's estimated tax liability can reasonably be expected to exceed \$5,000.

WITHHOLDING ON NON-RESIDENT MEMBERS

FORMS

Form 740NP-WH, Kentucky Nonresident Income Tax Withholding on Distributive Share Income Report and Composite Income Tax Return.

RATES

The highest marginal rate of 5% for both corporate and non-corporate shareholders.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

See due date for partnerships and LLC's.

ELECTRONIC FILING

Mandated for partnerships, LLPs, and LLCs that report \$1 million or more in federal gross receipts.

ELECTRONIC PAYMENT

Mandated for payment of employee withholding taxes if average payment per reporting period exceeds \$25,000 in the 12-month lookback period. EFT registration is available at: <https://revenue.ky.gov/Collections/Pages/E-file-Payment-Options.aspx>

WEBSITE

<https://revenue.ky.gov/Pages/index.aspx>

MAILING ADDRESS

Kentucky Department of Revenue
Frankfort, KY 40620

PAYMENT ON INCOME OR DISTRIBUTIONS

Composite payments must be made based on owner's distributive share of Kentucky income.

INCOME TAX—INDIVIDUAL

Kentucky personal income tax applies to nearly all state residents who earn income subject to federal income tax. It also applies to nonresidents with Kentucky-source income.

FORMS

Form 740, Individual Income Tax Return – Full-Year Residents Only.

Form 740-X, Amended Individual Income Tax Return.

Form 740-NP, Nonresident or Part-Year Resident Income Tax Return.

RATES

The Kentucky individual tax rate is 5%.

Resident and part-year resident taxpayers who have paid income taxes to other states are allowed a credit against Kentucky income tax.

DUE DATE

The Kentucky individual income tax returns are due on or before April 15.

DUE DATE EXTENSION

Use Form 40A102 to request a six-month extension to file your Kentucky income tax return for individuals by April 15.

An individual taxpayer who does not have tentative tax due may be granted an extension of time to file a Kentucky return, without having to file an application on Form 40A102 if a federal extension has been requested. The Federal Form 4868 must be attached to the Kentucky individual return when filed.

If tentative tax is due, a taxpayer who has received an extension of time to file his or her federal income tax return for the taxable year may obtain an automatic extension of time to file the Kentucky return, by filing an application on Form 40A102 by April 15.

ELECTRONIC FILING

Optional. Personal income taxpayers can file electronically on a voluntary basis.

ELECTRONIC PAYMENT

Mandated for payment of employee withholding taxes if average payment per reporting period exceeds \$25,000 in the 12-month lookback period.

WEBSITE

<https://revenue.ky.gov/Individual/Pages/default.aspx>

MAILING ADDRESS

For tax forms with payment enclosed:

Kentucky Department of Revenue
Frankfort, KY 40616-0008

For tax forms requesting refunds or tax forms without payment enclosed:

Kentucky Department of Revenue
Frankfort, KY 40618-0006

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Kentucky.

IRC CONFORMITY

- In March 2019, Kentucky updated its IRC conformity dates for corporate and personal income tax. For taxable years beginning on or after January 1, 2018 but before January 1, 2019 the IRC in effect on December 31, 2017, including the provisions of the 2017 federal Tax Cuts and Jobs Act (TCJA) have been adapted with the updated IRC Conformity
- For taxable years beginning on or after January 1, 2019, references to the IRC within the Kentucky income tax law mean the IRC in effect on December 31, 2018.
- Kentucky adopts from TCJA:
 - Net operating loss changes [IRC §172]
 - Net interest expense limitation [IRC §163(j)]
 - Foreign derived intangible income [IRC §250]
 - Moving expense deduction repeal [IRC §132]
 - Moving expense reimbursement exclusion repeal [IRC §217]
 - Alimony payment deduction repeal [IRC §215]
 - Alimony receive inclusion repeal [IRC §61]
- Kentucky decouples from TCJA:
 - Full depreciation expensing [IRC §168(k)]
 - Pass-through entity qualified business income deduction [IRC §199A]

ALTERNATIVE MINIMUM TAX

Kentucky does not impose an alternative minimum tax on individuals.

NET WORTH OR STOCK TAX

Kentucky does not impose a net worth tax or a stock tax.

GROSS RECEIPTS TAX

Kentucky does not impose a separate gross receipts tax from the LLET (discussed in section 4.)

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, some cities, counties, and municipalities throughout Kentucky might have additional registration requirements that may affect your business. Contact the local government office and/or the county assessor's office in your jurisdiction for further guidance.

STATE SALES AND USE TAX

REGISTRATION

Businesses or individuals that sell taxable tangible personal property, digital property, and selected services that are sold, leased, or rented in Kentucky are required to remit sales tax to the Kentucky Department of Revenue. It is the seller's responsibility to collect the sales tax from their customers and to remit the sales tax. Additionally, property which is purchased, leased, or rented outside of Kentucky for storage, use, or other consumption in the state is subject to use tax. Tangible personal property or digital property purchased for resale, but which is used instead of being resold, is subject to sales and use tax.

Sales and use tax registration can be done in person, by mail, or online at:
<https://revenue.ky.gov/Pages/index.aspx>

To register for Kentucky sales and use tax, the business must complete Form 10A100(P), Kentucky Tax Registration Application and Instructions.

Generally, the following types of sales are exempt from sales tax:

- 1) Sales for Resale – tangible personal property and digital property which are purchased by another seller who issues a Resale Certificate.
- 2) Interstate Commerce – property sold for delivery to and usage at a location outside of Kentucky.
- 3) Sale of property which is exempt under the sales and use tax law.

Prior to doing business in Kentucky, all business that hire employees, sell at retail, purchase taxable goods or services on which no Kentucky sales tax has been paid, or mine coal must file a Kentucky Tax Registration Application. The Department will issue a permit, which must, at all times, be displayed at the place of business for which they are issued.

FORMS

Form 51A102, Sales and Use Tax Return.

Form 51A103, Accelerated Sales and Use Tax Return.

RATES

There is one statewide sales tax rate. The statewide rate is 6% which applies to the retail sale, lease, or rental of most goods and taxable services.

DUE DATE

The 20th day of the month following the reporting period.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

An electronic filing option is available for Kentucky sales and use tax returns:
<https://revenue.ky.gov/Collections/Pages/E-file-Payment-Options.aspx>

ELECTRONIC PAYMENT

Allowed: <https://revenue.ky.gov/Collections/Pages/E-file-Payment-Options.aspx>

WEBSITE

[HTTPS://REVENUE.KY.GOV/PAGES/INDEX.ASPX](https://REVENUE.KY.GOV/PAGES/INDEX.ASPX)

MAILING ADDRESS/PHONE NUMBER

Kentucky Department of Revenue
Frankfort, KY 40620-0003
(502) 564-5170

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Generally, sales to the government of the United States are exempt from the sales and use tax. Sales to state or local governmental units and agencies are not subject to the sales or use tax. A contractor's labor is not subject to tax if performed in conjunction with government property.

Contractors purchasing materials and supplies pursuant to a contract with the United States government are exempt from Kentucky sales or use tax provided that title to the items purchased passes to the government immediately upon transfer from the vendor. Note, however, that purchases of services used to fulfill a government contract remain taxable if the contractor accepts and receives the services and the service is merely incidental to the primary purpose of the government contract.

There is no general exemption for sales by the federal or state governments. As a result, unless some other exemption applies, persons buying property or taxable services from governments must pay tax.

TAXABLE SERVICES

Unlike sales of property, sales of services are presumed not taxable, unless one of those listed below:

- The rental of any room or rooms, lodgings, or accommodations furnished by any hotel, motel, inn, tourist camp, tourist cabin, or any other place in which rooms, lodgings, or accommodations are regularly furnished to transients for a consideration. The tax shall not apply to rooms, lodgings, or accommodations supplied for a continuous period of 30 days or more to a person.
- Sewer services.
- Sale of admissions (some exceptions exist).
- Prepaid calling service and prepaid wireless calling service.
- Intrastate, interstate, and international communications services (some exceptions exist).
- Distribution, transmission, or transportation services for natural gas that is for storage, use, or other consumption in Kentucky, excluding those services furnished: for natural gas that is classified as a residential use or to a seller or reseller of natural gas.

LOCAL SALES AND USE TAX (City/County/Special)

Kentucky has a combined rate of 6.0%. County and city jurisdictions do not impose a tax. Refer to the sales tax section above.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form 10A100, Kentucky Tax Registration Application
Form K-1, Employer's Return of Income Tax Withheld
Form K-2, Wage and Tax Statement
Form K-3, Employer's Return of Income Tax Withheld (Annual Reconciliation)
Form K-4, Employee's Withholding Exemption Certificate
Form K-4A, Withholding Exemptions for Excess Itemized Deductions
Form K-4E, Special Withholding Exemption Certificate
Form K-4M, Nonresident Military Spouse Exemption Certificate
Form 42A809, Certificate of Nonresidence
Form K-4FC, Fort Campbell Exemption Certificate
Form K-1E, Employer's Return of Income Tax Withheld (Electronic Funds Transfer)
Form K-3E, Employer's Return of Income Tax Withheld (Annual Reconciliation) (Electronic Funds Transfer)
Withholding Kentucky income tax instructions for employers is available on the website: <https://revenue.ky.gov/Business/Pages/Employer-Payroll-Withholding.aspx>

RATES

The maximum tax rate is 5.0%. Kentucky tax rate schedule provides the proper amount of withholding.

Wages paid to a nonresident of Kentucky to the extent paid for services rendered in Kentucky are subject to withholding, except for wages paid to employees of those states that have entered into reciprocal agreements with Kentucky. (See *Section III*.) A completed Form 42A809, Certificate of Nonresidence, must be on file for each employee.

Under reciprocal tax agreements, salaries or wages earned in Kentucky are exempt from Kentucky withholding tax if:

- 1) The employee is a resident of Illinois, Indiana, Michigan, West Virginia, or Wisconsin; or
- 2) The employee resides in Virginia and commutes **daily** to his or her place of employment in Kentucky; or
- 3) The employee is a resident of Ohio and is not a shareholder-employee who is a "twenty (20) percent or greater" direct or indirect equity investor in an S corporation. Wages which an S corporation pays to a shareholder-

employee who meets this requirement shall not be exempt under the reciprocal agreement.

DUE DATE

Page 3 and 4 of the withholding Kentucky income tax instructions for employers (link above) has all the due dates information for twice-monthly, monthly, quarterly, and annual due dates.

Quarterly Due Dates:

First QuarterApril 30

Second QuarterJuly 31

Third QuarterOctober 31

Fourth QuarterJanuary 31

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Any employer who issues 100 or more Form K-2s annually must remit via magnetic media or web-filing.

The below is a link to the Kentucky Online Withholding Tax Return and Payment System (WRAPS):

<https://fscit.ky.gov/adfs/ls/?wa=wsignin1.0&wtrealm=https%3a%2f%2fwraps.ky.gov&wctx=rm%3d0%26id%3dpassive%26ru%3d%252f&wct=2015-05-27T22%3a59%3a03Z&brand=https%3a%2f%2fwraps.ky.gov%2fcontent%2fimages%2fwraps-sims-logo.png>

The website provides a user guide for the WRAPS:

https://onestop.portal.ky.gov/OneStopPortal/Portal%20Documents/KYOS_Public_User_Guide_Overview.pdf

ELECTRONIC PAYMENT

Employers whose average monthly income tax withholding exceeds \$25,000 are required to submit payment via EFT. The Kentucky Department of Revenue will notify employers when they reach this threshold.

Employers may voluntarily pay their withholding tax via EFT.

Any employer who fails to comply with the EFT requirements will be assessed a penalty of 2% per month of the tax due, not to exceed 20%. Interest will be assessed at the rate of 2% plus prime.

WEBSITE

Kentucky Department of Revenue, Withholding Tax section:
<https://revenue.ky.gov/Business/Pages/Employer-Payroll-Withholding.aspx>

Department of Labor (DOL): <https://labor.ky.gov/Pages/index.aspx>

MAILING ADDRESS/PHONE NUMBER

Kentucky Labor Cabinet
1047 U.S. Highway 127 South, Suite 4
Frankfort, KY 40601
(502) 564-3070

UNEMPLOYMENT

REGISTRATION

A for-profit business (other than agriculture) is liable for unemployment insurance if it pays at least \$1,500 in gross wages in a single calendar quarter or if it has at least one worker performing service in any part of 20 different weeks out of a calendar year (note that it does not have to be the same workers in each week, nor do the weeks have to be consecutive).

FORMS

Form UI-3, Employer Quarterly Unemployment Wage and Tax Report.

RATES

2019

For 2019, the rates listed in Schedule A are in effect. Those rates range from 0.30% to 9.00%. The new employer rate for 2019 is 2.7%, except new construction employers will pay 9.00%.

DUE DATE

Reports and payments are due by the last day of the month following the end of each quarter. If that day falls on a weekend or a holiday when state offices, or the post office, are close, the due date is moved forward to the next day that offices are open.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Employers who have ten or more employees must file electronically. Employers with less than ten employees may also file electronically: <https://kewes.ky.gov/>

In order to file the report via the website you will first need your pre-assigned password (PIN) which is mailed to every new employer at the time the UI account is established. If you are already an established employer and do not know your password, you can obtain it by contacting the Tax Enforcement Branch at (502) 564-2168, or by e-mail to: des.uit@ky.gov. Once you have accessed the website for the first time you will have the opportunity to change your password.

The Division mails forms to all Kentucky employers with active accounts at the end of each quarter. If you file your quarterly report on-line, the Division will automatically send you a payment coupon.

ELECTRONIC PAYMENT

Payments may be made electronically by EFT or credit card.

WEBSITE

Unemployment Insurance tax information:
<https://kcc.ky.gov/employer/Pages/Unemployment-Insurance.aspx>

MAILING ADDRESS/PHONE NUMBER

Education and Workforce Development Cabinet
275 East Main Street
Frankfort, KY 40601
(502) 564-2168

NEW HIRE

Federal and state law requires employers to report newly hired and re-hired employees in Kentucky to the Kentucky New Hire Reporting Center within 20 days of the date of hire or rehire.

New hire reports can be submitted electronically, by fax or by mail. See the website for forms and online reporting: www.ky-newhire.com

PROPERTY TAX

PERSONAL PROPERTY

All individuals and business entities who own, lease, or have a beneficial interest in taxable tangible property located within Kentucky on January 1 must file a tangible property tax return. All tangible property is taxable with limited exceptions.

Note that certain personal property may also be taxable by a county, district, and/or city.

REGISTRATION

Not Applicable

FORMS

Form 62A500

RATES

The rates vary based on asset class.

DUE DATE

The assessment date is January 1. Returns are due on May 15 of the calendar year. Do not send payment with the return. Timely filed returns will be billed no earlier than September 15 and are payable to the county sheriff.

DUE DATE EXTENSION

There is no filing extension provision for Kentucky Tangible Personal Property Tax Returns.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://revenue.ky.gov/Property/Pages/default.aspx>

MAILING ADDRESS

Department of Revenue Office of Property Valuation
Division of State Valuation
Fourth Floor, Station 32
501 High Street
Frankfort, KY 40601-2103

REAL PROPERTY

The owner of real property in the State of Kentucky is responsible for listing the property with the property valuation administrator of the county where it is located. The assessment is based on the values at January 1 of each year, and the reporting due date is March 1.

INTANGIBLES TAX

Kentucky does not maintain an intangible personal property tax.

FUEL TAX

REGISTRATION

To register, a business must complete Form 72A300, Tax Registration Application for Motor Fuel License. Upon approval of the application and other documentation required, the business will be issued license(s) for the appropriate motor fuels taxes.

Motor fuels taxes consist of taxes on gasoline, liquefied petroleum, and special fuels (all combustible gases and liquids capable of being used in motor vehicles, except gasoline and liquefied petroleum).

Gasoline tax is levied on the average wholesale price per gallon with a minimum wholesale price of \$1.786 per gallon. The tax becomes a liability of the dealer when the gasoline is received or enters the dealer's storage facility.

Liquefied petroleum gas consists of any material which is composed predominately of any of the following hydrocarbons, or mixtures of them, whether in liquid or gaseous states: propane, propylene, butane (normal and isobutane), and butylene, and which is used to propel vehicles of any kind on public highways. The tax is levied when it is determined to have been used to propel motor vehicles on public highways.

Special fuels tax including diesel fuel is levied on the dealer at the point of receipt of the fuels instead of the point of sale by the dealer.

FORMS

Form 72A304, Tax Registration Application for Motor Fuel License.

Current year Motor Fuels Tax forms are listed at:
<https://revenue.ky.gov/Business/Motor-Fuels-Tax/Pages/default.aspx>

Motor Fuel Tax Electronic Filing Application:
<https://revenue.ky.gov/Business/Motor-Fuels-Tax/Pages/default.aspx>

RATES

Rates vary. See specific form instructions for the due date.

DUE DATE

Due dates vary. See specific form instructions for the due date.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing option is available.

ELECTRONIC PAYMENT

No

WEBSITE

Kentucky Motor Fuels Taxes: <https://revenue.ky.gov/Business/Motor-Fuels-Tax/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Kentucky Department of Revenue, Motor Fuels Tax Section
Station 63
P.O. Box 1303
Frankfort, KY 40602-1303
(502) 564-3853

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Unclaimed property includes personal property or financial assets—such as abandoned savings and checking accounts, non-cashed checks, and travelers' checks—turned over to the state after a period of time, usually three years. In most cases, the owner of such property has forgotten that the particular property or account exists. Sometimes, an owner has died and the heirs don't know about the property.

Holders can use any preferred NAUPA formatted software for creating/submitting Unclaimed Property Reports to the State of Kentucky in electronic format: via e-mail, CD, or upload through UP Exchange, etc. Once a report is generated and submitted to the Unclaimed Property Division, print/generate a corresponding summary sheet from the reporting software you used to make your report which provides the total number of accounts, dollars, shares, properties being reported, the company name, contact, and FEIN. If your software does not create this summary, you can create one with the corresponding information. You will submit this summary sheet with your check payment by mail. If you submit your report and payment both online you will not need to send us a summary sheet; confirmation will be received on both ends via e-mail. Note, if you submitted your report via e-mail or online do not send a duplicate report by CD. Checks need to be made payable to: KY State Treasury Unclaimed Property Division and need to be mailed to:

Kentucky State Treasury
Unclaimed Property Division
1050 US Hwy. 127 South, Suite 100
Frankfort, KY 40601

For further details on unclaimed property, visit:
<https://treasury.ky.gov/unclaimedproperty/Pages/Unclaimed-Property-FAQs.aspx>

MINIMUM WAGE

Kentucky's minimum wage is \$7.25 per hour.

REGISTERED AGENTS

With limited exceptions for partnerships, each entity and foreign entity qualified to transact business in Kentucky is required to maintain: a registered office that may be the same as any of its places of business and a registered agent. The registered agent may be: an individual who resides in Kentucky and whose business address is identical with the registered office or an entity or foreign entity qualified to transact business in Kentucky whose business address is identical with the registered office.

OTHER

CFMA Chapters in Kentucky:

Bluegrass, Lexington, KY: <http://cafe.cfma.org/BluegrassLexingtonKY/Home/>

Kentuckiana, Louisville, KY: <http://cafe.cfma.org/KentuckianaKY/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 28, 2019

DATE OF LAST UPDATE

May 30, 2015

SUBJECT MATTER EXPERT

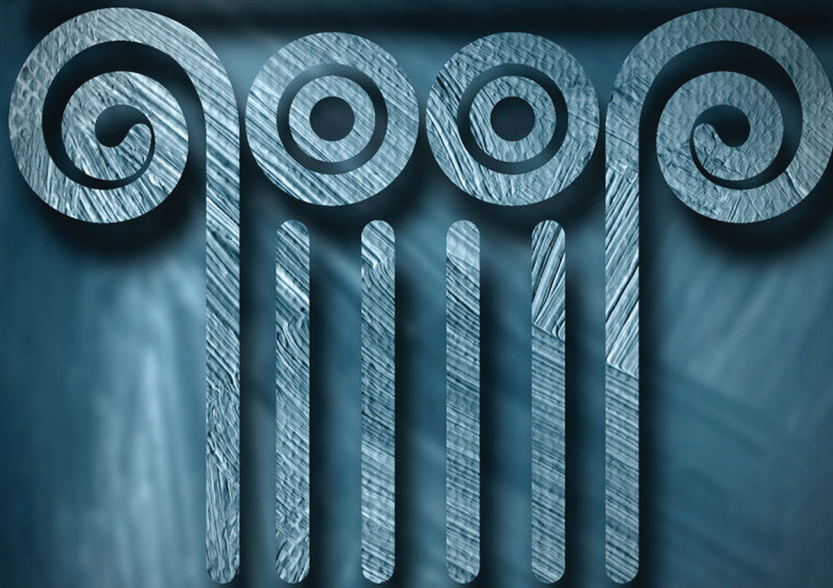
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CONSTRUCTION
FINANCIAL
MANAGER's
GUIDE TO

STATE TAX LAWS



LOUISIANA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Required

FORMS

Corporation – SS326, Application of Foreign Corporation for Certificate of Authority.

Limited Liability Company – SS972, Application for Authority to Transact Business in Louisiana (Foreign LLC).

Partnership – SS344, Statement and Affidavit of Registration of Foreign Partnership.

Limited Liability Partnership – SS975, Application of a Registered Limited Liability Partnership.

RATES, FEES, COSTS

Corporation	\$125
Limited Liability Company	\$150
Partnership	\$150
Limited Liability Partnership	\$125

WEBSITE

<http://www.sos.la.gov/>

MAILING ADDRESS

Louisiana Secretary of State
P.O. Box 94125
Baton Rouge, LA 70804-9125

ADDITIONAL ASSISTANCE

(225) 925-4704

ANNUAL RENEWALS

FORMS

Annual Report – no form number; must be filed online.

RATES

Corporations	\$30
Limited Liability Company	\$30
Partnerships	\$30
Limited Liability Partnership – not required to file.	

DUE DATE

Annually in month of initial registration.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required

ELECTRONIC PAYMENT

Required

WEBSITE

To file an annual report online go to the following website:
<https://coraweb.sos.la.gov/AnnualReport/PostcardLookup.aspx>

MAILING ADDRESS

Louisiana Secretary of State
P.O. Box 94125
Baton Rouge, LA 70804-9125

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration required with the Department of Revenue (DOR) for income tax purposes.

FORMS

Register online at Louisiana Taxpayer Access Point:
<https://latap.revenue.louisiana.gov/#3>

Form R-16019, Application for Louisiana Revenue Account Number.

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://latap.revenue.louisiana.gov/#5>

MAILING ADDRESS

Louisiana Department of Revenue
P.O. Box 201
Baton Rouge, LA 70821-0201

LICENSES—GC & SPECIALTY

REGISTRATION

Contractor's Licensing is regulated by the Louisiana State Licensing Board for Contractors (LSLBC). Required for those listed below.

Nonresident contractors and subcontractors who operate in Louisiana and who enter into contracts in which the total contract price is \$3,000 or more, must register each contract with the DOR.

- \$10 fee for each contract job in excess of \$3,000.
- Also required to file a bond or deposit other sureties with the DOR for each separate contract for no less than \$1,000.
- Within 30 days of completion of the contract, the contractor must provide the DOR with a complete and accurate accounting of all state sales and use taxes due.
- Contractors are required to register with the central collection agency of the parish and obtain a certificate certifying that all requirements for surety bonds in that parish have been met.
- In order to receive building permits proof of bonding from the DOR is due.

TESTS AND EXAMS

Residential Building License

- Required for residential construction or home improvement projects exceeding \$75,000.
- Financial statement with a minimum of \$10,000 net worth.
- Take Business and Law Exam.
- Take Residential Building Exam.
- Proof of General Liability Insurance (minimum \$100,000).
- Proof of Worker's Compensation Coverage.

Home Improvement Registration

- Required for home improvement projects with a value exceeding \$7,500 but not in excess of \$75,000.
- Proof of General Liability Insurance (minimum \$100,000).
- Proof of Worker's Compensation Coverage.

Commercial License

- Required for commercial projects with a value of \$50,000 or more.
- Financial statement with a minimum of \$10,000 net worth.
- Take Business and Law Exam.
- Take Trade Exam.
- Hire properly licensed subcontractors.

Subcontractor/Specialty Trade License

- Required for commercial projects with a value of \$50,000 or more.
- Exceptions – electrical/mechanical/plumbing require license for projects exceeding \$10,000; asbestos, hazardous waste, underground storage tanks all require license for projects with a value of \$1.00 or more.
- Financial statement with a minimum of \$10,000 net worth.
- Take Business and Law Exam.
- Take Trade Exam.

Mold Remediation License

- Required for mold remediation projects with a value of \$1.00 or more.
- Financial statement with a minimum of \$10,000 net worth.
- Take Business and Law Exam.
- Complete 24 hours of approved mold remediation and mold assessment training.
- Complete four hours of instruction in Louisiana's Unfair Trade and Consumer Protection Law.
- Proof of General Liability Insurance (minimum of \$50,000).
- Proof of Worker's Compensation Coverage.

RATES

All classifications with a written trade exam require an examination administration fee of \$120.

All classifications without a written trade exam require an examination research/transaction fee of \$120.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://www.lslbc.louisiana.gov/>

MAILING ADDRESS/PHONE NUMBER

Louisiana Licensing Board for Contractors
2525 Quail Drive
Baton Rouge, LA 70808
(225) 765-2301

RECIPROCITY STATES

Varies: Any applicant holding a license in good standing in a comparable classification in another state recognized by the respective agency as a reciprocity state may have the trade portion of the examination waived upon written certification from that state in which the applicant is licensed. The business law portion of the examination shall not be waived. Applicants shall comply with all other licensing requirements; however, for good cause, the board may waive any other licensing requirements.

States having boards with which Louisiana has Reciprocity or Examination Endorsement Agreements (as of February 27, 2019): AL, AR, CA, GA, KY, MS, NC, OH, SC, TN, TX, and UT.

EQUITY REQUIREMENT

For some licenses a \$10,000 net worth is required, see above.

FINANCIAL STATEMENT REQUIREMENTS

See above

LOCAL LICENSES

REGISTRATION

Contractors in Louisiana are regulated by the state – no local licenses required.

INCOME TAX

INCOME TAX—C CORPORATION

Required to file in Louisiana if you are taxed as a corporation for federal income tax purposes and you are deriving income from Louisiana sources, whether or not they have any net income.

Any corporation meeting any of the following provisions must file a Louisiana corporation franchise tax return:

- Organized under the laws of Louisiana.
- Qualified to do business in the state or doing business in the state.
- Exercising or continuing the corporate charter within the state.
- Owning or using any of the corporate capital, plant, or other property in Louisiana in a corporate capacity.

FORMS

CIFT-620, Corporate Income Tax and Franchise Tax Return.

RATES

Income Tax:

4% on the first \$25,000 of net income.

5% on the next \$25,000.

6% on the next \$50,000.

7% on the next \$100,000.

8% on the excess over \$200,000.

Franchise Tax:

\$1.50 for each \$1,000 up to \$300,000 of capital employed in Louisiana.

\$3.00 for each \$1,000 in excess of \$300,000 of capital employed in Louisiana.

DUE DATE

The statutory due date is May 15 for calendar year taxpayers and the 15th day of the 5th month after the close of the tax year for fiscal year taxpayers.

For certain nonprofit entities, the due date is June 15 for calendar year taxpayers and the 15th date of the 6th month after the close of the tax year for fiscal year taxpayers.

However, if that date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

DUE DATE EXTENSION

Required to be extended electronically for a seven-month extension request.

ELECTRONIC FILING

Mandated if threshold amount is met.

For corporate income tax returns, e-filing is required if the "absolute value" of the taxpayer's assets is at least \$500,000 for tax periods beginning in 2018, or \$250,000 for tax periods beginning after 2018.

Mandate authorized if taxpayer required to file substantially same return for federal tax purposes.

ELECTRONIC PAYMENT

Available – Louisiana Taxpayer Access Point (**LaTAP**).

Mandated for:

- payment of tax due in connection with the filing of any return, report, or other document that exceeds \$5,000;
- taxpayers that file tax returns more frequently than monthly and, during the preceding 12-month period, the average total payments exceed \$5,000 per month; and
- taxpayers that file withholding tax returns and payments on behalf of other taxpayers and, during the preceding 12-month period, the average total payments for all tax returns filed exceed \$5,000 per month.

WEBSITE

www.revenue.louisiana.gov/

MAILING ADDRESS

Louisiana Department of Revenue
P.O. Box 91011
Baton Rouge, LA 70821-9011

ESTIMATED TAX

Required if tax liability is expected to be \$1,000 after credits.

FORMS

CIFT-620ES, Louisiana Estimated Tax Declaration Voucher for Corporations.

RATES

Same as tax return.

DUE DATE

Fifteenth day of the fourth, sixth, ninth, and twelfth months.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available – Louisiana Taxpayer Access Point (**LaTAP**).

ELECTRONIC PAYMENT

Available – Louisiana Taxpayer Access Point (**LaTAP**).

WEBSITE

www.revenue.louisiana.gov/

MAILING ADDRESS

Louisiana Department of Revenue
P.O. Box 91011
Baton Rouge, LA 70821-9011

ALTERNATIVE MINIMUM TAX

Not Applicable

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Additions:

- Net Operating Loss (NOL) deduction claimed on federal.
- Dividend received deduction claimed on federal.
- Louisiana income tax deducted on federal.

Deductions:

- Refunds of Louisiana income tax reported on federal.
- Louisiana depletion in excess of federal.

- Expenses not deducted on the federal return due to IRC §280C.

ALLOCATION AND APPORTIONMENT FACTORS

Three-Factor

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Louisiana has adopted certain UDITPA provisions.

OTHER MULTISTATE COMPACT

Louisiana participates in the Multistate Compact but has not adopted the provisions into state law.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Manufacturing can use single sales factor apportionment.

SPECIFIC EXCLUSION OF INCOME ITEMS

See above

SPECIFIC EXCLUSION OF COST ITEMS

See above

CREDITS AND TAX INCENTIVES

Non-Refundable Credits, list is not all inclusive – see CIFT-620 instructions:

- Solar Energy Systems Credit.
- Leased Solar Energy Systems.
- Conversion of Vehicle to Alternative Fuel.
- New Jobs Credit.
- LA Community Economic Development.
- Apprenticeship.
- Research and Development.
- New Markets.
- Manufacturing Establishments.
- Enterprise Zone.

Refundable Credits, list is not all inclusive – see CIFT-620 instructions:

- Urban Revitalization.
- Research and Development.
- Conversion of Vehicle to Alternative Fuel.
- Milk Producers.

INCOME TAX—S CORPORATION

REGISTRATION

S corporations are not recognized by the State of Louisiana and file the same as C corporations. There is a line on the return for an S corporation exclusion that allows the exclusion of income for the amount allocated to Louisiana residents. A calculation must be attached to the return.

FORMS

See corporation section.

RATES

Louisiana does not recognize S corporation status and it does not require withholding of nonresident shareholder income.

DUE DATE

See corporation section.

DUE DATE EXTENSION

See corporation section.

ELECTRONIC FILING

See corporation section.

ELECTRONIC PAYMENT

See corporation section.

WEBSITE

See corporation section.

MAILING ADDRESS/PHONE NUMBER

See corporation section.

COMPOSITE RETURNS FOR S

Not Applicable

ALLOWED OR NOT ALLOWED

Not Allowed

ESTIMATED TAX FOR S

FORMS

See corporation section.

RATES

See corporation section.

DUE DATE

See corporation section.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

See corporation section.

ELECTRONIC PAYMENT

See corporation section.

WEBSITE

See corporation section.

MAILING ADDRESS/PHONE NUMBER

See corporation section.

REQUIRED

See corporation section.

RECOGNIZE FEDERAL S ELECTION

No

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Partnerships need to file if they derive income from Louisiana sources and any of the partners are nonresidents of the state.

COMPOSITE RETURNS

Required for all nonresident partners who don't have a valid agreement on file with the Louisiana Department of Revenue.

FORMS

IT-565, Partnership Return of Income.

R-6922, Louisiana Composite Partnership Return.

RATES

6% on nonresidents included in the composite.

DUE DATE

Fifteenth day of the fifth month after the close of the calendar year.

DUE DATE EXTENSION

Extension may be granted not to exceed six months from the original due date.

ELECTRONIC FILING

Available for extension.

ELECTRONIC PAYMENT

Available – Louisiana Taxpayer Access Point (**LaTAP**).

WEBSITE

www.revenue.louisiana.gov

MAILING ADDRESS

Louisiana Department of Revenue
P.O. Box 3440
Baton Rouge, LA 70821-3440

INCOME TAX—INDIVIDUAL

Nonresidents:

Must file if sources of Louisiana income outside of partnership. No requirement to file for partnership income if composite is filed on their behalf.

FORMS

IT-540B, Louisiana Nonresident and Part-Year Resident Income Tax Return.

RATES

Single rates:

2% on the first \$12,500 of taxable income,
4% on the next \$37,500, and
6% on the excess over \$50,000.

Married filing jointly rates:

2% on the first \$25,000 of taxable income,
4% on the next \$75,000, and
6% on the excess over \$100,000.

DUE DATE

May 15

DUE DATE EXTENSION

Six-month extension available if filed electronically, no paper extensions are accepted.

ELECTRONIC FILING

Available

ELECTRONIC PAYMENT

Available

WEBSITE

www.revenue.louisiana.gov

MAILING ADDRESS

Payment:

Louisiana Department of Revenue
P.O. Box 3550
Baton Rouge, LA 70821-3550

No Payment:

Louisiana Department of Revenue
P.O. Box 3440
Baton Rouge, LA 70821-3440

FED RETURN ATTACHED TO STATE RETURN

Yes

STATE CONSTRUCTION-RELATED CREDITS

See C corporation section above.

IRC CONFORMITY

Louisiana conforms to the current Internal Revenue Code (IRC) and has not decoupled from the business interest deduction limitations of IRC §163(j) as enacted by the Tax Cuts and Jobs Act.

Louisiana doesn't conform to IRC section 199A Pass-Through Deduction. Louisiana's personal income tax calculation starts with federal adjusted gross income. In

addition, while Louisiana allows taxpayers to take certain deductions from adjusted gross income, the IRC §199A deduction is not among them.

ALTERNATIVE MINIMUM TAX

Not Applicable

NET WORTH OR STOCK TAX

REGISTRATION

Louisiana does not have a net worth or stock tax.

GROSS RECEIPTS TAX

REGISTRATION

Louisiana does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

All persons and dealers who are subject to the sales and use tax are required to file a tax return monthly or quarterly.

REGISTRATION

Must be registered with the DOR if required to file and remit sales tax.

FORMS

R-1029, Sales Tax Return.

RATES

4.45% In Louisiana, special tax rates apply for telecommunication services, certain utilities, and certain other items or transactions. Special local tax rates also apply.

DUE DATE

Twentieth of the month following the close of the reporting period.

Monthly filing is required initially; however, after six months of filings if the average tax liability is less than \$500 a month, taxpayers may apply with the DOR to file quarterly instead.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available

ELECTRONIC PAYMENT

Available

WEBSITE

<http://www.revenue.louisiana.gov/>

MAILING ADDRESS

Louisiana Department of Revenue
P.O. Box 3138
Baton Rouge, LA 70821-3138

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Revenue Information Bulletin No. 09-057 (12/29/2009) – Effective 1/1/10, the Louisiana Department of Revenue (LDR) Contractor Registration Program will cease issuing new certifications. LDR will no longer certify the residency of contractors performing jobs in Louisiana or issue certificates for jobs performed by nonresident contractors.

TAXABLE SERVICES

- Furnishing of rooms by hotels.
- Sale of admissions to places of amusement and to athletic and recreational events.
- Furnishing of privileges of access to amusement, entertainment, athletic, or recreational facilities.
- Furnishing of storage or parking privileges by auto hotels and parking lots.
- Furnishing of printing and overprinting.
- Furnishing of laundry, cleaning, pressing, and dyeing services.
- Furnishing of cold-storage space and the preparation of property for such storage.
- Furnishing of repairs to tangible personal property.
- Furnishing of telecommunications services.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

Louisiana Association of Tax Administrators has made a website to assist in filing returns for multiple jurisdictions. To determine the rate and filing requirements of the locality visit: <http://www.laota.com/index.php/for-taxpayers/registration> and find your locality for more information.

FORMS

Varies by locality.

RATES

Varies by locality, the average local tax rate is 5.00% making the combined state and local sales and use tax rate 9.45%. The maximum local rate is 7%, which makes the maximum state and local sales and use tax rate of 11.45%.

DUE DATE

Varies by locality.

DUE DATE EXTENSION

Varies by locality.

ELECTRONIC FILING

Available through Louisiana Association of Tax Administrators.

ELECTRONIC PAYMENT

Available through Louisiana Association of Tax Administrators.

WEBSITE

<http://www.laota.com/>

MAILING ADDRESS/PHONE NUMBER

Varies by locality.

GRANDFATHERING OF RATE CHANGES

Varies by locality.

GOVERNMENT PROVIDED MATERIALS

Varies by locality.

TAXABLE SERVICES

Same as state.

EMPLOYMENT TAXES

WITHHOLDING

Every employer who has resident or nonresident employees performing services (except those exempt from income tax withholding) within Louisiana is required to withhold Louisiana income tax based on the employee's withholding exemption certificate.

FORMS

Form L-1, XX Quarter Employer's Return of Louisiana Withholding Tax. The state releases a new form every quarter.

RATES

Rates are determined by a formula based on the number of exemptions and the filing status of employee. Formula can be found in detail in Form R-1210, Withholding Tax Formula Method.

DUE DATE

Return Due Dates:

Quarter 1 – April 30
Quarter 2 – July 31
Quarter 3 – October 31
Quarter 4 – January 31

Payment Due Dates:

If withholding is:

Less than \$500/month – pay quarterly.
Between \$500 and \$5,000/month – pay monthly.
Greater than \$5,000/month – pay semi-monthly.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available through **LaTAP** website.

ELECTRONIC PAYMENT

Available with electronic filing.

WEBSITE

[HTTP://WWW.REVENUE.LOUISIANA.GOV/](http://www.revenue.louisiana.gov/)

MAILING ADDRESS

Louisiana Department of Revenue
P.O. Box 91017
Baton Rouge, LA 70821-9017

NEW HIRE

Must report new hires within 20 days of the worker's first day on the job. Report online using the following website: <http://newhire-reporting.com/la-newhire/default.aspx>

TERMINATION

Louisiana is an "employment-at-will" state, this means that, in general, either the employer or employee may terminate an employment relationship at any time and for any reason unless a law or contract exists to the contrary.

INDEPENDENT CONTRACTOR TREATMENT

Someone not classifiable as an employee. Generally, a person will be considered to be an employee if he is included by the taxpayer as an employee for purposes of the payroll taxes imposed by the Federal Insurance Contributions Act.

Penalties for misclassifying a worker as an independent contractor include:

Fines up to \$500 per worker per instance.

Imprisonment for up to 90 days.

UNEMPLOYMENT

FORMS

Online filing required.

RATES

A new employer rate is assigned by the state based on the average rate in the same NAICS code. Once eligibility requirements are met a rate is assigned based on your individual experience rating record.

See: http://www.laworks.net/Downloads/UI/WTs/UI_ContractorsGuidelines.pdf

DUE DATE

Due the last day of the month following the quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required

ELECTRONIC PAYMENT

Required

WEBSITE

www.laworks.net

MAILING ADDRESS/PHONE NUMBER

Louisiana Workforce Commission
1001 N. 23rd Street
Baton Rouge, LA 70802
(225) 342-3111

NEW HIRE

See above

TERMINATION

See above

INDEPENDENT CONTRACTOR TREATMENT

Same as above.

PROPERTY TAX

PERSONAL PROPERTY

Business personal property is generally assessed at 15% of the value. Must be reported yearly.

REGISTRATION

Not Applicable

FORMS

Not Applicable

RATES

Local authorities determine rates. Property is taxed at a rate equal to all lawful levies and is assessed at a percentage of fair market or use value.

DUE DATE

Determined locally.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Varies by jurisdiction.

ELECTRONIC PAYMENT

Varies by jurisdiction.

WEBSITE

Varies by local jurisdiction.

http://www.latax.state.la.us/Menu_FAQ/FAQ.aspx

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

REAL PROPERTY

Assessed at 10% of the value for land and residential improvements, 15% for commercial improvements, and 25% for public service excluding land.

REGISTRATION

Not Applicable

FORMS

Varies by local jurisdiction.

RATES

Determined locally.

DUE DATE

Due dates for payment of real property taxes vary from jurisdiction to jurisdiction.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Varies by jurisdiction.

ELECTRONIC PAYMENT

Varies by jurisdiction

WEBSITE

Varies by local jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

INTANGIBLES TAX

Intangible property needs to be reported for assessment every year with tangible personal property. Local assessors will determine rates and applicable charges.

REGISTRATION

Not Applicable

FORMS

Not Applicable

RATES

Varies by jurisdiction.

DUE DATE

Varies by jurisdiction.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Varies by jurisdiction.

ELECTRONIC PAYMENT

Varies by jurisdiction.

WEBSITE

Varies by jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by jurisdiction.

FUEL TAX

REGISTRATION

Many different fuel users are required to be licensed:

- Supplier.
- Permissive Supplier.
- Distributor.
- Importer.
- Terminal Operator.
- Exporter.
- Motor Fuel Transporter.
- Blender.
- Interstate Motor Fuel User.
- Aviation Fuel Dealer.

For descriptions of who falls into these categories visit: www.revenue.louisiana.gov

Able to apply to get a refund of tax if planning to use undyed diesel for off-road purposes when dyed diesel not available. File Form R-5377, Registration Application for Diesel Fuels Refund.

FORMS

This is not a complete list, please check with the DOR to make sure you are filing all necessary forms:

- R-5346, Motor Fuel Transporter Monthly Return.
- R-5347, Aviation Fuel Dealer Quarterly Return.
- R-5375, Interstate Motor Fuel Users Quarterly Return.
- R-5385, Terminal Operator Annual Return.
- R-5393, Terminal Operator Monthly Return.
- R-5397, Supplier/Permissive Supplier Monthly Return.
- R-5398, Distributor/Exporter/Blender Monthly Return.
- R-5399, Importer Monthly Return.
- R-5377, Registration Application for Diesel Fuels Refund.

RATES

Gasoline and diesel fuel – \$0.20/gallon.

Petroleum products inspection fee – 4/32nds of one cent per gallon.

DUE DATE

Varies depending on filing requirements – see summary here:
<http://revenue.louisiana.gov/Miscellaneous/GasolineDieselSpecialFuels.pdf>

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Varies by form.

ELECTRONIC PAYMENT

Varies by form.

WEBSITE

www.revenue.louisiana.gov

MAILING ADDRESS/PHONE NUMBER

Exact mailing address varies by form; double check each form.

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Unclaimed property in Louisiana is handled by the Department of the Treasury. To find out specific filing and finding requirements visit: www.treasury.state.la.us/

IMPACT FEES

Various, for example see:
East Baton Rouge Parish: <https://www.brla.gov/>

STATE ISSUES OTHER THAN TAXES

State of Louisiana Contractors Licensing Law and Rules and Regulations:
<http://www.lslbc.louisiana.gov/contractors/contractor-license-law/>

MINIMUM WAGE

Louisiana has not adopted a state minimum wage law.

Federal minimum wage is \$7.25.

REGISTERED AGENTS

Required to do business in Louisiana.

DAVIS BACON

Louisiana does have an Associated General Contractors Branch.

Louisiana has special laws in regards to apprenticeships. For further information see: http://www.laworks.net/ORS_apprlaw.asp

DRUG TESTING FACILITIES

Visit this website for a facility near you:
http://www.laworks.net/WorkersComp/OWC_MedExam.asp

Other

Effective on 10/17/2017 Louisiana issued Revenue Informational Bulletin No. 17-021 - Tax Clearance required for Approval of Certain Procurement Contracts.

COMMUNICATIONS

State of Louisiana Contractors Licensing Law and Rules and Regulations:

<http://www.lslbc.louisiana.gov/contractors/contractor-license-law/>

CFMA has two locations in Louisiana:

Southcentral Louisiana <http://cafe.cfma.org/SouthCentralLouisianaLA/Home/>

201 Lafayette Street

Baton Rouge, LA 70801

(877) 862-9800

Southeast Louisiana <http://cafe.cfma.org/SoutheastLouisiana/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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May 29, 2015

SUBJECT MATTER EXPERT

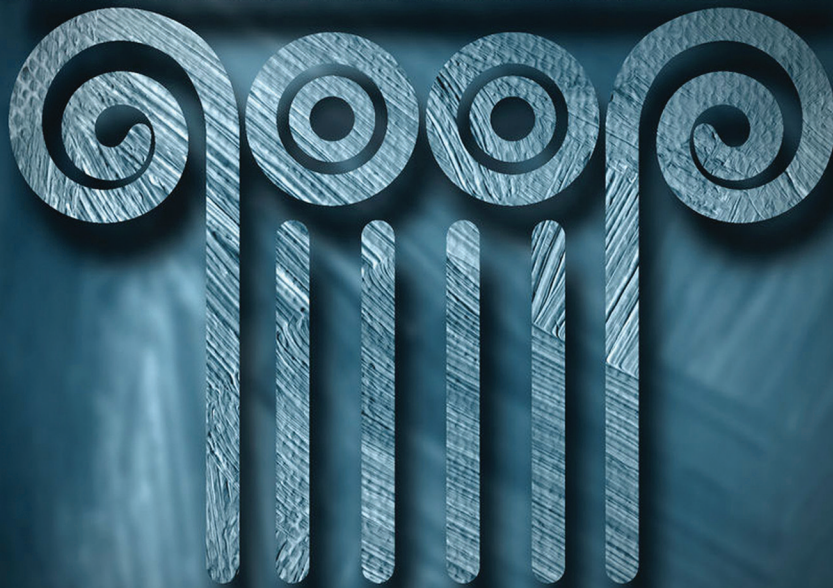
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**CONSTRUCTION
FINANCIAL
MANAGER's
GUIDE TO**

STATE TAX LAWS



MAINE

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes filing articles of incorporation with the Office of the Secretary of State, and paying the filing fee.

FORMS

All forms are provided in Acrobat (.PDF) format on the maine.gov website. The forms can be completed on screen, printed and then mailed. At the bottom of each form is the mailing address where the forms are to be submitted.

MBCA-1 is the corporate application for reservation of name, which is filled out and mailed into the Corporation Examining Section of the Office of the Secretary of State.

Domestic corporations are formed by filing the articles of incorporation with the Secretary of State. The minimum requirements of the articles include the exact name of the corporation, the identification of either a commercial or noncommercial clerk who must be a resident of Maine, the number and types of shares authorized, whether or not the corporation will have a board of directors and if so the number, and the name and address of each incorporator.

LLCs file a similar Certificate of Formation on Form MLLC-6 and an application for reservation of name on Form MLLC-1. The application for registration of name is found on Form MLLC-2. LLPs file the certificate of limited liability partnership Form MLLP-6 and application for reservation of name Form MLLP-1.

Changes for either commercial or noncommercial agents of corporations require the filing of MBCA-3-CRA and MBCA-3-NCRA forms, respectively.

Foreign corporations file the application for registration of name Form MBCA-2. For foreign LLCs the form number is MLLC-2 and for LLPs the form number is MLLP-2.

RATES, FEES, COSTS

Name reservation is \$20.

Filing fee with form MBCA-6 is \$145.

Filing fee for form MLLC-6 and MLLP-6 is \$175.

Registrations of name for foreign corporations, LLPs, and LLCs is \$20 per month; \$200 renewal.

Changes in commercial and noncommercial clerks is \$35.

WEBSITE

<http://www.maine.gov/sos/cec/corp/index.html>

MAILING ADDRESS/PHONE NUMBER

Secretary of State
Division of Corporations, UCC and Commissions
101 State House Station
Augusta, ME 04333
(207) 624-7752

ADDITIONAL ASSISTANCE

The maine.gov website provides additional information on forms, fees, and instructions for various types of business entities.

ANNUAL RENEWALS

Annual reports must be filed with the Secretary of State by June 1.

FORMS

MLLP-13 for domestic and foreign corporations.

RATES

For domestic corporation \$85 and foreign \$150.

DUE DATE

The first annual report must be delivered to the Secretary of State between January 1 and June 1 of the year following the calendar year in which the domestic corporation was incorporated or a foreign corporation was authorized to do business. Subsequent annual reports must be delivered to the Secretary of State between January 1 and June 1.

DUE DATE EXTENSION

Maine does not offer an extension.

ELECTRONIC FILING

Annual reports can be filed online at: <http://icrs.informe.org/nei-sos-icrs/ICRS>

ELECTRONIC PAYMENT

Payments can be made online at: https://www10.informe.org/aro/index_on.html

WEBSITE

<http://icrs.informe.org/nei-sos-icrs/ICRS>

MAILING ADDRESS/PHONE NUMBER

Secretary of State
Division of Corporations, Reporting and Information Section
101 State House Station
Augusta, ME 04333
(207) 624-7752

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is required for businesses that will have reporting requirements for withholding, sales, and income taxes, among other types of taxes.

FORMS

The registration application has no specific number. The form can be found on the Department of Revenue website at: <http://www.maine.gov/sos/cec/corp/trademarks.html>

RATES

There is no fee to register with Maine Revenue Services.

ELECTRONIC FILING

Can be done at: <https://www.maine.gov/cgi-bin/online/suwtaxreg/index>

ELECTRONIC PAYMENT

Payments can be made online.

WEBSITE

<https://www.maine.gov/revenue/>

MAILING ADDRESS

Central Registration Section
P.O. Box 1057
Augusta, ME 04332

LICENSES—GC & SPECIALTY

REGISTRATION

There is no license requirement for home construction contractors. Licenses are required for other building trades such as architects, engineers, plumbers, electricians, dealers, and installers of mobile and modular homes.

TESTS AND EXAMS

Information and application for tests and exams is available online at:
<http://www.maine.gov/pfr/professionallicensing/index.shtml>

FORMS

The application and renewal forms for professional licenses and exams are available online at: <http://www.maine.gov/pfr/professionallicensing/index.shtml>

RATES

Rates vary upon profession they can be found at:
<http://www.maine.gov/pfr/professionallicensing/professions/>
WEBSITE

<http://www.maine.gov/pfr/professionallicensing/professions/>
MAILING ADDRESS/PHONE NUMBER

Department of Professional & Financial Regulation
Office of Professional and Occupational Regulation
35 State House Station
Augusta, ME 04333-0035
(207) 624-8603

RECIPROCITY STATES

None

EQUITY REQUIREMENT

None

FINANCIAL STATEMENT REQUIREMENTS

None

LOCAL LICENSES

REGISTRATION

There are nearly 500 municipalities in the State of Maine. The location of the job site or the main place of business are generally the only place that a license is required.

INCOME TAX

INCOME TAX—C CORPORATION

Maine imposes an income tax on all entities organized as corporations (except S corporations) and that have Maine-source income. The corporate income tax is graduated, with rates ranging from 3.5% (for income up to \$25,000) to 8.93% (for income in excess of \$250,000).

FORMS

Form 1120ME is the corporate income tax form.

Form 1120ES-ME is the form for vouchers of estimated tax payments.

Form 1120EXT-ME is the form to pay tax when an extension is requested.

Form 1120W-ME is the worksheet for calculating estimated tax payments.

Corporations subject to Maine corporate income tax that are members of an affiliated group as defined by Maine law, and operating in a unitary business, must complete and attach Form CR, along with an affiliation schedule.

RATES

Graduated rate of 3.5% to 8.93%.

Income not over \$350,000—3.5%;

Income of \$350,000 but not over \$1,050,000—\$12,250, plus 7.93% of the excess over \$350,000;

Income of \$1,050,000 but not over \$3,500,000—\$67,760 plus 8.33% of the excess over \$1,050,000.

Income of \$3,500,000 or more —\$271,845 plus 8.93% of the excess over \$3,500,000.

DUE DATE

The statutory due date is April 15 for calendar year taxpayers, September 15 for tax years ending June 30, and the 15th day of the 4th month following the close of the tax year for all other year end dates.

However, the tax year 2018 return is due on or before Wednesday, April 17, 2019 for calendar year taxpayers, and Monday, September 16, 2019 for tax years ending June 30. April 15, 2019 is Patriot's Day, a legal holiday in Maine, April 16, 2019 is Emancipation Day, a legal holiday in Washington, D.C., and September 15, 2019 is a Sunday.

DUE DATE EXTENSION

The extension request is due the same date as the related tax return. The State of Maine allows for an automatic seven-month extension in which to file a return. Taxpayers granted federal extension are automatically granted a Maine extension equal to the federal extension plus an additional 30 days. Forms 1120EXT-ME must be submitted and at least 90% of the tax amount must be paid before original due date to avoid interest and penalties.

ELECTRONIC FILING

Effective for tax years 2013 and after, corporations with total assets of \$10 million or more are required to electronically file unless a waiver has been granted.

ELECTRONIC PAYMENT

Generally required if tax liability for current year or look back period is over \$10,000.

Maine requires tax payments electronically using Maine EZ Pay, ACH debit, or ACH credit method.

Any person required to pay by electronic funds transfer who fails to do so is liable for a penalty equal to the lesser of 5% of the tax due or \$5,000.

ESTIMATED TAX

Estimated tax is required for every corporation subject to Maine corporate income tax unless the current year or prior year income tax liability was less than \$1,000.

FORMS

Estimated tax payments are made using Form 1120ES-ME. Form 1120W-ME is the corporate income tax estimated worksheet.

RATES

Generally, a corporations estimated tax payment may not be less than 90% of the current year tax liability paid in four equal installments.

Underpayment of quarterly estimated tax installments is subject to interest and penalty. The underpayment penalty is the greater of \$5 or 1% of the unpaid tax per month up to 25% of the unpaid tax.

DUE DATE

The estimates are due on 15th day of the fourth, sixth, ninth, and 12th months, which would be April 15, June 15, September 15, and December 15 for a calendar-year taxpayer.

DUE DATE EXTENSION

No extension for payments. See return due date extension discussion above.

ELECTRONIC FILING

See discussion on electronic filing above.

ELECTRONIC PAYMENT

See discussion on electronic payments above.

WEBSITE

<http://www.maine.gov/revenue/forms/corporate/2018.htm>

MAILING ADDRESS

Maine Revenue Services,
P.O. Box 9101
Augusta, ME 04332-9101

ALTERNATIVE MINIMUM TAX

Maine imposes an alternative minimum tax (AMT) based on the federal alternative minimum taxable income subject to specific state modifications. The AMT is computed on Schedule B.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Maine conforms to the IRC as of March 23, 2018 and so adopts the federal business interest deduction limitation under IRC § 163(j) as revised by the 2017 Tax Cuts and Jobs Act.

Maine does not conform to the Pass-through deduction under IRC §199A.

ALLOCATION AND APPORTIONMENT FACTORS

The State of Maine uses a single factor formula, sales, and generally follows market based sourcing.

The State of Maine exercises both a “throwback” and a “throwout” rule. Under the “throwback” provisions, sales of tangible personal property to the U.S. government are considered Maine if the property is shipped from a Maine location. Under the “throwout” rules, receipts from sales of tangible personal property delivered or shipped to a state in which the taxpayer or any member of the taxpayer’s affiliated group is not taxable are excluded from both the numerator and denominator in computing the taxpayer’s Maine sales factor.

Sales by a subcontractor to a prime contractor which the party to the contract with the U.S. government does not generally constitute sales to the U.S. government for purposes of the “throwback” rule.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

The State of Maine has adopted the UDITPA Act.

OTHER MULTISTATE COMPACT

In 2005, Maine repealed its Multistate Tax Compact provisions and withdrew from the Multistate Tax Commission.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Maine uses a single factor formula, sales.

SPECIFIC EXCLUSION OF COST ITEMS

Bonus depreciation under §168(k) is not allowed for property placed in service in 2006 and 2007; however, a tax credit is allowed for taxpayers that claim a federal bonus depreciation deduction for most property placed in services in Maine for tax years 2001 through 2014. See Maine Capital Investments Credit discussion below.

CREDITS AND TAX INCENTIVES

Credits that may be contractor related include:

Maine Capital Investments Credit. A credit is available to businesses that place depreciable property in service in Maine during the taxable year beginning in 2011 or 2012. The credit is equal to 10% of the federal bonus depreciation claimed for the taxable year under Internal Revenue Code, 168(k) on that property. The credit is prohibited with respect to certain property. The credit is limited to the Maine income tax liability of the taxpayer, but any unused portion of the credit may be carried forward for up to 20 years. The credit is subject to full recapture if the property is not used in Maine for a full 12 months following the date placed in service. Taxpayers must add back to income any bonus depreciation claimed on the property for which the credit is claimed, but may not recapture the add-back amount in future years. 36 M.R.S.A. 5219-GG.

http://www.state.me.us/revenue/incomeestate/guidance/credit_guidance.htm

INCOME TAX—S CORPORATION

Maine recognizes the federal election. No other election is required.

REGISTRATION

Rules for S corporation registration are identical to that of C corporations.

Beginning with the 2012 tax year, partnerships and S corporations must file Form 941P if they have Maine source income and any members that are not residents of Maine. Entities may also be required to withhold income tax or obtain an exemption from withholding for nonresident members, or may elect to file a composite return on behalf of the nonresident members.

S corporations that incur federal taxable income (e.g., certain capital gains and certain built-in gains) at the corporate level are required to file Form 1120ME and report only the income that is taxed at the corporate level for federal purposes.

FORMS

Form 901ES-ME, Pass-Through Entity Withholding Quarterly Payment Voucher.

Form 941ES-ME, Pass-Through Entity Return of Maine Income Tax Withheld from Members.

1099ME, Summary of Accounts Withheld from Member for the Year.

941CF-ME, Nonresident Member Agreement to Participate in Composite Filing of Maine Income Tax.

941AF-ME, Nonresident Member Affidavit and Agreement to Comply with Maine Income Tax.

RATES

7.15% of Maine-source member income for each nonresident member for calendar year 2018.

For nonresident members that are C corporations, the withholding rate is 8.93%.

To avoid penalties and interest, the withholding tax must be paid in four equal installments based on either:

- The prior year's Maine-source member income, or
- 90% of the current year's Maine-source member income.

Penalty and interest are imposed on S corporations at the same rate as C corporations. See above for details.

DUE DATE

The statutory due date is April 15 for calendar year taxpayers, September 15 for tax years ending June 30, and the 15th day of the 4th month following the close of the tax year for all other year end dates.

DUE DATE EXTENSION

If a federal extension has been granted for filing the federal informational return (Form 1065 or 1120S), the due date for the Maine Form 941P-ME is automatically extended for an equivalent period of time up to eight months.

ELECTRONIC FILING

Maine generally requires that Form 941P-ME be filed electronically through e-file.

ELECTRONIC PAYMENT

Effective 2015, taxpayers with a combined tax liability for all Maine taxes of \$10,000 or more must remit all tax payments electronically.

WEBSITE

www.maine.gov/revenue

MAILING ADDRESS

If file electronically do not mail.

Tax due:

Maine Revenue Services

P.O. Box 1065

Augusta, ME 04332-1065

No tax due:

Maine Revenue Services

P.O. Box 1064

Augusta, ME 04332-1064

COMPOSITE RETURNS FOR S

With election.

ALLOWED OR NOT ALLOWED

An S corporation may file a composite return on behalf of its partners or shareholders who are eligible persons and who elect to participate in the composite filing.

An “eligible person” is a nonresident individual whose only Maine income for the taxable year is from pass-through entities. Resident partners/shareholders may not participate in a composite filing. Also, an individual may not participate in a composite filing if he or she files married filing jointly for federal income tax purposes and the individual’s spouse has Maine-source income unrelated to the entity.

Member agreement must be obtained on Form 941CF-ME to be included in a composite return.

FORMS

Form 1040-ME and Schedule 1040C-ME.

RATES

For purposes of the composite return, tax is imposed at the highest marginal rate for individuals, which is 7.15% for 2018.

DUE DATE

Fifteenth day of the fourth month following the close of the tax year, April 15 for calendar year tax.

DUE DATE EXTENSION

Maine provides an automatic six-month extension for filing a tax return.

ELECTRONIC FILING

Permitted, but not required.

ELECTRONIC PAYMENT

Effective 2015, taxpayers with a combined tax liability for all Maine taxes of \$10,000 or more must remit all tax payments electronically.

WEBSITE

<http://www.maine.gov/portal/index.html>

MAILING ADDRESS

Maine Revenue Services
P.O. Box 1065
Augusta, ME 04332

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Pass-through entities doing business in Maine are generally required to withhold income taxes from nonresident owners' distributable income that is apportionable to Maine.

However, the withholding is not required for owners participating in a composite filing as discussed above.

FORMS

Form 901ES-ME is the Form for Pass-Through Entity Withholding Quarterly Payment Voucher.

Form 941P-ME is the Form for Pass-Through Entity Return of Maine Income Tax Withheld from Members.

Form 1099ME is used to report Withholding of Maine Income Tax from Maine Source Distributive Income for a Nonresident Owner of a Pass-Through Entity.

Form 941AF-ME is the Nonresident Member Affidavit and Agreement to Comply with Maine Income Tax.

RATES

You must withhold 7.15% of any Maine-source distributable income for each nonresident member (8.93% for C corporation members).

To avoid penalties and interest, the withholding tax must be based on either of the following:

- The prior year's Maine-source member income, or
- 90% of the current year's Maine-source member income.

DUE DATE

Quarterly payments must be made using Form 901ES-ME on or before the last day of the month following the close of the calendar quarter (April 30, July 31, October 31, and January 31 of calendar year taxpayers).

The estimated payments must be equal to 25% of the lesser of either 90% of the amount required to be withhold for the calendar year, or the amount withheld for the prior calendar year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Beginning in 2014, the electronic payment requirement threshold will be \$12,000. Waivers from this requirement may be requested for good cause.

ELECTRONIC PAYMENT

Can be done at: <https://portal.maine.gov/ezpay/welcome.do>

WEBSITE

<https://www.maine.gov/cgi-bin/online/suwtaxreg/index>

MAILING ADDRESS

Maine Revenue Services
P.O. Box 1065
Augusta, ME 04332

INCOME TAX—PARTNERSHIPS, LLC

A pass-through entity treated as a partnership for federal tax purposes that transacts business in Maine or realizes Maine-sourced income and had, during the reporting period, at least one nonresident member (owner) must file a return.

COMPOSITE RETURNS

Allowed, composite returns are allowed and may be filed on behalf of the owners who are eligible partners. The requirements for filing a composite return are discussed above.

FORMS

Form 901ES-ME, Pass-Through Entity Withholding Quarterly Payment Voucher.

Form 941P-ME, Pass-Through Entity Return of Maine Income Tax Withheld from Members.

1099ME, Summary of Accounts Withheld from Member for the Year.

941CF-ME, Nonresident Member Agreement to Participate in Composite Filing of Maine Income Tax.

941AF-ME, Nonresident Member Affidavit and Agreement to Comply with Maine Income Tax.

RATES

The highest marginal rate for individuals in 2018 is 7.15%.

DUE DATE

Form 941P-ME is due March 15.

DUE DATE EXTENSION

Automatically extended for an equivalent period of time as the federal return up to eight months.

ELECTRONIC FILING

Required

ELECTRONIC PAYMENT

Can be done at: <https://portal.maine.gov/ezpay/welcome.do>

WEBSITE

www.maine.gov/revenue

MAILING ADDRESS

If paper filing:
If enclosing a check with your return:
Maine Revenue Services
P.O. Box 1065
Augusta, ME 04332-1065

If NOT enclosing a check with your return:
Maine Revenue Services
P.O. Box 1064
Augusta, ME 04332-1064

INCOME TAX—INDIVIDUAL

Maine generally imposes an income tax on all individuals that have Maine-source income.

FORMS

Form 1040ME, Individual Income Tax.

Form 1040EXT-ME is the Individual Income Tax Extension Payment Voucher.

Form 1040ES-ME is the Estimated Income Tax Payment Voucher.

Form 1040X-ME is the Form for Amended Individual Income Tax Returns.

RATES

Ranging from 5.8% - 7.15% for 2018.

DUE DATE

The due date is on or before the 15th day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

Maine also allows its own automatic six-month extension; requests for additional time to file must be submitted in writing prior to the expiration of the six-month period; generally, the total extension period cannot exceed eight months; an extension to file the Maine return is not an extension for payment of tax; the extension payment must be remitted electronically using Maine EZ Pay or with the payment voucher.

ELECTRONIC FILING

Electronic filing is available. For returns filed in calendar year 2011 or any subsequent calendar year, a tax return preparer must file by electronic data submission all original Maine tax returns for individual income tax that are eligible for electronic filing, except:

- Where for the previous calendar year, the tax return preparer prepared less than 10 original Maine tax returns for individual income tax that are eligible for electronic filing;
- Where the taxpayer refuses to allow the return to be filed by electronic data submission and the tax return preparer notes the refusal in the taxpayer's records; or
- Where the tax return preparer has been granted a waiver from mandatory participation.

ELECTRONIC PAYMENT

Electronic payment is available through EFT and is required for person with a combined tax liability of \$10,000 or more for all tax types during the most recent look back periods.

WEBSITE

<https://portal.maine.gov/ezpay/welcome.do>

MAILING ADDRESS/PHONE NUMBER

Form 1040ME with expectation of refund:
Income/Estate Division
P.O. Box 1066
Augusta, ME 04332-1066

Form 1040ME if you are enclosing payment:
Income/Estate Division
P.O. Box 1067
Augusta, ME 04332-1067
(207) 626-8475

FED RETURN ATTACHED TO STATE RETURN

Attach a copy of your federal return.

May need to attach a copy of your federal Schedule K-1, see line instructions.

For taxpayers (Maine residents and part-year residents only) who claim credit for income tax paid to more than one other jurisdiction – attach a copy of the income tax return filed with the other jurisdiction.

STATE CONSTRUCTION-RELATED CREDITS

Maine Capital Investments Credit. A credit is available to businesses that place depreciable property in service in Maine during the taxable year beginning in 2011 or 2012. The credit is equal to 10% of the federal bonus depreciation claimed for the taxable year under Internal Revenue Code, 168(k) on that property. The credit is prohibited with respect to certain property. The credit is limited to the Maine income tax liability of the taxpayer, but any unused portion of the credit may be carried forward for up to 20 years. The credit is subject to full recapture if the property is not used in Maine for a full 12 months following the date placed in service. Taxpayers must add back to income any bonus depreciation claimed on the property for which the credit is claimed, but may not recapture the add-back amount in future years. 36 M.R.S.A. 5219-GG.

IRC CONFORMITY

Maine adjusted gross income, permitted amounts are based on federal itemized deductions and so do not include the IRC § 199A deduction.

ALTERNATIVE MINIMUM TAX

Maine does not impose an alternative minimum tax for individuals.

NET WORTH OR STOCK TAX

REGISTRATION

Maine has a franchise tax which only applies to financial institutions.

GROSS RECEIPTS TAX

REGISTRATION

Maine does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Generally a contractor will not be subject to the collection of and subsequent remittance of sales tax to the Revenue Department of Maine.

The contractor may be liable for use tax if they purchase materials and supplies in a state like New Hampshire that has no sales tax, and then uses those materials and supplies in their business in Maine.

FORMS

There is no specific form number, but applicants register through an online portal at: <https://www.maine.gov/cgi-bin/online/suwtaxreg/index>

RATES

Sales tax rate is 5.5%

Use tax rate is 5.5%

DUE DATE

Monthly by the 15

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required

ELECTRONIC PAYMENT

Can be done online through the website below, or payment can be made through check or money order.

WEBSITE

<https://www.maine.gov/cgi-bin/online/suwtaxreg/index>

MAILING ADDRESS/PHONE NUMBER

Maine Revenue Services
P.O. Box 1065
Augusta, ME 04332-1065
(207) 287-2336

TAXABLE SERVICES

The State of Maine has the service provider tax for six specific types of services. One of these services is for fabrication, which may apply to general contractors in certain situations. Fabrication services, as defined by 36 MRSA § 2551(3), may be distinguished from manufacturing by identifying the person who furnishes the raw materials to be used in production. In order for a service to be considered “fabrication,” the raw materials must be supplied by the purchaser of the services (the customer), not the supplier of the services (the fabricator). If the purchaser of the service, or a third party at the direction of the purchaser, supplies the raw materials upon which the fabrication service will occur, then these services qualify as fabrication services and are subject to the service provider tax.

Another service subject to the Maine service provider tax is the installation, maintenance, or repair of telecommunications equipment.

The service provider tax rate is 5%.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

There is no additional local sales and use tax beyond the state rate of 5.5%.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

W-4ME, Employee's Maine Withholding Allowance Certificate.

Form 900ME, Payment Voucher for Maine Income Tax Withheld.

Effective Jan 1, 2015 all withholding will be reported on Form 941ME and Unemployment Contributions Form ME UC-1.

Form W-3ME, Annual Reconciliation.

Maine provides a Guide for Employer Withholding which can be found online at: http://www.maine.gov/revenue/forms/with/2015/15_whtables.pdf

RATES

Maine generally imposes an income tax on all individuals that have Maine-source income. The income tax rates are graduated, with rates ranging from 5.8% to 7.15%.

DUE DATE

Employers or non-payroll filers whose total withholding during the period July 1, 2013 to June 30, 2014 was \$18,000 or more are required to make payments of income tax withholding on a semiweekly schedule.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

All employers and non-wage payers registered for Maine income tax withholding must electronically file Maine quarterly tax returns and annual reconciliation of Maine income tax withholding. Employers/non-payroll payers may request a waiver from the electronic filing requirement if the requirement causes undue hardship.

ELECTRONIC PAYMENT

Employers with an annual total combined tax liability for all taxes of \$10,000 or more must pay electronically.

Maine Revenue Services offers a convenient 24-hour electronic payment option called EZ Pay. You can access EZ Pay at: <https://portal.maine.gov/ezpay/welcome.do>

WEBSITE

<https://portal.maine.gov/ezpay/welcome.do>

MAILING ADDRESS

Maine Revenue Services
P.O. Box 1060
Augusta, ME 04332-1060

NEW HIRE

Maine employers are required to report specific information to the Department of Health and Human Services within seven days of the date an employee is newly hired, rehired, or terminated.

TERMINATION

See section above

INDEPENDENT CONTRACTOR TREATMENT

Maine provides a table on how to determine independent contractor status. This table can be found online at:

http://www.maine.gov/labor/misclass/how_to_determine_independent_contractor_status.shtml

Penalties for misclassification of workers as independent contractors include fines up to \$10,000.

UNEMPLOYMENT

FORMS

The registration form for employers has no specific number. It can be found at:

<http://www.maine.gov/portal/business/employer.html>

Form ME UC-1, Quarterly Return of Unemployment Contributions.

RATES

Employers are assigned an experience rating and corresponding tax rate based on that employer's specific history. The unemployment contributions are paid only on the first \$12,000 of each employee's gross earnings.

DUE DATE

The last day of the month following the end of each calendar quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

MRS Rule 104 generally requires all employers to electronically file unemployment contributions returns, waivers must be required from the State Tax Assessor.

ELECTRONIC PAYMENT

Employers with an annual total combined tax liability for all taxes of \$10,000 or more must pay electronically.

Maine Revenue Services offers a convenient 24-hour electronic payment option called EZ Pay. You can access EZ Pay at: <https://portal.maine.gov/ezpay/welcome>

WEBSITE

www.maine.gov/labor

MAILING ADDRESS

Central Registration Section
P.O. Box 1057
Augusta, ME 04332-1057

NEW HIRE

Maine employers are required to report specific information to the Department of Health and Human Services within seven days of the date an employee is newly hired, rehired, or terminated.

TERMINATION

See section above.

INDEPENDENT CONTRACTOR TREATMENT

Maine provides a table on how to determine independent contractor status. This table can be found online at:

http://www.maine.gov/labor/misclass/how_to_determine_independent_contractor_status.shtml

Penalties for misclassification of workers as independent contractors include fines up to \$10,000.

PROPERTY TAX

PERSONAL PROPERTY

The manner in which partially completed construction is valued is a local issue, treated variously by the different jurisdictions. Taxpayers are advised to contact the local assessor for specific information.

Beginning with business equipment purchased after April 1, 2007, an exemption from Maine personal property tax is available. The exemption exempts most business equipment from tax; however, certain items and taxpayers will remain subject to tax.

FORMS

Contact local jurisdiction.

RATES

Varies by locality.

DUE DATE

Municipalities may by vote determine when property taxes are due and payable to the tax collector.

DUE DATE EXTENSION

Varies by locality.

ELECTRONIC FILING

Varies by locality.

ELECTRONIC PAYMENT

Varies by locality.

WEBSITE

<http://www.maine.gov/revenue/forms/property/appsformspubs.htm>

MAILING ADDRESS/PHONE NUMBER

Varies by locality.

REAL PROPERTY

All real property located in Maine, except for specific exemptions, is subject to tax.

“Real property” is defined in Maine as all land in the state and all buildings, mobile homes, and other things affixed to the land, including trailers, improvements on public land, interests in exempt land, and light and power lines. (36 M.R.S.A. Sec. 551) Real property is taxed where located. “Personal property” is all tangible goods and chattels and all vessels. (36 M.R.S.A. Sec. 601).

REGISTRATION

Not Applicable

FORMS

Varies by locality, but many forms can be found on the Maine Revenue Services website at: <http://www.maine.gov/revenue/forms/property/appsformspubs.htm>

RATES

Varies by locality.

DUE DATE

Varies by locality.

DUE DATE EXTENSION

Varies by locality.

ELECTRONIC FILING

Varies by locality.

ELECTRONIC PAYMENT

Varies by locality.

WEBSITE

<http://www.maine.gov/revenue/forms/property/appsformspubs.htm>

MAILING ADDRESS/PHONE NUMBER

Varies by locality.

INTANGIBLES TAX

REGISTRATION

Maine does not have an intangibles tax.

FUEL TAX

REGISTRATION

Gasoline in the State of Maine is taxed at a rate of 30 cents per gallon. Diesel fuel is taxed at a rate of 31.2 cents per gallon.

FORMS

Various – see website link below.

RATES

Gasoline – \$0.30 per gallon

E10 – \$0.30 per gallon

Aviation Gas – \$0.30 per gallon

Jet Fuel – \$0.034 per gallon

DUE DATE

21st day of the month reporting for the prior month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Employers with an annual total combined tax liability for all taxes of \$10,000 or more must pay electronically.

Maine Revenue Services offers a convenient 24-hour electronic payment option called EZ Pay. You can access EZ Pay at: <https://portal.maine.gov/ezpay/welcome.do>

WEBSITE

<http://www.state.me.us/revenue/forms/fuel/fueltaxforms.htm>

MAILING ADDRESS/PHONE NUMBER

Maine Revenue Services
Sales, Fuel & Special Tax Divisions
P.O. Box 1060
Augusta, ME 04332-1060
(207) 624-9609

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

The State of Maine does have an unclaimed property program. Information about the program is available online at: www.maine.gov/treasurer/unclaimed_property

IMPACT FEES

The State of Maine allows its municipalities to charge impact fees for financing facility improvements caused by new growth. The impact fees are imposed and administered by the municipality.

MINIMUM WAGE

\$11/hour.

REGISTERED AGENTS

A listing of registered agents can be found online at:
https://www.maine.gov/cgi-bin/online/moraa/cra_list.pl

DAVIS BACON

A guide to the Davis Bacon Act is available at:
http://www.maine.gov/mdot/civilrights/docs/davisbacon/Contractors_guide_to_Davis_Bacon_Act-2018.pdf

DRUG TESTING FACILITIES

Various:
http://www.maine.gov/labor/labor_laws/substance_abuse_testing/certified_labs.html

OTHER

On 11/1/2017 Maine put out Business Guide to Sales, Use, and Service Provider Tax
On 12/7/2017 Maine released: Instructional Bulletin No. 55 – Updates Guidance on Service Provider Tax

COMMUNICATIONS

CFMA Chapters in Maine:

Maine, Fairfield, ME: <http://cafe.cfma.org/MaineFairfieldME/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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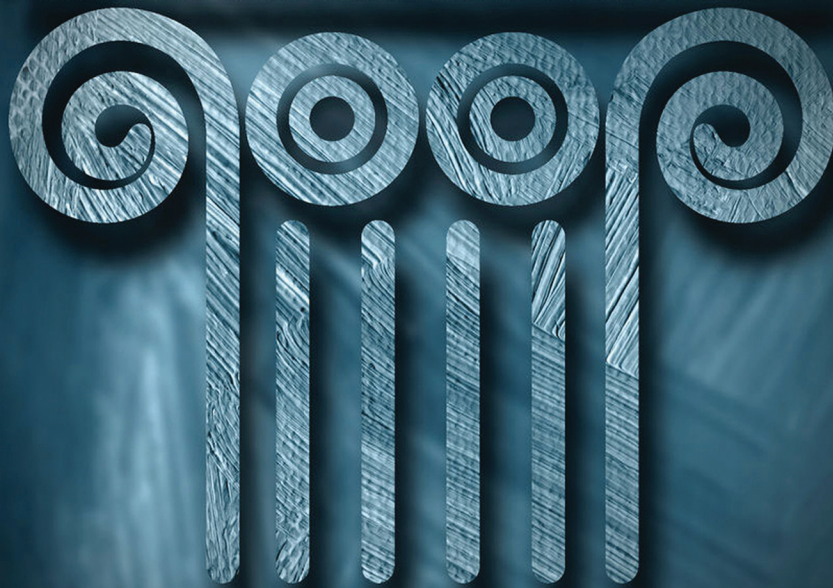
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CONSTRUCTION
FINANCIAL
MANAGER's
GUIDE TO

STATE TAX LAWS



MARYLAND

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Generally, corporations, limited partnerships, and limited liability companies must register with Maryland State Department of Assessments and Taxation, prior to conducting business in the State of Maryland.

Sole proprietorships or general partnerships require no legal entry formalities except compliance with state and local licensing and taxation requirements. One of these requirements is registering your business so that your business personal property can be properly assessed, and the business can obtain a state or local license if required. Sole proprietorships and general partnerships may file a Trade Name Application with the Maryland Department of Assessments and Taxation.

An entity may register through Maryland: [Central Business Licensing and Registration portal](#) or fill out the appropriate application form and mail or fax it to the Department of Assessments and Taxation.

FORMS

The applicable forms for registering business in Maryland are located on the State Department of Assessment and Taxation website.

<https://dat.maryland.gov/Pages/sdatforms.aspx>

Applicable forms include:

- Articles of Incorporation for Stock Corporation.
- Articles of Incorporation for Close Corporation.
- Articles of Organization of Limited Liability Company.
- Certificate of Limited Liability Partnership.
- Trade Name Application (Registration).
- Application for Sole Proprietorship and/or General Partnership, (file with the Business Personal Property Unit).

RATES, FEES, COSTS

The filing fee for registering all types of business entities is \$100 payable to State Department of Assessments and Taxation. For a full listing of fees, refer to SDAT fee schedule located on State Department of Assessments and Taxation website.

<https://egov.maryland.gov/BusinessExpress/Payment/FeesSchedule>

WEBSITE

<http://www.dat.state.md.us>

MAILING ADDRESS/PHONE NUMBER

State Department of Assessments and Taxation
Charter Division
301 W. Preston Street, 8th Floor
Baltimore, MD 21201-2395
Phone: (888) 246-5941
Fax: (410) 333-7097

ADDITIONAL ASSISTANCE

For additional assistance with registration and questions about an existing business or documents submitted to the State Department of Assessments and Taxation (SDAT), call SDAT at: (888) 246-5941 or e-mail at: SDAT.CharterHelp@Maryland.gov. Walk-in assistance is also available Monday through Friday from 8:30 a.m. to 4:30 p.m. at the SDAT office located at 301 W. Preston Street, 8th Floor.

ANNUAL RENEWALS

Domestic and foreign corporations, limited liability companies, limited liability partnerships, and limited partnerships must submit a personal property return, which serves as an annual report, to the Maryland Department of Assessments and Taxation, Personal Property Division.

FORMS

Form 1, Annual Report/Personal Property Return.

Form AT3-71, Extension Request.

RATES

\$300

DUE DATE

April 15

DUE DATE EXTENSION

The Department of Assessments and Taxation may grant a two-month extension to file Form 1 if requested by April 15. To request an extension online, go to: www.dat.maryland.gov and click on: 1) Businesses, 2) Personal Property Information and Forms, and 3) Filing Extension. When you file for an extension online, do not also submit a paper extension request.

Extension requests submitted via paper documents must be post-marked or received by the Department of Assessments and Taxation on or before March 15 and require a \$20 non-refundable processing fee for each entity. If using this method, businesses should use the Department of Assessments and Taxation's extension request Form AT3-71 to help ensure that complete and accurate information is submitted.

ELECTRONIC FILING

Optional. Available at: <https://egov.maryland.gov/Easy>

ELECTRONIC PAYMENT

Optional. Available at: <https://egov.maryland.gov/Easy>

WEBSITE

www.dat.state.md.us

MAILING ADDRESS/PHONE NUMBER

State of Maryland
Department of Assessments and Taxation
Personal Property Division
P.O. Box 17052
Baltimore, MD 21297-1052
(888) 246-5941

REGISTRATION WITH DEPARTMENT OF REVENUE

No separate registration is required for corporate income tax. For all other taxes, including employer withholding, sales and use tax, and unemployment insurance, corporations must register with the Central Registration Unit of the Revenue Administration Division of the Comptroller's Office.

FORMS

Form CRA, Combined Registration Application, can be used to register the following tax accounts:

- Income Tax Withholding Account.
- Motor Fuel Tax Account.
- Sales and Use Tax License.
- Sales and Use Tax Exemption Certificate (for non-profits).
- Use Tax Account.
- Unemployment Insurance Account.

Form EFT, Authorization Agreement for Electronic Funds Transfer, is used by businesses to seek registration for electronic funds transfers to file and pay Maryland income tax withholding, sales and use tax, motor fuel tax, and corporate income taxes.

RATES

No payment is required.

DUE DATE

Prior to business commencement.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. Corporations may file their Combined Registration Application online at: www.marylandtaxes.com.

ELECTRONIC PAYMENT

No payment is required.

WEBSITE

www.marylandtaxes.com

MAILING ADDRESS/PHONE NUMBER

Comptroller of Maryland
Central Registration
Revenue Administration Center
110 Carroll Street
Annapolis, MD 21411-0001
(410) 260-7980 or (800) 638-2937

LICENSES—GC & SPECIALTY

A State of Maryland business license is required for most businesses.

REGISTRATION

General contractors are not required to obtain a license to work in Maryland. However, any contractor working on home improvement projects is required to obtain a license from the Maryland Home Improvement Commission. Specialty contractors, such as electricians, plumbers, and HVACR contractors, are also required to be licensed by the state.

Home Improvement Contractors:

The Maryland Home Improvement Commission licenses and regulates home improvement contractors, subcontractors, and salespersons. Any contractor performing alteration, remodeling, repair, or replacement of a building or a part of a building used as a residence is required to be licensed by the Maryland Home Improvement Commission.

Electricians:

The State of Maryland only licenses master electricians. Local jurisdictions, such as cities and counties, issue general electrician, low-voltage electrician, and all other lesser licenses. If a local jurisdiction where the work is performed does not provide for one of the lesser licenses, an electrician is required to obtain a Master Electrician License from the Board of Master Electricians. When applying for a state license, electricians must pass an exam given by PSI Examination Services (PSI).

Plumbers:

Plumbers are required to obtain a state license for projects located throughout the State of Maryland, except for Baltimore County and areas served by Washington Suburban Sanitary Commission. These jurisdictions have their own codes and issue their own licenses. Prior to obtaining a license from the Board of Plumbers, a plumber must pass an exam given by PSI. State Board of Plumbers also licenses gas fitter contractors.

HVACR Contractors:

HVACR contractors are required to be licensed by the Board of Heating, Ventilation, Air Conditioning, and Refrigeration Contractors. The board regulates both commercial and residential HVACR services.

Contractors interested in doing business with the State of Maryland may register with Maryland Department of General Services through eMaryland Marketplace, an internet-based state procurement system. eMaryland Marketplace provides contractors and other vendors with easy access to state procurement information as well as electronic bid solicitation, submission, and results.

<https://emaryland.buyspeed.com/bsol/>

TESTS AND EXAMS

PSI Examination Services administers testing for electricians, plumbers, and home improvement and HVACR contractors.

Master Electricians. PSI has testing centers located in Baltimore, College Park, Hagerstown, Lanham, and Salisbury. You can find out about testing dates by contacting PSI at: 1-800-733-9267. PSI will send a Qualification Information Handbook with an application for examination. The examination fee is \$65.

Contact: PSI Examination Services, 3210 E. Tropicana, Las Vegas, NV 89121.

Plumbers. Examination Dates: Examinations for Journey and Master plumbing licenses are given at least weekly at PSI's computerized testing centers which are located in Baltimore, College Park, Salisbury, and Hagerstown.

To apply to take either examination contact: PSI Examination Services, 100 West Broadway, Suite 1100, Glendale, CA 91210-1202. Or call 1-800-733-9267.

Home Improvement and HVACR Contractors. For further details on testing for all types of contractors, including Home Improvement and HVACR, visit:
<http://www.dllr.maryland.gov/license/hms/>

FORMS

License applications for construction of buildings, heavy and civil engineering construction, and specialty trade contractors can be found at:

<http://business.maryland.gov/start/licensing/statewide-licenses#home/businesscategorydetails/54db7bc58c2606241c4bf658/>

RATES

Licensing fees depend on the types of licenses requested and whether the application is for an original license or a renewal of an existing license. The fees range is as follows:

- Home Improvement: Original – \$120 to \$370; Renewal – \$100 to \$405.
- Electricians: Original – \$20; Renewal – \$25 to \$50.
- Plumbers: License Fee – \$15 to \$70; Exam/Application Fee – \$25 to \$65.
- HVACR: Original and renewal range based on license level from \$10 to \$75.

For details on licensing fees, visit: <http://www.dllr.state.md.us/license/oplic.shtml>

DUE DATE

Prior to beginning of work.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. License applications can be completed at Maryland Department of Labor, Licensing, and Regulation website via:

<http://business.maryland.gov/start/licensing/statewide-licenses#home/businesscategorydetails/54db7bc58c2606241c4bf658/>

ELECTRONIC PAYMENT

Optional

WEBSITE

www.dllr.maryland.gov/license

MAILING ADDRESS/PHONE NUMBER

Maryland Home Improvement Commission
P.O. Box 17409
Baltimore, MD 21297-1409
(410) 230-6309

RECIPROCITY STATES

Home Improvement Commission. The Maryland Home Improvement Commission does not offer reciprocity with any other states because each licensee must demonstrate knowledge of the Maryland laws and regulations.

Master Electricians: West Virginia, Virginia, and Delaware. An individual who is licensed by the West Virginia State Fire Marshal may apply to the State Board of Master Electricians without having to take the Maryland written licensure exam, so long as the applicant passed the licensure exam in West Virginia and has held the license for at least two years, in good standing.

Individuals holding a license in good standing in Virginia who have passed the written examination in Virginia may apply for licensure in Maryland without taking the Maryland written exam.

Additionally, licensees holding a Delaware license in good standing for at least five years who passed the exam in Delaware may also apply for licensure without taking the Maryland written exam.

Plumbers: Delaware. The State Plumbing Board reciprocates with the State of Delaware; for the Master Plumber/Gasfitter license ONLY, you can apply online or call the State Board of Plumbing for an application.

HVACR: None

EQUITY REQUIREMENT

Contractors are required to have a net worth of \$20,000 or more. The Maryland Home Improvement Commission requires each contractor to show financial solvency because the Guaranty Fund will compensate a homeowner up to \$20,000 (or the amount of the contract) in the event the contractor performs an unworkmanlike, inadequate, or incomplete home improvement. Any applicant who does not meet the financial solvency guidelines may purchase a surety bond or obtain an indemnitor, or co-signer.

FINANCIAL STATEMENT REQUIREMENTS

Personal financial statements must be attached to the application for Home Improvement License.

LOCAL LICENSES

REGISTRATION

Many counties and other local jurisdictions require contractors to obtain proper licensing prior to beginning of work. Contractors must contact local jurisdictions where the project is located in order to ensure compliance with the licensing requirements.

Most counties in Maryland require specific licenses or permits. To find out what is needed for your business, visit: <http://business.maryland.gov/start/licensing/county-licenses>

INCOME TAX

INCOME TAX—C CORPORATION

Maryland imposes corporate income tax on the Maryland taxable income of domestic and foreign corporations doing business in Maryland.

FORMS

Form 500, Corporation Income Tax Return.

Form 500E, Application for Extension to File Corporation Income Tax Return.

RATES

8.25%

DUE DATE

Form 500 must be filed by the 15th day of the fourth month following the close of the tax year or period, or by the original due date required for filing the federal return.

DUE DATE EXTENSION

If a corporation cannot file its return by the due date, it may request an automatic seven months extension by filing Form 500E, Application for Extension to File Corporation Income Tax Return. A corporation must pay 100% of outstanding tax liability with Form 500E or by Electronic Fund Transfer (EFT) by original due date to avoid penalties. Extension requests may be submitted electronically if no tax is due, unless it is the corporation's first filing.

ELECTRONIC FILING

Corporations may file income tax returns either on paper or electronically. However, if a corporation plans to claim business income tax credit from Form 500CR, or a Sustainable Communities Tax Credit from Form 502, it must file electronically.

The following vendors are offering approved forms for business taxpayers for Maryland's electronic filing (eFile) program:

http://taxes.marylandtaxes.com/Tax_Professionals/Vendors_and_Developers/Approved_Vendors/eFileSoftwareVendors_Business.pdf

ELECTRONIC PAYMENT

Corporations making payments of \$10,000 or more must pay by EFT. Other taxpayers may elect to pay electronically. Prior registration with the Comptroller of Maryland (Comptroller), is required for electronic payments. To obtain a registration form, visit: www.marylandtaxes.com or call: (410) 260-7980.

WEBSITE

www.marylandtaxes.com

MAILING ADDRESS

Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, MD 21411-0001

ESTIMATED TAX

A corporation must make estimated tax payments if it reasonably expects its Maryland tax liability for the tax year or period to exceed \$1,000. A corporation must pay at least 90% of current year tax liability or 110% of previous year tax liability to avoid interest and penalties.

FORMS

Form 500D, Corporation Declaration of Estimated Tax.

RATES

At least 25% of the total estimated tax must be remitted by each of the installments due dates.

DUE DATE

File Form 500D on or before the 15th day of the 4th, 6th, 9th, and 12th month following the beginning of the tax year or period.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Corporations may file their estimated payments either on paper or electronically.

ELECTRONIC PAYMENT

Corporations may pay their estimated tax using one of the following methods:

- 1) Electronic Funds Transfer – Taxpayers must register before using this method. To obtain a registration form, visit: www.marylandtaxes.com or call: (410) 260-7980.
- 2) Filing Electronically – Using Modernized Electronic Filing method (software provider must be approved by the IRS and Revenue Administration Division).

Corporations making payments of \$10,000 or more must use one of these two electronic methods.

WEBSITE

www.marylandtaxes.com

MAILING ADDRESS/PHONE NUMBER

Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, MD 21411-0001
(410) 260-7980

ALTERNATIVE MINIMUM TAX

Maryland does not impose alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Maryland permanently decoupled from federal bonus depreciation, increased IRC Section 179 asset expense deduction, and NOL carryback. Maryland also decoupled from the federal provision (IRC 108(i)) that allows taxpayers to defer income from the discharge of indebtedness in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of a corporate or business debt instrument.

Other adjustments and modifications to federal taxable income include related-party transactions, state and local income taxes, domestic production activities deduction, deduction for dividends paid by captive REIT, and income from U.S. obligations.

ALLOCATION AND APPORTIONMENT FACTORS

Contractors should use the statutory three-factor apportionment formula containing the elements of property, payroll, and triple-weighted sales used to determine the Maryland modified income apportioned to Maryland. The apportionment factor is a fraction, the numerator of which is the sum of the property factor, payroll factor, and triple the sales factor, and the denominator is five.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Maryland does not conform to the provisions of UDITPA.

OTHER MULTISTATE COMPACT

Maryland is an associate and project member of the Multistate Tax Commission.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Maryland does not use industry specific formula for contractors.

CREDITS AND TAX INCENTIVES

Maryland offers the following incentives and credits:

- Enterprise Zone Tax Credit.
- Maryland Disability Employment Tax Credit.
- Maryland Research and Development Tax Credit.
- Security Clearance Costs Tax Credit.
- Job Creation Tax Credit.
- Community Investment Tax Credit.
- Business that Create New Jobs Tax Credit.
- Employer-Provided Long-Term Care Insurance Tax Credit.
- Maryland-Mined Coal Tax Credit.
- One Maryland Economic Development Tax Credit.
- Commuter Tax Credit.
- First Year Leasing Costs Tax Credit for a Qualified Small Business.
- Oyster Shell Recycling Tax Credit.
- Wineries and Vineyards Tax Credit.
- Biotechnology Investment Incentive Tax Credit.
- Maryland Clean Energy Incentive Tax Credit.
- Film Production Activity Tax Credit.
- Small Business Research and Development Tax Credit.
- Sustainable Communities Tax Credit.

INCOME TAX—S CORPORATION

The corporation income tax applies to every Maryland corporation and to every foreign corporation which has Nexus with Maryland.

REGISTRATION

No separate registration is required for corporate income tax. For all other taxes, including employer withholding, sales and use tax, and unemployment insurance, S corporations must register with Central Registration Unit of the Revenue Administration Division of the Comptroller's Office.

FORMS

Form 510, Pass-Through Entity Income Tax Return.

Form 510E, Maryland Application for Extension to File Pass-Through Entity Income Tax Return.

RATES

Maryland does not impose entity-level tax measured by income, net worth, or capital value of an S corporation. However, if an S corporation is owned by a nonresident, it may be subject to the nonresident pass-through entity (PTE) income tax.

If there are nonresident members, the PTE nonresident tax applies and must be paid by the PTE on behalf of these members. PTEs must pay a tax consisting of 5.75%, in addition to a special nonresident tax of 1.75%, of the nonresident individual and nonresident fiduciary members' distributive or pro rata shares of income allocable to Maryland.

PTEs also are required to pay a tax at the rate of 8.25% of income allocable to Maryland on behalf of all members who are nonresident entities.

S corporations subject to federal corporation income tax, such as for excess net passive income or built-in gains, also are subject to Maryland corporation income tax. Use Form 500, Maryland Corporation Income Tax Return, to calculate the amount of Maryland corporation income tax.

DUE DATE

Form 510 must be filed by the 15th day of the fourth month following the close of the tax year or period.

DUE DATE EXTENSION

If unable to file Form 510 by the due date, an S corporation may request an automatic seven-month extension by filing Form 510E, Maryland Application for Extension to File Pass-Through Entity Income Tax Return, by the 15th day of the fourth month following the close of the tax year or period. Full payment of any balance due must be submitted with the extension request.

ELECTRONIC FILING

S corporations may file their returns either on paper or electronically. However, if an S corporation plans to claim tax credits from Form 500CR or 502S, it must file electronically. For more information, contact Maryland e-File Help Desk at: (410) 260-7753 or visit: www.marylandtaxes.com

ELECTRONIC PAYMENT

Not Available

WEBSITE

www.marylandtaxes.com

MAILING ADDRESS/PHONE NUMBER

Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, MD 21411-0001
(410) 260-7980 or (800) 638-2937

COMPOSITE RETURNS FOR S

An S corporation with at least two nonresident shareholders can file a composite Maryland income tax return on behalf of qualified nonresident individual shareholders. Fiduciary and nonresident entity members may not participate in composite returns. All members who qualify and elect to be included on the composite return must agree that the PTE is their agent for the receipt of any refund or for payment of any tax due.

ALLOWED OR NOT ALLOWED

Allowed for S corporations with at least two nonresident individual shareholders.

FORMS

Form 510C, Composite Pass-Through Entity Income Tax Return.

Form 502E, Application for Extension to File Personal Income Tax Return.

RATES

7.5%

DUE DATE

April 15

DUE DATE EXTENSION

If you owe any tax, file Form 502E, along with your payment on or before April 15 for a seven-month extension. If you are filing on a fiscal-year basis, file by the regular due date of your return.

You may request your extension at: www.marylandtaxes.com and use electronic funds withdrawal (direct debit) from your savings or checking account.

Do not file Form 502E if, after completing the tax payment worksheet, you find that you do not owe additional tax. However, be aware that if an unpaid liability is disclosed when you file your return, you may owe penalty and interest charges in addition to the tax.

ELECTRONIC FILING

Not Available

ELECTRONIC PAYMENT

Not Available

WEBSITE

www.marylandtaxes.com

MAILING ADDRESS

Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, MD 21411-0001

ESTIMATED TAX FOR S

S corporations are required to pay tax on behalf of all nonresident shareholders. When the tax is expected to exceed \$1,000 for the tax year, an S corporation must make quarterly estimated payments. The total estimated tax payments for the year must be at least 90% of the current year tax or 110% of the prior year tax in order to avoid interest and penalty.

FORMS

Form 510D, Maryland Pass-Through Entity Declaration of Estimated Income Tax.

RATES

7.5% for nonresident individual tax.

8.25% for nonresident entity tax.

DUE DATE

Form 510D must be filed on or before the 15th day of the 4th, 6th, 9th, and 12th month following the beginning of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. Filing electronically by using the Modernized Electronic Filing method (software provider must be approved by the IRS and Revenue Administration Division). If filed electronically, do not mail Form 510D; retain it with company's records.

ELECTRONIC PAYMENT

Optional. If you need to make additional payments for the current tax year, you may file electronically by using the Modernized Electronic Filing method (software provider must be approved by the IRS and Revenue Administration Division), or you can go to: www.marylandtaxes.com and download another Form 510D.

WEBSITE

www.marylandtaxes.com

MAILING ADDRESS

Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, MD 21411-0001

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

If the S corporation has nonresident members, the PTE nonresident tax applies and must be paid by the S corporation on behalf of these members.

S corporations are required to pay tax on behalf of all nonresident shareholders. When the tax is expected to exceed \$1,000 for the tax year, an S corporation must make quarterly estimated payments. Income subject to withholding includes pro rata share of entity's apportionable income, gain, and loss from lines 1-10 of federal Schedule K.

A PTE may elect to file a Composite Maryland Income Tax Return, Form 510C, on behalf of qualified nonresident individual members. See above section for information on composite returns.

FORMS

Form 510, Pass-Through Entity Income Tax Return.

Form 510D, Maryland Pass-Through Entity Declaration of Estimated Income Tax.

Form 510E, Application for Extension to File Pass-Through Entity Income Tax Return.

RATES

7.5% for individual shareholders.

8.25% for entity shareholders.

DUE DATE

- Form 510 must be filed by the 15th day of the fourth month following the close of the tax year or period.
- Form 510D must be filed on or before April 15, June 15, September 15, and December 15, or 15th day of 4th, 6th, 9th, and 12th month after beginning of taxable year.

DUE DATE EXTENSION

If unable to file Form 510 by the due date, an S corporation may request an automatic seven-month extension by filing Form 510E, Maryland Application for Extension to File Pass-Through Entity Income Tax Return, by the 15th day of the fourth month following the close of the tax year or period. Full payment of any balance due must be submitted with the extension request.

ELECTRONIC FILING

Not Available

ELECTRONIC PAYMENT

Not Available

WEBSITE

www.marylandtaxes.com

MAILING ADDRESS/PHONE NUMBER

Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, MD 21411-0001
(410) 260-7980 or (800) 638-2937

PAYMENT ON INCOME OR DISTRIBUTIONS

Income subject to withholding includes pro rata share of entity's apportionable income, gain, and loss from lines 1-10 of federal Schedule K.

S CORPORATION TREATMENT

Maryland follows federal treatment of S corporations.

C TREATMENT

Not Applicable

RECOGNIZE FEDERAL S ELECTION

Maryland recognizes federal S corporation election.

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Maryland follows federal treatment of partnerships and LLCs.

COMPOSITE RETURNS

A partnership or an LLC with at least two nonresident partners/members can file a composite Maryland income tax return on behalf of qualified nonresident individual partners or members. Fiduciary and nonresident entity members may not participate in composite returns. All members who qualify and elect to be included on the composite return must agree that the PTE is their agent for the receipt of any refund or for payment of any tax due.

FORMS

Form 510, Pass-Through Entity Income Tax Return.

RATES

Maryland does not impose entity-level tax measured by income, net worth, or capital value of a partnership or an LLC. However, if a partnership or an LLC has nonresident owners, it may be subject to the nonresident pass-through entity income tax.

If there are nonresident members, the pass-through entity nonresident tax applies and must be paid by the PTE on behalf of these members. PTEs must pay a tax consisting of 5.75%, in addition to a special nonresident tax of 1.75%, of the nonresident individual and nonresident fiduciary members' distributive or pro rata shares of income allocable to Maryland.

PTEs also are required to pay a tax at the rate of 8.25% of income allocable to Maryland on behalf of all members who are nonresident entities.

DUE DATE

Form 510 must be filed by the 15th day of the fourth month following the close of the tax year or period.

DUE DATE EXTENSION

If unable to file Form 510 by the due date, a partnership or an LLC may request an automatic seven-month extension by filing Form 510E, Maryland Application for Extension to File Pass-Through Entity Income Tax Return. Full payment of any balance due must be submitted with the extension request.

ELECTRONIC FILING

Partnerships and LLCs may file their returns either on paper or electronically. However, if a partnership or LLC plans to claim tax credits from Form 500CR or 502S, it must file electronically. For more information, contact Maryland e-File Help Desk at: (410) 260-7753 or visit: www.marylandtaxes.com

ELECTRONIC PAYMENT

Not Available

WEBSITE

www.marylandtaxes.com

MAILING ADDRESS

Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, MD 21411-0001

INCOME TAX—INDIVIDUAL

Maryland imposes personal income tax on the Maryland taxable income of individuals and fiduciaries. Maryland counties and the City of Baltimore also impose a local income tax. The starting point in computation of Maryland personal income tax is federal adjusted gross income. Maryland requires additions and subtractions for certain provisions of the Internal Revenue Code not adopted by Maryland. Either standard deduction or itemized deduction are allowed to arrive at Maryland taxable income.

Part-year residents are taxed on the portion of income earned while they were residents of Maryland.

Nonresidents are taxed on the portion of federal adjusted gross income that is derived from tangible real or personal property permanently located in the state; income from a trade, business, profession, or occupation carried on in the state; and all gambling winnings derived from the state sources.

Nonresidents are also subject to special tax on nonresidents. The tax is levied at the lowest county income tax rate set by any Maryland county.

FORMS

Form 502, Maryland Resident Income Tax Return.

Form 505, Maryland Nonresident Income Tax Return.

Form 515, Nonresident Local Tax Return.

Form 502E, Application for Extension to File Personal Income Tax Return.

RATES

Maryland personal income tax is computed using a graduated tax rate scale with rates ranging from 2% to 5.75%. Taxpayers must use tax tables provided with the applicable form instructions.

Local income tax rates are also published in the applicable form instructions. As noted in the previous section, nonresidents are subject to the lowest county income tax rate.

DUE DATE

April 15

DUE DATE EXTENSION

If a taxpayer filed a federal extension and they do not expect to owe Maryland personal income tax, they are granted an automatic six-month extension to file their Maryland personal income tax return. If no federal extension was filed, file your extension online at: www.marylandtaxes.com or by phone at: (410) 260-7829.

If the taxpayers expect to owe Maryland personal income tax, they can request a six-month extension by filing Form 502E, Application for Extension to File Personal Income Tax Return, and pay their tax liability by the original due date of the return.

Filing federal extension or Maryland Form 502E extends the due date until October 15.

ELECTRONIC FILING

Optional. Maryland offers several electronic filing options for individual taxpayers. Taxpayers utilizing services of paid preparers, may be required to file electronically. For listing of electronic filing options, visit the Comptroller's website listed below.

ELECTRONIC PAYMENT

Optional. If your paper or electronic tax return has a balance due, you may pay electronically at: www.marylandtaxes.com by selecting BillPay. The amount you designate will be debited from your bank or financial institution on the date that you choose.

WEBSITE

<http://taxes.marylandtaxes.com/>

MAILING ADDRESS/PHONE NUMBER

Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, MD 21411-0001
1-(800)-MD TAXES or (410) 260-7980

FED RETURN ATTACHED TO STATE RETURN

Not Required

STATE CONSTRUCTION-RELATED CREDITS

- Biotechnology Investment Incentive Tax Credit.
- Businesses That Create New Jobs Tax Credit.
- Clean Energy Incentive Tax Credit.
- Community Investment Tax Credit.
- Commuter Tax Credit.
- Employer-Provided Long-Term Care Insurance Tax Credit.
- Enterprise Zone Tax Credit.
- Film Production Activity Tax Credit.
- First-Year Leasing Costs Tax Credit for Qualified Small Businesses.
- Job Creation Tax Credit.
- Maryland Disability Employment Tax Credit.
- Maryland Employer Security Costs Tax Credit.
- Maryland-Mined Coal Tax Credit.
- Maryland Wineries and Vineyards Tax Credit.
- One Maryland Economic Development Tax Credit.
- Oyster Recycling Tax Credit.
- Research and Development Tax Credits.
- Sustainable Communities Tax Credit from Form 502S.
- Wineries and Vineyards Tax Credit.

IRC CONFORMITY

Maryland uses federal adjusted gross income as a starting point for computation of Maryland adjusted gross income. However, Maryland does not incorporate the following provisions of the IRC:

- 30%, 50%, or 100% depreciation deduction under IRC Section 168(k).
- Increased Section 179 deduction.
- Exclusion of heavy-duty sports utility vehicles with gross vehicle weights between 6,000 and 14,000 from the luxury auto depreciation limits under IRC Section 280F.
- Extended net operating loss carryback provisions under IRC Section 172(b)(1)(h) for losses incurred in 2001, 2002, 2008, and 2009.

Other additions and subtractions are required for computation of Maryland taxable income. Taxpayers must refer to the individual income tax return instruction booklets.

Maryland adopts the current IRC for corporations and individuals. Maryland has not decoupled from the business interest deduction limitation under IRC § 163(j) as enacted by the 2017 Tax Cuts and Jobs Act.

While Maryland allows individual taxpayers to take certain deductions from Maryland adjusted gross income, permitted amounts are based on federal itemized deductions and so do not include the IRC § 199A deduction.

ALTERNATIVE MINIMUM TAX

Maryland does not impose alternative minimum tax.

NET WORTH OR STOCK TAX

Maryland does not impose a net worth or stock tax.

GROSS RECEIPTS TAX

Maryland does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, many cities, counties, and municipalities throughout Maryland might have additional registration requirements that may affect your business. Contact the local government office and the county assessor's office in the location in which you have an interest for information on local or county taxes and licensing that may be needed for your business.

To obtain more information about business license taxes by county, visit:
<http://business.maryland.gov/start/licensing/county-licenses>

STATE SALES AND USE TAX

REGISTRATION

Contractors must obtain a sales and use tax license from the Central Registration Unit of the Revenue Administration Division of the Comptroller's Office prior to conducting any business in the state. Sales and use tax registrations can be obtained by completing a Combined Registration Application, Form CRA, either online or by paper: http://taxes.marylandtaxes.com/Business_Taxes/New_Businesses/Business_Registrations_Forms/

Maryland regards contractors as consumers of materials they install. Therefore, contractors must pay Maryland sales tax on all purchases of materials that will be incorporated into the real estate property. Exemption from sales and use tax are available for purchases of materials that will be incorporated into real property of a private, nonprofit religious, charitable, or educational organization or volunteer fire, ambulance, or rescue company. When materials are purchased from an out-of-state vendor, a contractor is required to pay use tax.

FORMS

Form 202, Sales and Use Tax Return.

RATES

6%

DUE DATE

The due date for filing a monthly sales tax report is the 20th day of the following month. For the quarterly filers the due dates are April 20, July 20, October 20, and January 20. If a due date falls on a Saturday, Sunday, or holiday, the report is due on the next business day.

If the Comptroller determines from an application for a license, previous reporting history, or through audit that a taxpayer is expected to remit less than \$100 per month in taxes, the Comptroller can assign a filing basis that is less frequent than monthly.

DUE DATE EXTENSION

An extension of time for filing returns can be granted by the Comptroller for a reasonable period, if the Comptroller finds that good cause exists. Interest is charged on any unpaid tax.

ELECTRONIC FILING

Optional. Sales tax returns can be filed electronically using state's bFile electronic filing system. Taxpayers must create a new user account prior to utilizing this service.

bFile: <https://interactive.marylandtaxes.com/Business/bFile/OSC/SelectApp.aspx>

ELECTRONIC PAYMENT

Electronic payments can be made using the state's bFile system. Payments of tax liabilities in excess of \$10,000 are required to be made by EFT. Taxpayers must register with EFT program prior to utilizing this service.

WEBSITE

http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Sales_and_Use_Tax/

MAILING ADDRESS

Sales and use tax returns and payments:

Comptroller of Maryland
Revenue Administration Division
P.O. Box 17405
Baltimore, MD 21297-1405

Correspondence and questions:

Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, MD 21411-0001

GRANDFATHERING OF RATE CHANGES

No specific guidance

GOVERNMENT PROVIDED MATERIALS

Materials incorporated into real property owned by governments, diplomatic embassies, and credit unions are taxable when purchased. A contractor may not use an exemption certificate held by one of these entities to purchase materials free from sales tax.

TAXABLE SERVICES

The sale of services is generally not taxable except for certain taxable services provided by law. The following services are subject to Maryland sales and use tax:

- Fabrication, printing, or production of tangible personal property by special order;
- Commercial cleaning or laundering services of linens for hotels, motels, restaurants, and other buyers engaged in businesses that require these recurring services;
- Cleaning of commercial or industrial buildings;
- Telecommunication services, including prepaid telephone calling arrangements;
- Security services;
- Credit reporting.

For complete listing of taxable services, review Title 03-Subtitle 06 – Sales and Use Tax, located on the Comptroller's website.

LOCAL SALES AND USE TAX (City/County/Special)

There is no local sales tax in Maryland.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

MW506, Employer's Return of Income Tax Withheld.

Maryland does not automatically send paper coupon booklets for employer withholding tax. Employers may file their withholding tax returns utilizing the bFile platform. If employers cannot file electronically, they can request paper coupons by emailing to: IWANTMYWHCOUPONS@comp.state.md.us or by writing to:

Comptroller of Maryland
Revenue Administration Division
Withholding Coupons
P.O. Box 1829
Annapolis, MD 21404

RATES

Employers may use the regular method withholding tables to determine the correct amount of state and local income tax that must be withheld from employee wages. To determine a precise amount to be withheld, employers must use the percentage method tables.

The total income tax required to be withheld on wages for the purposes of the withholding tables and schedules is calculated without regard to the marginal state income tax rates of less than 4.75%.

[Percentage Method](#)

[Regular Method](#)

DUE DATE

Generally, all new accounts are placed on a quarterly filing frequency. However, when completing the Central Registration Application electronically, employers can choose a quarterly or monthly filing frequency. All accounts are reviewed once a year to determine if a filing category needs to be changed.

Businesses must file withholding reports according to the following categories:

Accelerated: Employers who were required to withhold \$15,000 or more for the preceding calendar year and also have accumulated \$700 of withholding tax in any pay period. The report must be filed within three business days following the payroll (payday).

Quarterly: Employers with less than \$700 of withholding per quarter. The report is due on the 15th day of the month that follows a calendar quarter in which income was withheld.

Monthly: Employers with more than \$700 of withholding in any one quarter. The report is due on the 15th day of the month following the month in which the income tax was withheld.

Seasonally: Employers who operate only during certain months. Employers must obtain prior approval to file seasonally.

Annually: Employers with less than \$250 withholding per calendar year are required to remit the tax withheld on an annual basis. The report is due on or before January 31 in the year that follows the year in which the income tax was withheld.

If the due date falls on a Saturday, Sunday, or state holiday, the report is due on the next business day.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is available through Maryland's bFile platform. Taxpayers must create a user account prior to utilizing this service.

bFile: <https://interactive.marylandtaxes.com/business/bfile/osc/selectapp.aspx>

ELECTRONIC PAYMENT

Electronic payments can be made using direct debit or EFT. Taxpayers must register with the EFT program prior to utilizing this service. The registration form is available on the Comptroller's website.

Taxpayers may also make payments by a credit card.

WEBSITE

http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Income_Tax/Employer_Withholding/

MAILING ADDRESS/PHONE NUMBER

Comptroller of Maryland
Revenue Administration Division
P.O. Box 17132
Baltimore, MD 21297-0175
(410) 260-7980 or (800) 638-2937

NEW HIRE

Maryland requires employers to submit new hire reports within 20 days of hiring or rehiring an employee. The reports can be mailed to:

Maryland State Directory of New Hires
P.O. Box 1316
Baltimore, MD 21203-1316
Fax: (410) 281-6004 or toll-free fax 1-(888) 657-3534

There are a variety of ways to report new hires, including online reporting, electronic reporting, and by mail or fax. Maryland issues income withholding orders electronically. Employers may report new hires electronically by registering with Maryland State Directory of New Hires.

www.MDNewHire.com

TERMINATION

Employers can close their withholding accounts by calling: (410) 260-7980 from Central Maryland, or 1-(800) 638-2937 from elsewhere, Monday - Friday, 8:00 a.m. - 4:30 p.m.

The following information is required to close account:

- 1) Name.
- 2) Telephone number.
- 3) Account number.
- 4) Reason for closing the account (out of business, no employees, etc.).
- 5) Closing date.

Employers can also close their accounts by completing and remitting the Final Report Form available in their withholding coupon booklet, or by completing:

[Form MW506FR](#)

INDEPENDENT CONTRACTOR TREATMENT

Maryland follows Workplace Fraud Act's ABC test in determining whether a worker in construction industry is an employee or independent contractor. The ABC test is a three-pronged test, under which an employer-employee relationship is presumed

unless the individual performing the work is either exempt or the employer demonstrates that:

- A. The individual is free from control and direction;
- B. The individual customarily is engaged in an independent business of the same nature; and
- C. The work is outside of the usual course of business of the employer or performed outside of any place of business of the employer.

Work is deemed to be “outside the usual course of business” if the individual:

- Performs the work off the employer’s premises;
- Performs work that is not integrated into the employer’s operation; or
- Performs work unrelated to the employer’s business.

UNEMPLOYMENT

FORMS

Form DLLR/OUI 15/16, Contribution and Employment Report.

RATES

For 2019, the range of rates will be from 0.3% to 7.5%. For new employers the rate is 2.6%. There is an exception for the new employers’ rate for new construction employers headquartered in another state, which will be 4.8%. For all the taxable base is \$8,500.

DUE DATE

The reports are due by the end of the month following the close of each calendar quarter. Payment is due with the return.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. Electronic filing is available through Maryland Department of Labor and Industry WebTax platform. Enrollment is required prior to utilizing this service:
<http://www.dllr.state.md.us/employment/uitaxapps.shtml>

ELECTRONIC PAYMENT

Optional. Electronic payments can be made using ACH debit or ACH credit and EFT. Signed Electronic Funds Agreement is required prior to using this service.

Electronic payments can also be made by a credit card through Official Payments Corporation. A convenience fee will be charged for utilizing this service.

WEBSITE

<http://www.dllr.state.md.us/employment/uitax.shtml>

MAILING ADDRESS

Division of Unemployment Insurance
P.O. Box 17291
Baltimore, MD 21297-0365

NEW HIRE

Maryland requires employers to submit new hire reports within 20 days of hiring or rehiring an employee. The reports can be mailed to:

Maryland State Directory of New Hires
P.O. Box 1316
Baltimore, MD 21203-1316
Fax: (410) 281-6004 or Toll-free fax: 1-(888) 657-3534

There are a variety of ways to report new hires, including online reporting, electronic reporting, and by mail or fax. Maryland issues income withholding orders electronically. Employers may report new hires electronically by registering with Maryland State Directory of New Hires: www.MDNewHire.com

TERMINATION

Employers can terminate their Maryland unemployment insurance accounts by notifying the Division of Unemployment Insurance that they no longer pay remuneration to employees by entering a date on line 9 of the Contribution Report. Alternatively, employers may notify the Division of Unemployment Insurance by one of the following methods:

- 1) Fax 410-767-2748
- 2) E-mail to: status@dllr.state.md.us
- 3) Letter to:
Employer Status Unit
1100 N. Eutaw Street, Room 409
Baltimore, MD 21201

The notice should include the date that wages were last paid to employees and, if applicable, the name, address, and telephone number of a successor employer.

INDEPENDENT CONTRACTOR TREATMENT

See Withholding section above.

PROPERTY TAX

PERSONAL PROPERTY

Tangible personal property located in Maryland is generally subject to assessment and taxation in the county and, if applicable, in the municipality where the tangible personal property is permanently located. All tangible personal property used in business is subject to tax.

REGISTRATION

Taxpayers must register with Maryland Department of Assessments and Taxation.

FORMS

Form 1, Personal Property Return (for domestic and foreign incorporated entities).

Form AT3-51, Personal Property Return (for sole proprietorships and general partnerships).

RATES

\$100 to \$300 annual report fee is due with the filing of personal property tax return. Assessment rates are set annually by each county and municipality and published by Maryland Department of Assessments and Taxation on the website.

<https://dat.maryland.gov/Pages/Tax-Rates.aspx>

DUE DATE

The due date for filing personal property return is April 15. Personal property tax assessment payments are due on July 1. No penalty or interest will be imposed, if the tax is paid by September 30.

DUE DATE EXTENSION

June 15 for filing personal property return.

ELECTRONIC FILING

Optional. Available at: <https://egov.maryland.gov/Easy>

ELECTRONIC PAYMENT

Optional. Available at: <https://egov.maryland.gov/Easy>

WEBSITE

<https://dat.maryland.gov/businesses/Pages/Business-Personal-Property.aspx>

MAILING ADDRESS/PHONE NUMBER

Originally filed returns:
State of Maryland
Department of Assessments and Taxation
Personal Property Division
P.O. Box 17052
Baltimore, MD 21297-1052

Amended returns, certified mail, and overnight delivery:
State of Maryland
Department of Assessments and Taxation
Personal Property Division
301 West Preston Street, Room 801
Baltimore, MD 21201-2395
(410) 767-4991 or (888) 246-5941 within Maryland
www.dat.maryland.gov

REAL PROPERTY

All real property, unless specifically exempt, is subject to assessment and taxation in the state, the county, and, if applicable, municipality or special tax district where the real property is located.

REGISTRATION

Not required

FORMS

Assessment bills are mailed to taxpayers on or before July 1.

RATES

Rates are published annually by Maryland Department of Assessments and Taxation on the department's website.

<https://dat.maryland.gov/Pages/Tax-Rates.aspx>

DUE DATE

Real property assessment payments are due July 1. However, no penalty or interest will be imposed if the payment is received by September 30.

DUE DATE EXTENSION

None

ELECTRONIC FILING

Contact the county in which your property is located for electronic filing availability.

ELECTRONIC PAYMENT

Contact the county in which your property is located for electronic payment availability.

WEBSITE

<https://dat.maryland.gov/realproperty/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Mailing addresses and telephone numbers of local tax billing and collection offices can be found on Maryland Department of Assessment and Taxation website.

https://dat.maryland.gov/Pages/Contact_us.aspx

INTANGIBLES TAX

Maryland does not impose tax on intangible property.

FUEL TAX

REGISTRATION

Contractors should use the Form CRA, Combined Registration Application, to register for the motor fuels taxes. For more detailed information see the Registration section above.

There is also a Motor Fuels License filed with the MATT Regulatory Division of the Comptroller. Licenses and related exemption certificates expire on May 31 of each year.

In addition, IFTA registration is required if contractors travel into more than one IFTA jurisdiction. Contractors may obtain IFTA registration by filling out a paper application or filing an online application through the Comptroller's website.

FORMS

Form 771 (replaced MFT-015), Special Fuels User Schedule of Receipts.

Form 772 (replaced MFT-016), Special Fuels User Schedule of Disbursements.

Form 768D (replaced MFT-038), Dealer Gasoline Schedule of Receipts.

Form IFTA 100, IFTA Quarterly Fuel Tax Return.

Form IFTA 101, IFTA Quarterly Fuel Use Schedule.

Form COM/MFT 104, IFTA License Application.

RATES

Rates vary by the type of motor fuel used in the operation of a commercial vehicle on a Maryland highway. As of January 1, 2019, gasoline is taxed at 35.3¢ per gallon. Current rates are included with the instructions to file quarterly IFTA reports.

DUE DATE

The IFTA quarterly forms are due on or before April 30, July 31, October 31, and January 31.

The State Motor Fuels Tax returns are due the last day of the month for the preceding calendar month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

At this time there is no way to electronically file a Motor Fuel return.

However, IFTA reports may be filed electronically through [IFTA e-File](#) platform of the Comptroller's website. Paper filing is also available. Paper forms may be requested by calling Taxpayer Service at: (410) 260-7980 or 1-(800) 638-2937 or by e-mail at: MFT@comp.state.md.us.

ELECTRONIC PAYMENT

Electronic payment is available through IFTA e-File platform.

WEBSITE

http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Motor_Fuel_Tax/

MAILING ADDRESS

Comptroller of Maryland
Revenue Administration Division
Motor Fuel Tax Unit
P.O. Box 1751
Annapolis, MD 21404-1751

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Maryland generally considers property abandoned if the property is held, issued, or owing in the ordinary course of a holder's business and has remained unclaimed by the owner for more than three years after it became payable or distributable. Shorter periods of 60 days of dormancy apply to property of business association held in course of dissolution. Longer periods of 15 years of dormancy apply to traveler's checks.

Holders of unclaimed property are required to file information reports with the Comptroller by October 31 for each year ending the preceding June 30. The unclaimed property must be remitted to the Comptroller at the time of filing of the report.

See: http://comptroller.marylandtaxes.com/Public_Services/Unclaimed_Property/

IMPACT FEES

Development impact fees and building excise taxes are imposed in 16 counties in Maryland.

Maryland counties that impose impact fees, however, have specific authority granted by the general assembly to impose the fees.

Development impact fees and building excise taxes enable local governments to collect revenue from builders for public facilities necessitated by new residential or commercial development. As a result of these development charges, local governments are able to shift the costs of financing new public facilities from existing taxpayers to individuals responsible for the development.

Contact your county officials for information on impact fees.

MINIMUM WAGE

\$10.10 per hour.

REGISTERED AGENTS

Maryland requires every registered business to maintain a registered agent in the state. It allows businesses to appoint either an individual or a company as a registered agent.

To appoint an individual, an entity must list the individual's name and address on the registration form. An eligible individual must have a valid physical address in the state and be present at that address during normal business hours to receive time sensitive legal documents.

Alternatively, entities may appoint a registered agent service company to act as its agent in the State of Maryland. The following companies provide registered agent services in the State of Maryland:

- | | |
|--|----------------|
| 1) BizFilings/Business Filings Incorporated | 1-800-981-7183 |
| 2) Corporation Service Company (CSC) | 1-866-403-5272 |
| 3) CT Corporation | 1-855-316-8944 |
| 4) DoMyLLC.com | 1-888-366-9552 |
| 5) FreeRegisteredAgent.com | 1-800-737-3372 |
| 6) Harbor Compliance | 1-888-995-5895 |
| 7) InCorp Services, Inc. (ISI) | 1-800-246-2677 |
| 8) LegalZoom.com | 1-888-381-8758 |
| 9) MyLLC.com | 1-888-886-9552 |
| 10) NationalRegisteredAgent.com | 1-800-600-1672 |
| 11) NorthWest Registered Agent, LLC | 1-509-768-2249 |
| 12) Paracorp Incorporated | 1-800-533-7272 |

DAVIS BACON

Generally, the prevailing wage law applies to a construction project valued at \$500,000 or more if either of the following criteria are met:

1. The contracting public body is a unit of state government or an instrumentality of the state, and there is any state funding for the project; or
2. The contracting public body is a political subdivision, agency, person, or entity (such as a county) and the state funds 50% or more of the project except for school construction where the contract value is \$500,000 or greater with state funding of 25% or more.

For more information on Maryland prevailing wage laws, visit the state's Department of Labor and Industry website at: <http://www.dllr.state.md.us/labor/prev/>

DRUG TESTING FACILITIES

The following website provides a listing of drug testing facilities in Maryland:

<http://www.testcountry.com/drug-testing-center-facilities/Maryland.htm>

OTHER

CFMA Chapter in Maryland:

Maryland, Baltimore, MD: <http://cafe.cfma.org/MarylandMD/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 20, 2019

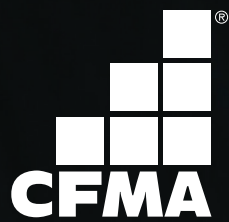
DATE OF LAST UPDATE

May 26, 2015

SUBJECT MATTER EXPERT

John P. Eardley, CPA, MST
Crowe, LLP
55 Campau Avenue N.W., Suite 500
Grand Rapids, MI 49503-2609
(616) 242-6171

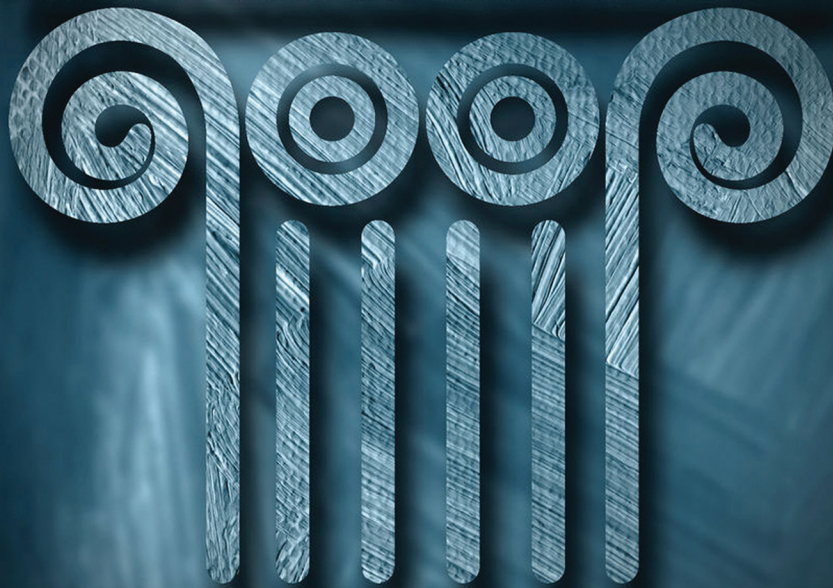
John.Eardley@crowe.com



**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



MASSACHUSETTS

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

The existence of an entity doing business in Massachusetts begins when, depending on the type of entity, its Articles of Organization, Certificate of Organization, Application/Certificate of Registration, etc. become effective.

A document needs be signed by an authorized person, and further, unless submitted by authorized electronic or facsimile transmission, such signature must be original. The authorized person must state beneath or opposite his signature his name, the capacity in which he signs, and the date.

The Secretary of State Commonwealth Corporations Division (Division) supplies forms for documents required to be filed with the Division. The use of official forms is optional. Copies of the forms are available in the Office of the Secretary of the Commonwealth of Massachusetts (Commonwealth) or on the Division's website. Any document submitted to the Division not on an official form must be on standard size paper, 8½ x 11 inches and follow the format specifications contained in 950 CMR 113.00. The minimum font size is 10. A document which does not comply with size requirements, format specifications, or font size will be rejected. A document shall be submitted in the English language unless otherwise provided by M.G.L. c. 156D or 950 CMR 113.00. A document shall be typed or printed. It may not be handwritten.

FORMS

The registration forms below and others can be found online by visiting:
<http://www.sec.state.ma.us/cor/corfilessubject.htm>

Domestic corporations that are for profit are required to file the Articles of Organization (General Laws Chapter 156D, Section 2.02, 950 CMR 113.16), Application of Reservation of Name, and Statement of Appointment of Registered Agent (General Law, Chapter 156D, Section 5.01; 950 CMR 113.20). Additional forms may be needed depending on a corporation's specific needs.

Professional corporations are required to file the Articles of Organization, Regulatory Board Certificate, and the Application of Reservation of Name.

Nonprofit corporation forms require the Articles of Organization (General Laws, Chapter 180) and Application of Reservation of Name. Additional forms may be needed depending on a corporation's specific needs.

Foreign corporations are required to file the Foreign Corporation Certificate of Registration (General Laws, Chapter 156D, Section 15.03; 950 CMR 113.48), Regulatory Board Certificate (General Laws, Chapter 112 or 221), and Application of

Reservation of Name. Additional forms may be needed depending a corporation's specific needs.

Application of Reservation of Name (General Laws, Chapter 156D, Section 4.02; 950 CMR 113.18) can be mailed to select a corporate name. A corporate name "may not be the same as, or so similar as to be likely to be mistaken for" the name of any other existing corporation or other entity authorized to transact business in the Commonwealth or any reserved name.

Limited liability companies are required to file LLC Certificate of Organization (General Laws Chapter 156C, Section 12) and the Professional LLC Certificate of Organization (General Laws Chapter 156C, Section 12).

Foreign limited liability companies are required to file Foreign Limited Liability Company Application for Registration (General Laws Chapter 156C, Section 48) and the Foreign Professional Limited Liability Company Application for Registration (General Laws Chapter 156C, Section 48).

Limited partnerships are required to file Limited Partnership Certificate (General Laws Chapter 109, Section 8).

Limited liability partnerships are required to follow the statutory guidelines found on the Commonwealth's website. With that, limited liability partnerships are required to file registered limited liability partnerships and registered professional limited liability partnerships.

RATES, FEES, COSTS

Name reservation filing fee is \$30.

Articles of Organization (General Laws Chapter 156D, Section 2.02, 950 CMR 113.16) filing fee is \$275 for up to 275,000 shares plus \$100 for each additional 100,000 shares or any fraction thereof.

Statement of Appointment of Registered Agent (General Law, Chapter 156D, Section 5.01; 950 CMR 113.20) filing fee is \$25 if filed by paper or fax. No filing fee if filed electronically.

Not-For-Profit Articles of Organization (General Laws, Chapter 180) filing fee is \$35.

Professional Corporations Articles of Organization (General Laws Chapter 156A, Section 7, 950 CMR 105.04) filing fee is \$775 for up to 275,000 shares plus \$1,000 for each additional 100,000 shares or any fraction thereof.

Foreign Corporation Certificate of Registration (General Laws, Chapter 156D, Section 15.03; 950 CMR 113.48) filing fee is \$400.

Foreign Corporation Certificate by Regulatory Board (General Laws, Chapter 112 or 221) filing fee depends on the circumstances on the issuance of certificate.

Limited Liability Company Certificate of Organization (General Laws Chapter 156C, Section 12) filing fee is \$500.

Professional LLC Certificate of Organization (General Laws Chapter 156C, Section 12) filing fee is \$500.

Foreign Professional Limited Liability Company Application for Registration (General Laws Chapter 156C, Section 48) filing fee is \$500.

Foreign Limited Liability Company Application for Registration (General Laws Chapter 156C, Section 48) filing fee is \$500.

Limited Partnership Certificate (General Laws Chapter 109, Section 8) filing fee is \$200.

Registered Limited Liability Partnerships filing fee is \$500.

Registered Professional Limited Liability Partnership is \$500.

ELECTRONIC FILING

Optional: To file electronically, go to:

https://corp.sec.state.ma.us/corp/loginsystem/login_form.asp?FilingMethod=I

ELECTRONIC PAYMENT

Optional: Online filings may be paid for with a credit card, electronic check, or EFT (electronic fund transfer). Information about how credit card payments are processed and handled may be found on the Commonwealth's Credit Card Processing Instructions page at: <http://www.sec.state.ma.us/cor/helppages/instrcreditcard.htm>

WEBSITE

<http://www.sec.state.ma.us/index.htm>

MAILING ADDRESS/PHONE NUMBER

Secretary of the Commonwealth
Corporations Division
McCormack Building
One Ashburton Place, 17th Floor
Boston, MA 02108
Phone: (617) 727-9640
Fax: (617) 742-4538

E-mail: corpinfo@sec.state.ma.us

ADDITIONAL ASSISTANCE

The Commonwealths' website provides forms and instructions for each entity. For additional help, call toll free at: (617) 392-6090 residents or (617) 727-7030 for non-residents. Help can also be found by e-mailing: cis@sec.state.ma.us

ANNUAL RENEWALS

Renewals are required annually in order to stay current with government standards.

FORMS

Domestic corporations that are for profit are required to file an Annual Report for Domestic and Foreign Corporations (General Laws Chapter 156D, Section 16.22; 950 CMR 113.57).

Professional corporations are required to file an Annual Report for Professional and Foreign Professional Corporations.

Non-Profit corporations formed under the laws of the Commonwealth are required to file an Annual Report.

Foreign corporations are required to file an Annual Report for Domestic and Foreign Corporations (General Laws Chapter 156D, Section 16.22; 950 CMR 113.57) and the Annual Report for Professional and Foreign Professional Corporations (General Laws Chapter 156A, Section 18 and Chapter 156D, Section 16.22).

Limited liability companies are required to file the Limited Liability Company Annual Report (General Laws Chapter 156C, Section 12) and the Professional Limited Liability Company Annual Report (General Laws Chapter 156C, Section 12).

Foreign limited liability companies are required to file the Foreign Limited Liability Company Annual Report (General Laws Chapter 156C, Section 48) and the Foreign Professional Limited Liability Company Annual Report (General Laws Chapter 156C, Section 48).

Limited partnerships must file an Annual Report. The report should contain all information included in its formation certificate and any other matters the partners determine to include. The report must be signed by at least one general partner and be accompanied by the appropriate fee.

Limited liability partnerships must renew the registration and must include all information required or allowed in the original registration. If the partnership renders professional services, it must in its report identify all partners who render professional

services in the Commonwealth and contain a certification that each partner who renders a professional service in the Commonwealth is duly licensed to do so.

RATES

Annual Report for Domestic and Foreign Corporations (General Laws Chapter 156D, Section 16.22; 950 CMR 113.57) filing fee is \$125 with a late fee of \$25.

Not-for-Profit Annual Report filing fee is \$15.

Annual Report for Domestic and Foreign Corporations (General Laws Chapter 156D, Section 16.22; 950 CMR 113.57) filing fee is \$125 with a late fee of \$25.

Annual Report for Professional and Foreign Professional Corporations (General Laws Chapter 156A, Section 18 and Chapter 156D, Section 16.22) filing fee is \$125 with a late fee of \$25.

Limited Liability Company Annual Report (General Laws Chapter 156C, Section 12) filing fee is \$500.

Professional Limited Liability Company Annual Report (General Laws Chapter 156C, Section 12) filing fee is \$500.

Foreign Limited Liability Company Annual Report (General Laws Chapter 156C, Section 48) filing fee \$500.

Foreign Professional Limited Liability Company Annual Report (General Laws Chapter 156C, Section 48) filing fee is \$500.

Limited Partnerships Annual Report filing fee is \$450 if done electronically or \$500 if filed by paper or facsimile.

Limited Liability Partnerships Annual Report filing fee is \$500.

DUE DATE

Domestic corporations are required to file their annual reports with the Corporations Division within two and one half months after the close of the corporation's fiscal year end.

Professional corporation's Annual Report for Professional and Foreign Professional Corporations must file with the Division within 2½ months after the close of the corporation's fiscal year end.

Nonprofit corporations must file their annual report with the Division on or before November 1 of each year.

Foreign corporations must file the Annual Report for Domestic and Foreign Corporations and Annual Report for Professional and Foreign Professional Corporations to the Division within 2½ months after the close of the corporations fiscal year end.

Limited liability companies must file an Annual Report with the Division on or before the anniversary date of the filing of its original certificate of organization.

Foreign limited liability companies need to file an Annual Report with the Division on or before the anniversary date of the filling of its registration to do business in the Commonwealth.

Limited partnerships, effective July 1, 2008, must file an Annual Report with the Division on or before the anniversary date of the filing of its original certificate of limited partnership.

Limited liability partnerships must file an Annual Report on or before the last day of February. If the partnership fails to file the report when due or to pay the required fee, the Division may revoke the partnership's registration.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional: Electronic annual renewal can be done at:
https://corp.sec.state.ma.us/corp/loginsystem/login_form.asp?FilingMethod=I

ELECTRONIC PAYMENT

Required for all online and fax filings. Optional for paper filings. For online filings, the payment process will automatically be started when you submit a filing. Fax filings use a secure site to make credit card and e-check payments with the use of a fax voucher coversheet application. For more information, visit:
<http://www.sec.state.ma.us/cor/helppages/instrcreditcard.htm>

WEBSITE

<http://www.sec.state.ma.us/cor/coridx.htm>

MAILING ADDRESS/PHONE NUMBER

Secretary of the Commonwealth
Corporations Division
McCormack Building
One Ashburton Place, 17th Floor
Boston, MA 02108
Phone: (617) 727-9640

Fax: (617) 742-4538

E-mail: corpinfo@sec.state.ma.us

REGISTRATION WITH DEPARTMENT OF REVENUE

New business owners must register their businesses with the Massachusetts Department of Revenue (Department of Revenue) by using the WebFile for Business application. Certain types of organizations are required to file with the federal government to obtain a taxpayer identification number. These organizations include corporations, limited partnerships, and partnerships, among others.

FORMS

The forms are all completed online. If desired, they can be printed for personal review. To register a business, visit: <https://mtc.dor.state.ma.us/mtc/>

RATES

At this time, there are no charges for registering with the Department of Revenue.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

WebFile is used by the Department of Revenue. The form you are required to submit is determined by the type of registration selected. During this process both specific and general questions will be asked about the business you wish to register. An instructional guide can be found at: <http://www.mass.gov/dor/businesses/help-and-resources/starting-and-registering-a-business/register-with-dor/instructions.html>

To register online, go to: <https://mtc.dor.state.ma.us/mtc/>

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://www.mass.gov/dor/>

MAILING ADDRESS/PHONE NUMBER

Massachusetts Department of Revenue
P.O. Box 7010
Boston, MA 02204
(617) 887-5059

LICENSES—GC & SPECIALTY

REGISTRATION

There are two types of Construction Supervisor's License (CSL), unrestricted and restricted. Construction of one- and two-family dwellings of any size and all other types of buildings with less than 35,000 cubic feet of enclosed space, including manufactured buildings, must, with few exceptions, be done under the supervision of a person with either a restricted or unrestricted CSL. Work on other buildings and structures must be done under the control of an engineer or architect and may require additional local licensing by some municipalities.

For most work on existing one-to-four family owner-occupied dwellings, a contractor must also register with the Office of Consumer Affairs home improvement program: <http://www.mass.gov/ocabr/>

Home Improvement Contractor's License

If you work on existing residential structures that are one- to four-unit owner-occupied buildings, you also need to register with the state. To do this, contact the State Board of Building Regulations and Standards and ask for an application to register as a home improvement contractor or subcontractor. There's no exam connected with this registration. Home improvement contractor's registration will cost \$100. But you may not have to register if you have a CSL in Massachusetts.

Electrician's License

To do electrical work in Massachusetts you need a license. All electrical licenses are good for three years. To get an application click:
<http://www.magnet.state.ma.us/reg/boards/el/forms.htm>

Plumber's License

To do plumbing work in Massachusetts you need a license. All plumbing licenses are good for three years. For an application, click:
<http://www.state.ma.us/reg/boards/pl/forms.htm>

TESTS AND EXAMS

Construction Supervisor License

Exams are intended to test knowledge of the building code and general construction practices. Exams are administered by Prometric, a private contractor for the Department of Public Safety (DPS), at convenient locations across the State. After receiving a Score Report with a passing grade from Prometric at the exam location, the

applicant shall complete the Score Report form and mail it with the license fee to DPS, which will issue the license in approximately 30 days.

Exam details, including registration form, can be found at:
<http://www.mass.gov/eopss/docs/dps/buildingcode/inf4/candidate-information-bulletin-building-ra.pdf>

Home Improvement Contractor's License

No exam

Electrical license

PSI Examination Services
3210 E. Tropicana Ave.
Las Vegas, NV 89121
(800) 733-9267
<http://www.psiexams.com>

Plumber's License

Experior
2 Mount Royal Avenue, Suite 250
Marlborough, MA 01752
(508) 624-0826
<http://www.experioronline.com>

FORMS

Exam Registration Form.

RATES

Construction Supervisor's License fees: exam – \$100; license – \$150.

Electrician's exam and license fees: Journeyman – \$312; Master – \$402;
Systems Contractor – \$402; Systems Technician – \$312.

Plumber's application and exam fee: \$117.

DUE DATE

Prior to performing contractor services in Massachusetts:

Construction Supervisor's License fees: exam – \$100; license – \$150.

Electrician's exam and license fees: Journeyman – \$312; Master – \$402;
Systems Contractor – \$402; Systems Technician – \$312.

Plumber's application and exam fee: \$117.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Optional. MasterCard, Visa, money order, company check, and cashier's check are accepted forms of payment for the exam fee.

WEBSITE

Information on how to apply for and renew a new CSL is located at:
<http://www.mass.gov/eopss/consumer-prot-and-bus-lic/license-type/csl/construction-supervisor-license.html>

MAILING ADDRESS/PHONE NUMBER

Department of Public Safety
One Ashburton Place
13th Floor, Room 1301
Boston, MA 02108
Phone: (617) 727-3200
Fax: (617) 227-1754

RECIPROCITY STATES

If you have a journeyman or master electrician license in New Hampshire, Vermont, or Maine you can apply to get a license from Massachusetts by reciprocity.

EQUITY REQUIREMENT

Not Applicable

FINANCIAL STATEMENT REQUIREMENTS

Not Applicable

LOCAL LICENSES

REGISTRATION

To start a business in one of Massachusetts' 351 cities and towns, the first step is contacting the city or town or town clerk, who licenses all local businesses. The clerk may direct you to other municipal departments to apply for any additional licenses that may be necessary, depending on your business or industry.

FORMS

Each profession and trade have their own specific forms used for their area of licensing.

RATES

The rate of each situation will vary depending on the license.

DUE DATE

Due dates depend on the individual situation and license.

WEBSITE

<http://www.mass.gov/dor/>

MAILING ADDRESS/PHONE NUMBER

To contact your local city or town hall, go to –
Massachusetts Municipal Association: <http://www.mma.org/>

INCOME TAX

INCOME TAX—C CORPORATION

C corporation refers to any corporation that, under United States federal income tax law, is taxed separately from its owners. A C corporation is distinguished from an S corporation, which generally is not taxed separately.

FORMS

Businesses incorporated under the laws of Massachusetts, or businesses doing business in Massachusetts but incorporated elsewhere, should file Form 355.

A corporation organized in Massachusetts may be eligible to use the simpler Form 355SBC, (Small Business Corporation), if it meets all of the following criteria: (1) its gross receipts or sales and total income are under \$100,000, (2) all of its net income is taxable to Massachusetts and is not subject to corporate tax in another state, (3) it is not a domestic international sales corporation (DISC), S corporation, or a security corporation, (4) no claims are being made for credits, special deductions, or adjustments against its Massachusetts corporate excise; and (5) the corporation does not own 50% or more of the voting stock of another corporation and does not have 50% or more of its voting stock owned by another corporation.

Corporations incorporated under the laws of Massachusetts, or corporations doing business in Massachusetts but incorporated elsewhere that are participating in a combined report of their net income to Massachusetts, must file Form 355C.

RATES

The corporate tax rate is 8% of net income plus \$2.60 per \$1,000 of property or net worth. There is a minimum tax of \$456.

If any return is not filed with the commissioner on or before its due date, or within any extension of time granted, then there will be added tax as a penalty of 1% of the amount required to be shown as the tax on such return for each month, or fraction, thereof during which such failure continues, not exceeding, in the aggregate, 25% of said amount.

If a person is negligent to file, they will be given 30 days after the date of notification to file a proper return. If a proper return is still not filed, the commissioner may determine the tax due, according to his best information and belief, and may assess the same at not more than double the amount so determined, which additional tax will be in addition to the other penalties provided.

Any person who willfully attempts, in any manner, to evade or defeat any tax imposed will, in addition to other penalties provided by law, be guilty of a felony and, upon conviction, will be fined not more than \$100,000 or \$500,000 in the case of a corporation, or by imprisonment for not more than five years, or both, and shall be required to pay the costs of prosecution.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

The extension request is due the same day as the due date for the related tax return. Payment is still due on the 15th day of the fourth month following the close of the taxable year.

ELECTRONIC FILING

If a corporation files Form 355, 355U, 355S, or 355SC, the return must be submitted electronically provided that gross revenues from all sources are \$100,000 or greater. Failure to submit the return electronically may result in a penalty of \$100.

The Department of Revenue uses WebFile for electronic filing and payment:
<https://mtc.dor.state.ma.us/mtc/#1>

ELECTRONIC PAYMENT

Required if gross revenues from all sources are \$100,000 or greater. The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH (Automated Clearing House) Debit or ACH Credit.

FED RETURN ATTACHED TO STATE RETURN

Federal return is not required to be attached to the state return, but an exact copy of the federal form, including applicable schedules, forms, and any other documentation required to substantiate entries made on the state return must be made available to the Department of Revenue upon request.

WEBSITE

Business: <http://www.mass.gov/dor/businesses/>

MAILING ADDRESS/PHONE NUMBER

Massachusetts Department of Revenue
P.O. Box 7010

Boston, MA 02204
(617) 887-MDOR
Residents: (800) 392-6089

ESTIMATED TAX

Every corporation, which in the taxable year can expect to have an estimated tax for, in excess of \$1,000, will need to make payments of estimated tax.

FORMS

Form 355-ES is used for estimated tax. If additional charges are imposed on the underpayment of any corporate estimated tax for the period, use Form M-2220 when filing your annual return to determine any penalty due.

RATES

The first installment will be paid on or before the 15th day of the third month of the taxable year and will be equal to 40% of the required annual payment; the second installment will be paid on or before the 15th day of the sixth month of the taxable year and will be equal to 25% of the required annual payment; the third installment will be paid on or before the 15th day of the ninth month of the taxable year and will be equal to 25% of the required annual payment; and the fourth installment will be paid on or before the 15th day of the twelfth month of the taxable year and will be equal to the remaining 10% of the required annual payment. If the due date falls on a Saturday or Sunday, the due date is the next business date.

New corporations in their first full taxable year with less than 10 employees have different estimated payment percentages — 30%, 25%, 25%, and 20%, respectively.

DUE DATE

Generally, the estimates are due on the 15th day of the third, sixth, ninth, and twelfth month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Corporations with \$100,000 or more in receipts or sales must submit their estimated payments electronically, which can be done at:

<https://mtc.dor.state.ma.us/mtc/#1>

ELECTRONIC PAYMENT

Corporations with \$100,000 or more in receipts or sales must submit their estimated payments electronically, which can be done at:

<https://mtc.dor.state.ma.us/mtc/#1>

The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH Debit or ACH Credit.

WEBSITE

Businesses: <http://www.mass.gov/dor/businesses/>

MAILING ADDRESS/PHONE NUMBER

Massachusetts Department of Revenue
P.O. Box 7046
Boston, MA 02204
(617) 887-MDOR
Residents: (800) 392-6089

ALTERNATIVE MINIMUM TAX

Massachusetts does not have an alternative minimum tax.

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

The most common federal/Massachusetts tax differences include: (1) capital losses, (2) capital gains, (3) excess trade or business deductions, and (4) IRC Section 1231 Property.

Capital losses are deductible against gains. Massachusetts has its own treatment without regard to the federal law.

Capital gains are calculated at varying rates by the federal government while Massachusetts has its own treatment without regard to the federal law.

Excess trade or business deductions do not exist federally, but Massachusetts reinstated them as of January 1, 1996.

Section 1231 property is treated by the federal government as a gain if the property is taxed as a capital asset. If the sale is a loss then it is taxed as ordinary income subject to recapture. Massachusetts law makes Section 1231 property always a capital asset, but subject to recapture.

Generally, Massachusetts corporate net income equals federal gross income less the deductions, but not the credits, allowable under the IRC. However, in determining net income, Massachusetts does not allow deductions for taxes on or measured by income, franchise taxes measured by net income, franchise taxes for the privilege of doing business, and capital stock taxes imposed by any state. In determining net income for purposes of the Massachusetts corporate excise tax, certain state taxes that are deducted federally must be added back.

ALLOCATION AND APPORTIONMENT FACTORS

Massachusetts uses a three-factor with double weighted sales formula to calculate apportionment. In apportioning its taxable net income to find its Massachusetts taxable net income, an eligible corporation uses a fraction of the numerator of which is the property factor plus the payroll factor plus twice the sales factor and the denominator of which is four. The denominator is based on the number of factors used in the numerator.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Massachusetts has not adopted UDITPA.

OTHER MULTISTATE COMPACT

Massachusetts is an associate member of the Multistate Tax Commission. Associate Members are states that wish to participate in Commission meetings with an eye to considering broader participation in Commission activities.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

No specific apportionment formulas in Massachusetts.

SPECIFIC EXCLUSION OF INCOME ITEMS

Not Applicable

SPECIFIC EXCLUSION OF COST ITEMS

Not Applicable

CREDITS AND TAX INCENTIVES

Massachusetts has historic property credit, investment tax credit, job creation tax credit, motion picture tax credit, and research and development credit.

The historic property credit is equal to 20% of the qualified rehabilitation expenditures on a qualified historic property.

The investment tax credit is given to manufacturing corporations, business, or corporations engaged primarily in research and development. Corporations engaged primarily in agriculture or commercial fishing are entitled to investment tax credit and, until December 21, 2018, certified life sciences companies are entitled to certain tax credit for investments in qualified properties.

The job creation credit is to the life sciences as a tax incentive.

The motion picture tax credit gives production companies a credit of 25% of their total aggregate payroll and 25% of total production expenses.

INCOME TAX—S CORPORATION

S corporation passes through profit (or net losses) to shareholders. The business profits are taxed at individual tax rates on each shareholder's Form 1040. The pass-through nature of the income means that the corporation's profits are only taxed once – at the shareholder level.

REGISTRATION

Shareholders in an S corporation can be individuals, or other businesses and organizations, such as corporations and trusts. Entities that are S corporations for federal purposes are S corporations for Massachusetts purposes, with the exception of corporate trusts, security corporations, and public utility corporations. Items of S corporation income, loss, and deduction are passed through the S corporation to the shareholders, and reported and taxed on their individual returns.

FORMS

Massachusetts S corporations must file Form 355S, with a Schedule S. S corporations must also file a Schedule SK-1 for each resident and nonresident shareholder, as well as provide a Schedule SK-1 to each shareholder to inform them of their distributive shares of items of income, loss, and deduction and credit for reporting on their Massachusetts returns. For additional information on these requirements, please refer to the Form 355S instructions.

RATES

S corporations pay the greater of: (i) fixed dollar minimum tax of \$456, or (ii) \$2.60 per \$1,000 on taxable property or net worth, plus S corporations with total receipts of \$6 million or more are liable for the income measure of the corporate excise at the following rates:

- 1.93% on net income subject to tax if total receipts are \$6 million or more, but less than \$9 million or

- 2.9% on net income are subject to tax if total receipts are \$9 million or more.

DUE DATE

Fifteenth day of the third month following the close of the taxable year.

DUE DATE EXTENSION

A six-month extension can be received by filing Form 355-7004 (or Form 355-7004 MISC for insurance companies, financial institutions, public utilities, and urban development companies) on or before the original due date of the return and pay in full the estimated tax due. Six-month extensions are voided if the estimate does not equal at least 50% of actual tax liability. In such cases, the return is treated as late, and penalties apply.

ELECTRONIC FILING

S corporations that have total revenues of \$100,000 or more must file electronically. An S corporation must file electronically unless all of its shareholders are resident individuals. An S corporation must also file electronically if it is withholding on a shareholder's distributive share or if it received distributive share upon which a lower-tier entity has paid withholding or estimated taxes.

The Department of Revenue uses WebFile for electronic filing and payment:
<https://mtc.dor.state.ma.us/mtc/>

ELECTRONIC PAYMENT

Required if gross revenues from all sources are \$100,000 or greater. The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH Debit or ACH Credit.

Any corporation making an extension payment of \$5,000 or more must make the payment using electronic means.

The Department of Revenue uses WebFile for electronic filing and payment:
<https://mtc.dor.state.ma.us/mtc/>

FED RETURN ATTACHED TO STATE RETURN

Federal return is not required to be attached to the state return, but an exact copy of the federal form, including applicable schedules, forms, and any other documentation required to substantiate entries made on the state return must be made available to the Department of Revenue upon request.

WEBSITE

S Corporations: <http://www.mass.gov/dor/businesses/current-tax-info/guide-to-employer-tax-obligations/business-income-taxes/corporations/s-corporations.html>

MAILING ADDRESS/PHONE NUMBER

Massachusetts Department of Revenue
P.O. Box 7025
Boston, MA 02204
(617) 887-MDOR
Residents: (800) 392-6089

COMPOSITE RETURNS FOR S

A pass-through entity may file a composite return on behalf of qualified electing non-residents and pay income tax on the non-residents' pro rata or distributive shares of Massachusetts source income of the pass-through entity.

ALLOWED OR NOT ALLOWED

Massachusetts allows composite returns, but restricts them to only nonresident members.

FORMS

Form NRCR, Nonresident Composite Return. Massachusetts allows a partnership, an S corporation, or a trust or estate to file an electronic composite return on Form MA NRCR and make estimated tax payments as an agent on behalf of two or more qualified electing nonresident members.

RATES

On January 1, 2019 the rate dropped from the current 5.10% to 5.05%.

DUE DATE

A composite return is due on the same date that the return of an individual would be due; the 15th day of the fourth month.

DUE DATE EXTENSION

A composite return is allowed the same six-month extension granted to individuals.

An automatic extension is granted if 100% of the tax due is paid by the tax return due date. In that case, Form M-4868, Application for Automatic Extension of Time to File

Massachusetts Income Tax Return, does not need to be filed. If it is filed in this instance, you must file Form M-4868 electronically via the Department of Revenue's website.

ELECTRONIC FILING

Form NRCR: Required. For details, visit: <https://www.mass.gov/service-details/dor-nonresident-composite-forms>

Extensions: Also, if you owe no tax or you are making a payment of \$5,000 or more, you are required to file your extension electronically, either through E-File or via the web. Failure to do so will result in a penalty. If you are making a payment of less than \$5,000, you have the option of filing your extension electronically.

ELECTRONIC PAYMENT

See "Electronic Filing" section above.

The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH Debit or ACH Credit.

WEBSITE

Nonresident Composite Returns: <http://www.mass.gov/dor/tax-professionals/software-developers/nonresident-composite-return-information.html>

MAILING ADDRESS/PHONE NUMBER

Refund:
Massachusetts Department of Revenue
P.O. Box 7001
Boston, MA 02204

Tax Due
Massachusetts Department of Revenue
P.O. Box 7002
Boston, MA 02204
(617) 887-MDOR
Residents: (800) 392-6089

ESTIMATED TAX FOR S

All corporations which reasonably estimate their corporate excise to be in excess of \$1,000 for the taxable year are required to make estimated tax payments to the Commonwealth.

Refer to the “Estimated Tax” section under Income Tax for C Corporations above for further guidance.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

A pass-through entity is required to determine which of its partners are non-residents and to ascertain how its nonresident partners will be complying with their Massachusetts filing obligation. A pass-through entity must withhold Massachusetts tax on the distributive share of any partner that does not certify to the partnership that the partner will be meeting its tax obligation in some other manner.

Withholding, payment, reporting, and signature authorizations are required for nonresident shareholders.

FORMS

Pass-Through Entity Annual Withholding Tax Return.

A pass-through entity that is not exempt must file all returns electronically. Information must be filed for each member. As part of the electronically filed Schedule 3K-1 and SK-1 forms, the pass-through entity will be asked to provide information identifying the member as an individual resident or nonresident, trust or estate, S corporation, corporation, etc. At the end of the Schedules 3K-1 and SK-1, the pass-through entity will indicate how the member is meeting the member’s tax obligation. Space is provided to indicate amounts withheld or paid as part of a composite filing. Similar information is required on the Schedule 2K-1. No other annual schedule of information regarding members is required.

RATES

A pass-through entity must make an annual payment on behalf of each member subject to withholding. For each member subject to withholding, the pass-through entity must pay an amount calculated by multiplying the withholding rate by the lesser of 80% of the member’s distributive share for the taxable year, or 100% of the member’s prior year distributive share. This calculation provides the entity’s minimum withholding “safe harbor.” The withholding rate for individuals, estates, or trusts is the tax rate imposed on Part B taxable income. The withholding rate for corporations is the applicable tax rate under Chapter 63. If the member is a pass-through entity, the withholding entity should use the individual tax rate for Part B taxable income.

The total paid by the pass-through entity is the sum of the tax on the annual allocation of distributive share made on behalf of each member subject to withholding. A pass-through entity required to withhold that does not meet its withholding obligation is subject to the penalties under Chapter 62B and Chapter 62C.

DUE DATE

The annual payment shall be paid in four quarterly installment payments of 25% of the total amount. Each quarterly payment is due on or before the last day of the month following the close of the quarter of the entity's taxable year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

An S corporation must file electronically if it is withholding on a shareholder's distributive share or if it received distributive share upon which a lower-tier entity has paid withholding or estimated taxes.

ELECTRONIC PAYMENT

Required. Go to: <https://mtc.dor.state.ma.us/mtc/#1>

The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH Debit or ACH Credit.

WEBSITE

Pass-Through Entities: <http://www.mass.gov/dor/businesses/filing-and-reporting/pass-through-entity-information/guide-for-pass-through-entities-including.html>

MAILING ADDRESS/PHONE NUMBER

Massachusetts Department of Revenue
P.O. Box 7010
Boston, MA 02204
(617) 887-MDOR
Residents: (800) 392-6089

PAYMENT ON INCOME OR DISTRIBUTIONS

The total paid by the pass-through entity is the sum of the tax on the annual allocation of distributive share made on behalf of each member subject to withholding.

S CORPORATION TREATMENT

Items of S corporation income, loss, and deduction are passed through the S corporation to the shareholders, and reported and taxed on their return. S corporations are liable for the non-income measure of the corporate excise, and for the income

measure of the corporate excise on any income that is taxable to the S corporation federally. S corporations owe at least the minimum tax.

C TREATMENT

Not Applicable

RECOGNIZE FEDERAL S ELECTION

Entities that are S corporations for federal purposes are S corporations for Massachusetts purposes.

STATE S ELECTION REQUIRED?

Not Required

INCOME TAX—PARTNERSHIPS, LLC

COMPOSITE RETURNS

Massachusetts allows a partnership, an S corporation, or a trust or estate to file an electronic composite return on Form MA NRCR and make estimated tax payments as an agent on behalf of two or more qualified electing nonresident members.

A limited liability company can be treated as a partnership and is allowed to file a composite income tax return on behalf of its members.

FORMS

Form 3, Massachusetts Partnership Return (information return), must be filed if the partnership meets either of the following criteria:

- Has a usual place of business in Massachusetts; or
- Receives federal gross income of more than \$100 during the taxable year that is subject to Massachusetts taxation jurisdiction under the U.S. Constitution.

Additional forms can be found at: <https://www.mass.gov/info-details/dor-fiduciary-and-partnership-tax-forms-and-instructions>

Form NRCR, Nonresident Composite Return. Eligible members of a composite return must meet the following requirements:

- Must be an individual or the estate or trust of a deceased nonresident member;
- Must be nonresidents for the entire taxable year;
- Must elect to be included in the composite return by signing a statement;
- Must agree to be subject to Massachusetts tax jurisdiction; and

- Must waive the right to claim deductions, exemptions, and credits allowable under Chapter 62, Sections 3, 5, and 6.

RATES

A partnership is not directly subject to income tax. Instead, each partner is taxed on the partner's share of the partnership income, whether distributed or not.

A \$5 per day penalty may be imposed for failure to file a partnership return on time.

DUE DATE

A partnership return is due on or before the 15th day of the third month after the close of the partnership's taxable year, calendar, or fiscal. If the partnership was dissolved or reorganized during the taxable year, Form 3 must be filed to reflect partnership activity as of the date of dissolution or reorganization. Form 3 must be signed by one of the general partners.

DUE DATE EXTENSION

Partnerships should file Form 8736, Application for Extension of Time to File Partnership Return, by the original due date for an automatic six-month extension to file the partnership return.

ELECTRONIC FILING

Partnerships that filed electronically last year, or those with more than \$50,000 in gross income, sales, or receipts of those that received \$100,000 from the sale of stock must file electronically. Partnerships with 25 or more partners must also file electronically: <https://mtc.dor.state.ma.us/mtc/#1>

You must file electronically unless all of your members are resident individuals. You must also file electronically if you are withholding on a member's distributive share or if you receive distributive share upon which a lower-tier entity has paid withholding or estimated taxes.

ELECTRONIC PAYMENT

See "Electronic Filing" section above.

The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH Debit or ACH Credit.

WEBSITE

Pass-Through Entities: <http://www.mass.gov/dor/businesses/filing-and-reporting/pass-through-entity-information/guide-for-pass-through-entities-including.html>

FED RETURN ATTACHED TO STATE RETURN

Form 1065 and all schedules, including K-1s, must be attached to state return.

MAILING ADDRESS/PHONE NUMBER

Massachusetts Department of Revenue
P.O. Box 7017
Boston, MA 02204
(617) 887-MDOR
Residents: (800) 392-6089

INCOME TAX—INDIVIDUAL

FORMS

Individual Massachusetts residents are required to file Form 1, Massachusetts Resident Income Tax Return. In addition, residents may also have to file Schedules X, Y, Z, and RF depending on their own individual income.

Form 1-NR/PY, Nonresident/Part-Year Resident Income Tax Return. File if you were not a resident of Massachusetts and you received Massachusetts source income in excess of your personal exemption multiplied by the ratio of your Massachusetts income to your total income, or you were not a resident of Massachusetts for the full year and your gross income was more than \$8,000 — whether received from sources inside or outside of Massachusetts.

RATES

The personal income tax rate is 5.05% (5.10% for 2018). Short-term capital gains and gains on collectibles are taxed at 12% and capital gains earned on certain investments in start-up companies are taxed at 3%.

DUE DATE

Massachusetts annual return for individuals are due on the 15th day of the fourth month after the end of the fiscal year.

DUE DATE EXTENSION

An automatic six-month extension is granted if 100% of the tax due is paid by the tax return due date. In that case, Form M-4868, Application for Automatic Extension of

Time to File Massachusetts Income Tax Return, does not need to be filed. If it is filed in this instance, you must file Form M-4868 electronically via the Department of Revenue's website.

ELECTRONIC FILING

Optional. Go to: <http://www.mass.gov/dor/individuals/personal-income-tax/e-filing-information.html>

Extensions: Also, if you owe no tax or you are making a payment of \$5,000 or more, you are required to file your extension electronically, either through E-File or via the web. Failure to do so will result in a penalty. If you are making a payment of less than \$5,000, you have the option of filing your extension electronically.

ELECTRONIC PAYMENT

See "Electronic Filing" section above.

The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH Debit or ACH Credit.

WEBSITE

Individuals: <http://www.mass.gov/dor/individuals/>

MAILING ADDRESS/PHONE NUMBER

Refund:
Massachusetts Department of Revenue
P.O. Box 7001
Boston, MA 02204

Tax Due:
Massachusetts Department of Revenue
P.O. Box 7002
Boston, MA 02204
(617) 887-MDOR
Residents: (800) 392-6089

FED RETURN ATTACHED TO STATE RETURN

While filing with Massachusetts, the individual income tax return doesn't require any attached federal forms to the state return.

STATE CONSTRUCTION-RELATED CREDITS

Not Applicable

IRC CONFORMITY

Massachusetts adopts the current IRC for corporations and has not decoupled from the business interest deduction limitations under IRC § 163(j)(1) as enacted by the 2017 Tax Cuts and Jobs Act.

For individuals, Massachusetts conforms under the IRC as in effect on January 1, 2005, which precedes the enactment of IRC § 199A.

ALTERNATIVE MINIMUM TAX

Massachusetts does not impose an alternative minimum tax.

NET WORTH OR STOCK TAX

In addition to the corporate tax rate of 8% of net income, Massachusetts imposes a tax of \$2.60 per \$1,000 of property or net worth. There is a minimum tax of \$456.

See “Income Tax—C Corporation” section above for further details.

GROSS RECEIPTS TAX

Massachusetts does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, some cities, counties, and municipalities throughout Massachusetts might have additional registration requirements that may affect your business. Contact the local government office and the county assessor's office in the location in which you have an interest for information on local/county taxes and licensing that may be needed for your business.

STATE SALES AND USE TAX

REGISTRATION

Vendors must register to collect Massachusetts sales/use tax online through the Department of Revenue's application.

After registering with the Department of Revenue, vendors will be issued a Sales and Use Tax Registration Certificate, (Form ST-1), for each business location. Form ST-1 must be displayed in a conspicuous location on the business premises, so that it is easily visible to customers.

As a convenience to customers, those out-of-state retailers and mail order firms that are not required by law to register as Massachusetts vendors may register voluntarily to collect use tax.

FORMS

Form ST-9, Monthly Sales and Use Tax Return. (Required for vendors whose sales and use tax liability is more than \$1,200 for the calendar year).

Form ST-9, Quarterly Sales and Use Tax Return. (Required for vendors whose sales and use tax liability is from \$101 up to \$1,200 for the calendar year).

Form ST-9, Annual Sales and Use Tax Return. (Required for vendors whose sales and use tax liability is \$100 or less for the calendar year).

Businesses and individuals incurring use tax liabilities may file Form ST-10, Business Use Tax Return, or Form ST-11, Individual Use Tax Return, depending on their situation.

RATES

The Massachusetts sales tax is 6.25% of the sales price or rental charge of tangible personal property.

The Massachusetts use tax is 6.25% of the sales price or rental charge on tangible personal property, including phone and mail order items or items purchased over the Internet, certain telecommunications services on which no sales tax, or a sales tax rate less than the 6.25% Massachusetts rate, was paid and which is to be used, stored, or consumed in the Commonwealth. The use tax, unlike the sales tax, generally is paid directly to the Commonwealth by the purchaser.

DUE DATE

Form ST-9, Monthly Sales and Use Tax Return: On or before the 20th day of the month following the calendar month indicated on the return – even if no tax is due.

Form ST-9, Quarterly Sales and Use Tax Return: On or before the 20th day of the month following the close of each calendar quarter – even if no tax is due.

Form ST-9, Annual Sales and Use Tax Return: On or before the 20th day of the month following the close of each calendar year – even if no tax is due.

Form ST-10, Business Use Tax Return or Form ST-11, Individual Use Tax Return, are both due annually by April 15.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Businesses with a combined annual withholding, sales/use tax (including sales tax on meals and telecommunications services) and room occupancy excise liabilities of \$5,000 or more are required to file returns and make payments electronically. Once the tax liability reaches the electronic filing threshold in one year, the business must file and pay electronically in all subsequent years, regardless of the amount due, as long as it has an obligation to file one of these three categories of taxes in Massachusetts. Also, all returns with zero tax due are required to be filed electronically, regardless of the amount of the business' total tax liability. All new businesses and existing businesses applying for an additional registration must file and make payments electronically, regardless of the amount of their annual tax liability.

WebFile is used by the Department of Revenue to electronically file Sales and Use Tax returns: <https://mtc.dor.state.ma.us/mtc/>

The form you are required to submit is determined by the type of registration selected. During this process both specific and general questions will be asked about the business you wish to register. An instructional guide can be found at: <http://www.mass.gov/dor/businesses/help-and-resources/starting-and-registering-a-business/register-with-dor/instructions.html>

ELECTRONIC PAYMENT

The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH Debit or ACH Credit.

See “Electronic Filing” section above for more information.

WEBSITE

Sales and Use Tax: <http://www.mass.gov/dor/individuals/taxpayer-help-and-resources/tax-guides/salesuse-tax-guide.html>

MAILING ADDRESS/PHONE NUMBER

Massachusetts Department of Revenue
P.O. Box 7039
Boston, MA 02204-7039
(617) 887-MDOR
Residents: (800) 392-6089

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Sales of tangible personal property or building materials and supplies to certain contractors and subcontractors as agents of governmental entities for use in fulfilling government projects or as agents of federally tax-exempt entities for certain projects may be exempt.

Sales of tangible personal property purchased by consultant or operating contractors or subcontractors of any government body for use in fulfilling government contracts may be exempt from tax.

TAXABLE SERVICES

Contractors' services are not subject to sales tax, which is imposed only on sales of tangible personal property and enumerated services. The term "retail sale" does not include the sale of services. Sales tax is imposed on sales at retail in the state by any vendor of tangible personal property unless otherwise exempt. Consequently, sales of tangible personal property to contractors are taxable, unless otherwise exempt.

LOCAL SALES AND USE TAX (City/County/Special)

Massachusetts does not have local sales and use tax.

EMPLOYMENT TAXES

WITHHOLDING

REGISTRATION

Register with the Department of Revenue to collect withholding taxes at:
<https://www.mass.gov/how-to/register-your-business-with-masstaxconnect>

FORMS

Different schedules must be followed for filing returns and paying over withholding depending on the total amount of tax you expect to withhold from your employees in a year:

Form M-941, Employer's Annual Return of Income Taxes Withheld (for employers with \$100 or less of annual withholding tax collected from all employees).

Form M-941, Employer's Quarterly Return of Income Taxes Withheld (for employers with \$101 up to \$1,200 of annual withholding tax collected from all employees).

Form M-942, Employer's Monthly Return of Income Taxes Withheld (for employers with \$1,201 up to \$25,000 or less of annual withholding tax collected from all employees).

Employers with more than \$25,000 of annual withholding tax collected from all employees must file electronically using WebFile for Business.

The amount you withhold from your employees for state income tax purposes should be based on Form M-4, Massachusetts Employee's Withholding Exemption Certificate, and on Circular M, Massachusetts Income Tax Withholding Tables. A detailed explanation of how to use the tables or a percentage method for automated payroll systems is provided in Circular M.

RATES

The amount of income tax withheld is based on the employee's taxable wages, the number of exemptions claimed, and any additional withholding amounts requested on the Massachusetts Employee's Withholding Exemption Certificate, (Form M-4). Withholding is calculated either by using the tax tables available from the Department of Revenue or by using a mathematical formula commonly known as the percentage method. These methods, which are explained in Income Tax Withholding Tables, located here: <https://www.mass.gov/files/documents/2018/12/20/dor-withholding-massachusetts-circular-m.pdf> be applied on a daily, weekly, biweekly, semimonthly, or monthly basis.

DUE DATE

Form M-941: Annually due by January 31 of the following year.

Form M-941: Quarterly due on or before last day of month following close of calendar quarter, (i.e., on or before April 30, July 31, October 31, and January 31).

Form M-942: Monthly due on or before 15th day of following month except for the payments for March, June, September, and December – these are due on last day of the following month.

Employers with more than \$25,000 of annual withholding tax collected from all employees must file electronically using MassTaxConnect Quarterly due on or before last day of month following close of calendar quarter, (i.e., on or before April 30, July 31, October 31, and January 31).

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Employers and businesses with a combined annual liability for withholding, sales/use tax (including sales tax on meals and telecommunications services), and room occupancy excise of \$5,000 or more are required to file returns and make payments electronically. Once the tax liability reaches the electronic filing threshold in one year, the business must file and pay electronically in all subsequent years, regardless of the amount due, as long as it has an obligation to file one of these three categories of taxes in Massachusetts. Also, all returns with no tax due are required to be filed electronically, regardless of the amount of the business's total tax liability. All new businesses and existing businesses applying for an additional registration must file and make payments electronically, regardless of the amount of their annual tax liability. All payroll service providers (third-party bulk filers) are required to file and pay withholding taxes electronically for all returns. All performer withholding returns and payments must be made electronically.

ELECTRONIC PAYMENT

Employers may file returns and make payments electronically through the Department of Revenue's secure Web-based application, WebFile for Business: <https://mtc.dor.state.ma.us/mtc/>

The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH Debit or ACH Credit.

WEBSITE

Withholding: <http://www.mass.gov/dor/all-taxes/income/withholding/>

MAILING ADDRESS/PHONE NUMBER

Massachusetts Department of Revenue
P.O. Box 7038
Boston, MA 02204
(617) 887-MDOR
Residents: (800) 392-6089

NEW HIRE

Within 14 days of hire or reinstatement, employers must report to the Department of Revenue all newly hired employees, employees returning to work after 30 days or more off the payroll, and independent contractors who will be earning \$600 or more.

Reports may be made via MassTaxConnect. Employers who employ 25 or more employees throughout the year are required to report new hire information electronically. Employers with fewer than 25 employees may submit paper reports on New Hire and Independent Contractor Reporting Form NHR.

TERMINATION

Employers must provide each employee with a Wage and Tax Statement, (Form W-2), by January 31, or within 30 days if employment terminates before the close of the calendar year, showing the total amount of wages paid, the total Social Security and Medicare taxes withheld, and the amount of federal and Massachusetts income tax withheld for the prior year.

INDEPENDENT CONTRACTOR TREATMENT

Within 14 days of hire or reinstatement, employers must report to the Department of Revenue all independent contractors who will be earning \$600 or more. Reports may be made via WebFile for Business. Employers who employ 25 or more employees throughout the year are required to report new hire information electronically. Employers with fewer than 25 employees may submit paper reports on New Hire and Independent Contractor Reporting Form NHR.

When a newly hired employee or independent contractor has a child support obligation, the Department of Revenue notifies the employer to withhold child support and remit the funds to the Department of Revenue for distribution to families entitled to support. Employers must remit these funds within three business days of the payroll date.

UNEMPLOYMENT

Most employers who have one or more persons working on a permanent, temporary, or part-time basis, on one or more days in each of 13 weeks during a

calendar year, or who pay wages of \$1,500 or more in any calendar quarter, must pay Unemployment Insurance (UI) contributions. It is not necessary that the weeks of employment be consecutive or that the employees remain the same.

REGISTRATION

Employers who pay wages within Massachusetts are required to register with and report quarterly wage data. This registration process will determine if you are subject to UI contributions, and after successful registration it will provide access to the system through which quarterly wage records are reported.

To register, visit:

<https://uionline.detma.org/Employer/Revenue/Registration/EmployerRegistration/RegisterEmployer.ASPX>

FORMS

Unemployment Insurance forms can be found at:

<http://www.mass.gov/lwd/unemployment-insur/forms-and-publications/forms-and-pubs/>

Massachusetts may require a business to file U.S. Form 940, Employer's Annual Federal Unemployment Tax Return, if certain criteria are met.

RATES

Rate notices are mailed early in January to all private contributory Massachusetts employers. The notices inform each employer of their individual UI tax rate for the forthcoming year and detail how each company's individual tax rate was computed. Your tax rate can also be obtained by visiting Unemployment Insurance Online for Business. In order to obtain your rate online you'll need to register.

The initial contribution rate for new employers without an UI history is set at the positive reserve percentage of 10.5 and less than 11.0 for the current schedule. Therefore, this rate changes any time the schedule changes. New employers in the construction industry (NAICS Code 23), are assigned the average rate of employers in this NAICS code. This "new employer rate" remains in effect for two years and then experience rating begins.

Your quarterly state contribution is "experience rated." How much you pay depends on a variety of factors, including the size of your payroll; the number of employees; the amount of UI benefits charged against your account; and the amount of reserves in your account and in the Massachusetts unemployment compensation fund.

Your contribution rate is applied to certain wages paid by you to each employee in any calendar year.

New for Calendar Year 2019:

- Taxable wage base is \$15,000.
- Workforce training fund contribution rate is changed from 0.060% to 0.056%.
- Employers that paid Employer Medical Assistance Contributions (EMAC) rate of 0.24% or 0.36% in 2014 will pay a rate of 0.34% – except for those meeting exempt or reduced rate criteria. (Employers operating within two years following the “Newly Subject” status as of MGL 151A, pay at rates of 0.12% and 0.24%, respectively).
- The current newly subject employer rate in the construction industry is 6.91% for 2019
- The number of weeks of operation in a year that qualify for certified seasonal status has been increased from “less than 16 weeks” to “less than 20 weeks.”

DUE DATE

Employers must make quarterly contributions to the Department of Unemployment Assistance (DUA) 30 days after the end of the months of March, June, September, and December via Unemployment Insurance Online.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

You are required to file reports electronically with the DUA until you cease doing business in Massachusetts, even if you employed no workers or paid no wages during a quarter.

ELECTRONIC PAYMENT

Optional: <http://www.mass.gov/lwd/unemployment-insur/employers/>

WEBSITE

Unemployment Insurance for Employers:
<http://www.mass.gov/lwd/unemployment-insur/employers/>

MAILING ADDRESS/PHONE NUMBER

Labor and Workforce Development
 Charles F. Hurley Building
 19 Staniford Street
 Boston, MA 02114
 (617) 626-6560

NEW HIRE

The DUA reviews the Department of Revenue's report of workers added to employers' payrolls. This new hire report is used to verify that claimants who return to work do not continue to receive benefits. Workers and employers must be aware that eligibility for UI benefits ends when an individual resumes full-time work.

TERMINATION

Claimants may be denied UI benefits if they are unemployed for the following reason: Individuals may be ineligible for benefits for any period covered by the receipt of vacation pay, pay in lieu of dismissal notice, continuation pay, severance pay, termination pay, or Workers Compensation for total temporary disability. Vacation pay without a definite or tentative date to return to work and severance payments made contingent on the signing of a release of claims or following a plant closing are not disqualifying.

INDEPENDENT CONTRACTOR TREATMENT

Independent contractors are not covered under the state's UI program. The DUA determines the potential eligibility of workers treated as independent contractors.

M.G.L. c. 149, s. 148B, provides a three-part test which requires that all three elements (commonly referred to as prongs one, two, and three or the A, B, C test) must exist in order for an individual to be classified other than as an employee. The burden of proof is on the employer, and the inability of an employer to prove any one of the prongs is sufficient to conclude that the individual in question is an employee.

The three prongs are:

- 1) Freedom of Control.
- 2) Service Outside the Usual Course of the Employer's Business.
- 3) Independent Trade, Occupation, Profession or Business.

PAID FAMILY AND MEDICAL LEAVE (PFML) - PAYROLL TAX

Beginning July 1, 2019, Massachusetts imposes a family and medical leave contribution shared between a covered employee and the employer equal to 0.63% of the employee's wages to fund the paid Massachusetts Family and Medical Leave program.

Beginning January 1, 2021, the family and medical leave program requires employers to provide 12 weeks of family leave, up to 20 weeks of paid medical leave for an employee with a serious health condition and up to 26 weeks to care for a covered service member. Massachusetts employers can opt out of the state program if they have an employer-sponsored private plan that provides the same or more generous benefits. The law applies to smaller employers with at least ONE employee working in Massachusetts. The law provides specific provisions relating to employee eligibility, employee leave, and benefit amounts.

EMPLOYER RESPONSIBILITIES

Depending on the makeup of your workforce, you may be responsible for remitting contributions for both Massachusetts W-2 employees (full-time, part-time, seasonal) and Massachusetts 1099-MISC contractors.

Beginning July 1, 2019, employer's responsible for:

- Reporting wages paid, payment for contract services rendered, and other information about your workforce
- Determining contribution amounts for your workforce and for any contribution due from you as an employer where applicable
- Making deductions to cover worker contributions from payments you make to your workforce, either as wages or payments for services from Massachusetts 1099-MISC contractors
- Notifying your workforce of the PFML law

EXEMPTIONS FOR APPROVED PRIVATE PLANS

If you already provide a paid leave benefit to your workforce, you may be eligible to receive an exemption from collecting, remitting, and paying contributions for paid family or medical leave under the states PFML law.

The benefits offered to your employees by your approved private plan must be greater than or equal to the benefits provided by the PFML law to be granted an exemption. You can apply for an exemption from the medical leave contribution, family leave contribution, or both. You will be able to apply for these annual exemptions through your MassTaxConnect account beginning April 29, 2019. The deadline to file for a private plan exemption for the first quarter contributions is September 20, 2019.

RATES

Generally, 0.63% of employee's wages. Employers are responsible for sending family and medical leave contributions to DFML on behalf of their W-2 employees and 1099-MISC contractors. The following link provides a calculator for employers:

<https://calculator.digital.mass.gov/pfml/contribution/?emp1099=0&w2=1>

Employers with fewer than 25 employees will not be required to pay the employer's contribution, but will still need to remit payment to the Department of Family and Medical Leave (DFML).

Contribution rate split for employers with 25 or more employees:

<https://www.mass.gov/info-details/family-and-medical-leave-contribution-rates-for-employers#contribution-rate-split-for-employers-with-25-or-more-employees->

FORMS

Forms have not been released at the time of this memo's drafting. Plan to include the following information in the report:

- Name
- Social Security number
- Wages paid or other payments for services
- Employer federal employer identification number

DUE DATE

Employers must make quarterly contributions to the Department of Family and Medical Leave (DFML) on the last day of the month after the end of the months of March, June, September, and December via the Department of Revenue's MassTaxConnect. The initial report and payment will be due October 31, 2019.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

You are required to file reports electronically with the DFML until you cease doing business in Massachusetts, even if you employed no workers or paid no wages during a quarter.

ELECTRONIC PAYMENT

Employers may file returns and make payments electronically through the Department of Revenue's secure Web-based application, WebFile for Business: <https://mtc.dor.state.ma.us/mtc/>

The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH Debit or ACH Credit.

WEBSITE

Determine if you are responsible for the employer share of PFML contributions: <https://www.mass.gov/decision-tree/determine-if-youre-responsible-for-the-employer-share-of-pfml-contributions>

General information: <https://www.mass.gov/guides/a-guide-to-paid-family-and-medical-leave-for-massachusetts-employers>

Contact page: <https://www.mass.gov/forms/contact-the-department-of-family-and-medical-leave>

Informing your workforce: <https://www.mass.gov/info-details/informing-your-workforce-about-paid-family-and-medical-leave>

PROPERTY TAX

PERSONAL PROPERTY

Massachusetts counties have business personal property tax as well as specific property tax on real property.

REGISTRATION

There is no registration for personal property tax.

FORMS

In general, all tangible personal property situated in Massachusetts is taxable unless expressly exempt. Exemptions are usually based on: (1) ownership, (2) type of property, or (3) use of property. Unless otherwise specified, Form 2 must be completed.

RATES

Varies by locality. For tax information, including local tax rates, visit: <https://www.mass.gov/service-details/personal-property-faq>

DUE DATE

Property taxes are due on the first of the fourth month of each year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

WebFile is used by the Department of Revenue. The form you are required to submit is determined by the type of registration selected. During this process both specific and general questions will be asked about the business you wish to register. An instructional guide can be found at: <http://www.mass.gov/dor/businesses/help-and-resources/starting-and-registering-a-business/register-with-dor/instructions.html>

ELECTRONIC PAYMENT

The Department of Revenue accepts two forms for electronic tax payment. Payments can be made either by ACH Debit or ACH Credit.

WEBSITE

DOR: <http://www.mass.gov/dor/>

Property Tax Information: <http://www.mass.gov/dor/local-officials/municipal-finance-law/frequently-asked-questions-personal-property.html>

MAILING ADDRESS/PHONE NUMBER

Massachusetts Department of Revenue
P.O. Box 7010
Boston, MA 02204
(617) 887-MDOR
Residents: (800) 392-6089

REAL PROPERTY

Real property will be assessed by the first day of the first month and is subject to an annual tax that is payable on the first of the seventh month of the year.

REGISTRATION

There is no registration for real property tax.

WEBSITE

Property Tax Information: <http://www.mass.gov/dor/local-officials/municipal-data-and-financial-management/data-bank-reports/property-tax-information.html>

INTANGIBLES TAX

Massachusetts does not have an intangibles tax.

FUEL TAX

Generally, motor fuels excise is due on fuel used on the highway.

REGISTRATION

Generally, motor fuels excise is collected and remitted to the Department of Revenue by licensed wholesalers. When making a sale, licensees are responsible for determining if it is a taxable sale.

Licensing: Gasoline – Massachusetts General Laws require any person qualified to do business in Massachusetts who produces, refines, manufactures or compounds gasoline, or who elects to qualify as a distributor by importing or receiving fuel in Massachusetts for resale in bulk to license with the Department of Revenue.

Licensing: Special Fuels – Massachusetts General Laws require any person who imports, sells or delivers special fuels in bulk or who dispenses special fuels from bulk storage into a motor vehicle to license with the Department of Revenue. Special fuels are all fuels, except gasoline, used to propel motor vehicles on or over the highway. Any person who sells or delivers special fuels to a user-seller (bulk sales) and any person who imports special fuels into Massachusetts is required to be licensed as a supplier. Any person who dispenses fuel from bulk storage into motor vehicles is required to be licensed as a user-seller, unless they elect to license as a supplier.

FORMS

Fuel Excise Forms can be found at:
<http://www.mass.gov/dor/forms/miscellaneous/fuel-excise/>

RATES

Gasoline and diesel fuel per gallon: \$0.2654 (state excise tax of \$0.24 plus \$0.254 of other state taxes/fees.

Propane, liquefied gas, etc. (no minimum): \$0.126

Aviation (10¢ minimum): \$0.293

Jet fuel at local option (5¢ minimum): \$0.112

DUE DATE

Monthly, on or before the 20th day of the month.

Licenses expire each December 31; renewal applications must be filed in advance so that new licenses can be issued by each January 1.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Gasoline distributors and importers and special fuel suppliers are mandated to pay fuels excise electronically if their liability for the previous year for that particular tax was more than \$10,000. Payment may be made via ACH Debit (see the Business Quick Link on the Department of Revenue's home page) or via ACH Credit (application can be obtained from the Electronic Funds Business Unit at (617) 887-5020). Whether or not payment is made electronically, a paper return must be filed with the Department of Revenue each month.

ELECTRONIC PAYMENT

See "Electronic Filing" section above.

WEBSITE

Fuels Excise: <http://www.mass.gov/dor/all-taxes/fuels/>

Overview: <http://www.mass.gov/dor/businesses/current-tax-info/guide-to-employer-tax-obligations/business-income-taxes/fuels-excise/motor-fuel-excise.html>

MAILING ADDRESS/PHONE NUMBER

Department of Revenue
P.O. Box 7010
Boston, MA 02204
(617) 887-MDOR
Residents: (800) 392-6089

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Unclaimed property is any financial asset with no activity by its owner for an extended period of time. This includes savings accounts, checking accounts, unpaid wages or commissions, stocks, underlying shares, uncashed dividends, customer deposits or overpayments, certificates of deposit, credit balances, refunds, money orders, paid-up life insurance policies, safe deposit boxes, and uncashed benefit checks, gift certificates, etc. Unclaimed property does not pertain to land, houses, or real estate of any kind.

Property becomes “unclaimed” when the owner cannot be contacted for a three-year period by the holder of the asset, or for 15 years in the case of traveler’s checks. The Massachusetts Unclaimed Property Law requires business entities and others to review their records each year to determine whether they are in the possession of any unclaimed funds, securities, or other property which is reportable under Chapter 200A, and to make an annual report of their findings.

There is no time limit for filing claims. The state holds unclaimed assets in perpetuity and in trust for the rightful owners

IMPACT FEES

As new residential development strains available municipal resources and Massachusetts communities have turned to impact fees to address the costs associated with this development. Impact fees are municipal assessments, typically imposed upon developers or builders at the time a town issues a building permit, to finance the capital improvements and expansion of capital facilities necessitated by new development, such as roads and water and sewer plants.

In Massachusetts, cities and towns may assess fees in connection with the provision of municipal services pursuant to their home rule authority under the state constitution, and by state statute. Impact fees related to improvements such as expanded water or sewer connections have been held constitutionally valid.

MINIMUM WAGE

As of 2019, the minimum wage in Massachusetts is \$12 per hour.

REGISTERED AGENTS

Every Massachusetts business must have an agent for service of process in the state. This is an individual or business entity that agrees to accept legal papers on the entity’s behalf if it is sued. A registered agent may be an individual who resides in Massachusetts or a domestic or foreign corporation authorized to do business

in Massachusetts. The registered agent must have a physical street address in Massachusetts.

DAVIS BACON

The Massachusetts Prevailing Wage Law for public works projects establishes minimum wage rates for workers on public construction projects. The Massachusetts Executive Office of Labor and Workforce Development, Department of Labor Standards (DLS), is the agency responsible for issuing prevailing wage rate sheets and administering the Prevailing Wage Law.

Before soliciting bids for any public construction project an awarding authority must obtain a prevailing wage rate sheet from the DLS. Each prevailing wage rate sheet applies only to the public construction project for which it is issued. The prevailing wage rates for each construction project are in effect for 90 days from the date of issue. Projects not bid within 90 days of the issued rates will require the awarding authority to request new prevailing wage rates. Once a project has been bid, the prevailing wage rate will apply for the duration of any contracts which result from that bid, except in the case of multi-year projects. For projects lasting more than one year, the awarding authority must request annual updates to the wage schedules (see FAQs below for more information on annual updates).

During the project, it is the contractor's responsibility to submit certified weekly payroll records to the awarding authority by first-class mail or by electronic mail. Weekly payroll report forms and required statements of compliance are available on DLS' website. All information set forth on the form must be provided. Failure to submit certified weekly payroll records and statements of compliance may result in fines of up to \$10,000 per occurrence.

For more information, go to: <http://www.mass.gov/lwd/labor-standards/prevailing-wage-program/>

DRUG TESTING FACILITIES

For a list of drug testing centers in Massachusetts, visit:
<http://www.testcountry.com/drug-testing-center-facilities/Massachusetts.htm>

OTHER

CFMA Chapter in Massachusetts:

Massachusetts, Boston, MA: <http://cafe.cfma.org/MassBostonMA/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

May 10, 2019

DATE OF LAST UPDATE

May 15, 2015

SUBJECT MATTER EXPERT

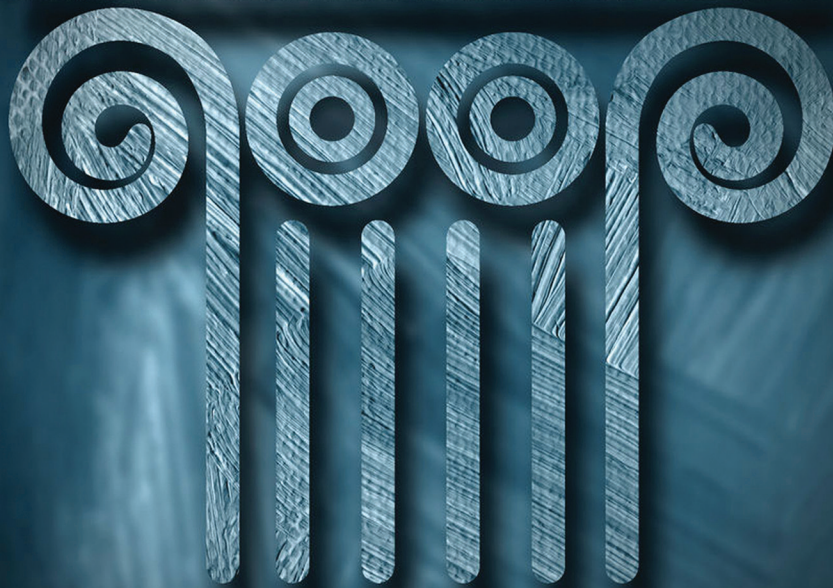
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



MICHIGAN

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes submitting Articles of Incorporation or Articles of Organization, using the required forms and paying the initial fees associated with each.

CORPORATIONS

A corporation is an association of persons, created by law, and existing as an entity with powers and liabilities independent of those of its members. In the case of profit corporations, its owners are shareholders. The owners of nonprofits are members or sometimes shareholders. The management of a corporation consists of directors and officers, usually elected by its shareholders or members. Governance of the corporation is prescribed by law, bylaws of the corporation, and the resolutions and decisions of its shareholders or members.

In order to form a corporation, whether profit, nonprofit, or ecclesiastical, Articles of Incorporation must be prepared and filed with the Securities & Commercial Listing Bureau (Bureau). The Articles of Incorporation must include all of the following:

- 1) Name of corporation.
- 2) Profit corporations must include the word "Corporation," "Incorporated," "Company," "Limited," or the abbreviation "Corp.," "Ltd.," "Inc.," or "Co."
- 3) Resident agent and registered office in Michigan upon whom legal service of process may be served.
- 4) General nature of the corporation's business. An all-purpose clause is permitted for profit corporations, except for professional service corporations.
- 5) The term of the corporation, which may be perpetual.
- 6) The number and class of shares to be issued.
- 7) Name and business or residence address of the incorporators.
- 8) Any agreements between incorporators regarding terminations, distributions of assets, dissolution, and any other matters that the incorporators may decide to include.

A foreign corporation is one that is incorporated under laws other than the laws of this state. A foreign corporation whether profit or nonprofit, is required to obtain a Certificate of Authority if it is "transacting business" or "conducting affairs" in this state. These terms are technical and decisions to apply for a Certificate of Authority should be based on proposed activities in this state, the statute, and applicable court decisions.

A booklet containing the statute is available from the Bureau. If a Certificate of Authority is required, the corporation should file an Application for Certificate of Authority (Form CSCL/CD-560). The application must include all of the following:

- 1) Name of the Corporation.
- 2) Resident agent and registered office in Michigan.
- 3) Character of the corporation's business.
- 4) Date of incorporation, jurisdiction, and the term of the corporation.
- 5) The number of shares authorized.
- 6) Street address of main principal office.

All foreign corporations must include with the application a certificate setting forth that the corporation is in good standing under the laws and jurisdiction of its incorporation, executed by the official of the jurisdiction who has custody of the records pertaining to corporations and dated not earlier than 30 days before filing the application. Nonprofit corporations must also include a copy of the articles of incorporation including any amendments, certified by the officer of the jurisdiction of its incorporation.

LIMITED LIABILITY COMPANIES

A limited liability company is a business formed by an organizer who may, but need not be a member. It is a business entity separate from its members and liability is limited to the financial contribution made by the member. The members are the owners of the company. The management of the company is carried out by its members, unless the Articles of Organization provide for management by managers. Governance is set forth by the Articles of Organization or operating agreement. A limited liability company is formed by filing the Articles of Organization (Form CSCL/CD-700) with the Bureau.

Additional information on limited liability companies can be found under the Limited Liability Company Act.

LIMITED PARTNERSHIP

A limited partnership is a partnership formed by two or more persons under the laws of Michigan and having one or more general partners and one or more limited partners. The general partners are liable for all the debts and obligations of the firm, while limited partners are responsible only for the debts and obligations of the amount that they contributed. A limited partnership must have at least one general partner and one limited partner. One person may not form a limited partnership by being designated as the only limited and general partner.

LIMITED LIABILITY PARTNERSHIPS

A partnership which has filed a "Certificate of Co-partnership" or "Certificate of Persons Conducting Business under Assumed Name" with the county clerk of the

counties in which the business is located may register the partnership as a limited liability partnership by filing with this Bureau. The application to register a limited liability partnership must include all of the following information:

- 1) Name of the limited liability partnership, which must contain the words "Limited Liability Partnership" or the abbreviation "L.L.P." or "LLP" as the last words or letters of its name.
- 2) The address of the partnership's principal office.
- 3) General nature of the partnership's business.
- 4) If the partnership is a foreign limited liability partnership, the registered agent and registered office in Michigan upon whom legal service of process may be served.

FORMS

Form CSCL/CD-401, Certificate of Limited Partnership for use by Domestic Limited Partnerships.

Form CSCL/CD-411, Application for Registration to Transact Business in Michigan, for use by Foreign Limited Partnerships.

Form CSCL/CD-500, Articles of Incorporation for use by Domestic Profit Corporations.

Form CSCL/CD-501, Articles of Incorporation for use by Domestic Profit Professional Service Corporations.

Form CSCL/CD-502, Articles of Incorporation for use by Domestic Nonprofit Corporations.

Form CSCL/CD-503, Articles of Incorporation for use by Ecclesiastical Corporations.

Form CSCL/CD-560, Application for Certificate of Authority to Transact Business or Conduct Affairs in Michigan for use by Foreign Corporations.

Form CSCL/CD-700, Articles of Organization for use by Domestic Limited Liability Companies.

Form CSCL/CD-800, Application to Register a Limited Liability Partnership.

RATES, FEES, COSTS

Filing fees:

Forms CSCL/CD-401, 411 and 560 – \$10.

Forms CSCL/CD-500 and 501 – \$10 plus minimum fee based on the number of authorized shares:

<u>Authorized Shares</u>	<u>Fee</u>
1-60,000	\$50.00
60,001-1,000,000	\$100.00
1,000,001-5,000,000	\$300.00
5,000,001-10,000,000	\$500.00
More than 10,000,000	\$500.00 for the first 10,000,000 plus \$1,000.00 for each additional 10,000,000, portion thereof

Form CSCL/CD-502 and 503 – \$20.

Form CSCL/CD-700 – \$50.

Registration fee for Form CSCL/CD-800 is \$100.

WEBSITE

Registration can be completed online using the Michigan Onestop website:
<https://mylicense.mdch.state.mi.us/MyLicenseEnterpriseDleg/PersonSearchResults.aspx>
[X](#)

Additional information can be found at the Michigan Department of Licensing and Regulatory Affairs: www.michigan.gov/corporations.

MAILING ADDRESS/PHONE NUMBER

Michigan Department of Licensing and Regulatory Affairs
Corporations, Securities & Commercial Licensing Bureau
Corporations Division
P.O. Box 30054
Lansing, MI 48909-7554
Phone: (517) 241-6470
Fax: (517) 636-6437

ADDITIONAL ASSISTANCE

The Michigan.gov website has frequently asked questions as well as forms, instructions, etc.

ANNUAL RENEWALS

Annual reports are required and are due every year beginning after the year of incorporation.

CERTIFICATE OF DISSOLUTION

A corporation is dissolved whenever any of the following occurs:

- A Certificate of Dissolution is filed. Fee – \$10.00.
- The period of duration stated in the Articles of Incorporation expires.
- Failure to file an annual report or pay any fee thereon for a period of two years from the due date.
- A judgment of dissolution is entered by a court.

REINSTATEMENT

The Business Corporation Act, P.A. 284 of 1972, section 925 provides that a domestic corporation that has been automatically dissolved under section 922 and a foreign corporation whose certificate of authority has been revoked under section 922 or section 1042, may renew its corporate existence or certificate of authority by filing the reports and paying the required fees for the years for which they were not filed and for every subsequent intervening year, together with the penalties provided by section 921. Upon filing the reports and payment of the fees and penalties, the corporate existence or the Certificate of Authority is renewed.

FORMS

Pre-printed annual statements will be mailed to the resident agent of the company approximately three months prior to the due date.

CSCL/CD-2000, Annual Report for Nonprofits.

CSCL/CD-2500, Annual Report for Corporations.

CSCL/CD-2700, Annual Report for LLCs.

CSCL/CD-2700P, Annual Report for PLLCs.

There are no annual reporting requirements for limited liability partnerships and limited partnerships.

RATES

Annual report fees:

Profit, professional service corporations and LLCs	\$25
Professional Limited Liability Companies	\$75
Nonprofit corporations	\$20

Late fees:

Profit and professional service corporations – \$10 per month or part of a month not to exceed \$50.

Professional limited liability companies – \$50.

DUE DATE

LLCs and PLLCs are due February 15.

Profit and professional service corporations are due May 15.

Nonprofit corporations are due October 1.

DUE DATE EXTENSION

Not Available

ELECTRONIC FILING

Electronic filing will be made available 90 days before the filing due date.

ELECTRONIC PAYMENT

Electronic payment will be made available 90 days before the filing due date.

WEBSITE

<https://cofs.lara.state.mi.us/corpweb/LoginSystem/ListNewFilings.aspx?FilingMethod=I>

MAILING ADDRESS

Corporations:
Corporations Division
P.O. Box 30481
Lansing, MI 48909

LLCs:
Corporations Division
P.O. Box 30768
Lansing, MI 48909

REGISTRATION WITH DEPARTMENT OF REVENUE

All new businesses that have Michigan employees must register with the Michigan Department of Treasury (Department) for income tax withholding. Some cities also levy a city income tax. Contact the City Treasurer's office for information or City Tax Forms. Michigan cities that impose an income tax as of 2018 are: Albion, Battle Creek, Big Rapids, Detroit, Flint, Grand Rapids, Grayling, Hamtramck, Highland Park, Hudson, Ionia, Jackson, Lansing, Lapeer, Muskegon, Muskegon Heights, Pontiac, Port Huron, Portland, Saginaw, Springfield, and Walker.

FORMS

Form 518, Registration for Michigan Taxes.

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

www.michigan.gov/corporations

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.michigan.gov/corporations

MAILING ADDRESS/PHONE NUMBER

Michigan Department of Treasury
P.O. Box 30778
Lansing, MI 48909-8278
(517) 636-4520

LICENSES—GC & SPECIALTY

REGISTRATION

Qualifications for a Residential Builder or Maintenance & Alteration Contractor License

Beginning June 1, 2008, an applicant for a Residential Builder or Maintenance & Alteration Contractor license must complete 60 hours of approved preclosure education prior to taking the examination or submitting a license application to the Department.

The 60 hours of approved preclosure courses must include at least six (6) hours in each subject below:

- 1) Business Management, Estimating, and Job Costing (6 hours);
- 2) Design and Building Science (6 hours);
- 3) Contracts, Liability, and Risk Management (6 hours);
- 4) Marketing and Sales (6 hours);
- 5) Project Management and Scheduling (6 hours);
- 6) The Michigan Residential Code (6 hours);
- 7) MIOSHA Construction Safety Standards (6 hours); and
- 8) The rest of the 18 hours may come from other topics on the approved course list.

After an applicant has completed the 60-hour preclosure education requirement, he or she may obtain an Individual Residential Builder and Maintenance & Alteration Contractor License Application on the Builders website at: www.michigan.gov/builders, under "Forms & Publications." The license application must be completed and submitted with the application fee. A copy of each official certificate(s) of completion given to the applicant by the course provider must be attached to the license application for each course the applicant has completed. The certificate(s) must document 60 hours of approved preclosure courses. A course will not be accepted without the certificate(s) attached.

Once the Builders Unit receives an application, it will be reviewed to ensure that the applicant meets all licensing requirements. The requirements for licensure include:

- 1) 60 hours of approved preclosure education courses;
- 2) Be at least 18 years of age;
- 3) Be of good moral character;
- 4) Submit any required documentation requested by the Department; and
- 5) Pass the required examination.

An applicant must meet all requirements for licensure before receiving approval by the Department to take the examination that is required to obtain a Residential Builder or Maintenance & Alteration Contractor license. Once the applicant receives an authorization to test letter, he or she may contact PSI Services LLC, the exam provider, at 1-800-733-9267, or go to the website at: www.psiexams.com, to register for the examination.

After the applicant passes both portions of the examination, a license will be issued as an Individual Residential Builder or Individual Maintenance & Alteration Contractor. The individual license will allow an individual to perform work as a sole proprietor, under their personal name or an assumed name from their County Clerk's Office. The individual license may NOT be used for a corporation, limited liability company, or partnership. If business is being conducted as a corporation, limited liability company, or partnership, an application for a second license which will be for the company is required. Obtain a Corporation, Limited Liability Company, or Partnership Residential Builder and Maintenance & Alteration Contractor License Application on the Builders website at: www.michigan.gov/builders, under "Forms & Publications" or contact the Builders Unit at (517) 373-8376.

Qualifications for an Electrical Journeyman License

Must be at least 20 years of age.

Have not less than 8,000 hours of practical experience obtained over a period of not less than four years related to electrical construction or maintenance of buildings or electrical wiring or equipment under the direct supervision of a person licensed under Act 217 of 1956. (Maximum credit of 2,000 hours per year).

Credit may be provided for graduation from or attendance at a recognized training or educational program.

Must take and pass the examination.

Qualifications for a Master Electrician License

Must be at least 22 years of age.

Has held an electrical journeyman's license for not less than two years.

Have not less than 12,000 hours of experience obtained over a period of not less than six years related to electrical construction, the maintenance of buildings, or electrical wiring or equipment under the supervision of a master electrician.

Must take and pass the examination.

Qualifications for an Electrical Contractor License

Holds a master electrician's license or has not less than one master electrician residing in this state who is in his or her full-time employ. The master electrician shall be actively in charge of and responsible for code compliance of all installations of electrical wiring and equipment.

Out-of-state corporations will not qualify for a contractor's license unless they employ a master electrician residing in the State of Michigan.

Must take and pass the examination.

Qualifications for a Fire Alarm Specialty Technician License

Must be at least 20 years of age.

Be certified by the National Institute for Certification in Engineering Technology as an associate engineering technician, level II, or the equivalent as determined by the board, in the field of fire alarm systems technology.

Must take and pass the examination.

Qualifications for a Fire Alarm Contractor License

Holds a fire alarm specialty technician's license or has not less than one fire alarm specialty technician residing in this state who is in his or her full-time employ. The fire alarm specialty technician shall be actively in charge of and responsible for code compliance of all installations of fire alarm system wiring and equipment.

Out-of-state corporations will not qualify for a contractor's license unless they employ a fire alarm specialty technician residing in the State of Michigan.

Must take and pass the examination.

Qualifications for a Sign Specialist License

Must be at least 18 years of age.

Have not less than 4,000 hours of experience, obtained over a period of not less than two years, related to manufacture, installation, maintenance, connection, or repair of electric signs and related wiring, as verified by a contractor licensed under this act.

Must take and pass the examination.

Qualifications for a Sign Specialty Contractor License

Holds a sign specialist's license or has not less than one sign specialist residing in this state who is in his or her full-time employ. The sign specialist shall be actively in charge of and responsible for code compliance of all installations, connection, and repair of electric signs and related wiring.

Out-of-state corporations will not qualify for a contractor's license unless they employ a sign specialist residing in the State of Michigan.

Must provide evidence of public liability insurance.

Must take and pass the examination.

Qualifications for a Mechanical Contractor's License

To obtain a Mechanical Contractor's license in Michigan, an applicant must be of good moral character and meet requirements in the following areas.

Must have a minimum of three years' experience in each of the work classifications applied for below:

- Hydronic heating and cooling and process piping
- HVAC equipment
- Ductwork
- Refrigeration
- Limited heating service
- Unlimited heating service
- Limited refrigeration and air conditioning service
- Unlimited refrigeration and air conditioning service
- Fire suppression
- Specialty license
- Solar heating and cooling
- Solid fuel equipment and vented decorative gas appliances
- LP distribution piping
- Fuel gas piping
- Fuel gas piping and venting

Credit for work experience may be requested if an applicant is attending or is a graduate of a recognized trade school. A copy of an official transcript and an original diploma must be submitted. A maximum of one year of the required three years of experience may be applied.

Must take and pass an examination for each work classification desired.

Qualifications for a Journey Plumber License

Must be at least 18 years of age.

Have not less than 6,000 hours experience, obtained over a period of not less than three years, as a registered plumbing apprentice in the practical installation of plumbing under the supervision of a licensed authorized master plumber.

Must pay the examination fee and pass the examination.

Must pay the license fee.

Qualifications for a Master Plumber License

Must be at least 18 years of age.

Two years' experience as a journey plumber.

Hold a journey license issued under 2002 PA 733.

Must pay the examination fee and pass the examination.

Must pay the license fee.

Qualifications for a Plumbing Contractor License

To qualify for a **plumbing contractor license** an applicant shall hold a Michigan master plumber license or employ a master plumber as a representative. Only an owner of a sole proprietorship or partnership, or officer of a corporation or limited liability company, may apply for a plumbing contractor license. The license will not be issued without master plumber representation.

Must pay the examination fee and pass the examination.

Must pay the license fee.

Boiler Installer's License

(1) An application for a boiler installer's license shall be on a form provided by the boiler division of the Department. The applicant shall state the name of the business, firm, partnership, or corporation that the applicant intends to represent in the business of installing boilers and shall provide evidence of his or her past experience in the installation of boilers and evidence of his or her workmanship and engineering skills that would qualify the applicant for examination and licensing.

(2) An applicant for a boiler installer's license shall have not less than five years of experience in all phases of boiler installation in the class of license for which the applicant is applying. A credit of two years of experience towards the five years of experience may be given for two years of experience in the design, construction, manufacture, or inspection of boilers.

(3) The boiler division of the Department may verify installations required to be reported on the application to establish the applicant's minimum practical installation experience in the applicant's desired license classification.

A **class 1B** installer's license qualifies a person to install a low-pressure boiler that does not exceed a firing rate of 1,000,000 BTU per hour as certified by the boiler manufacturer. For a class 1B license, the sum of all modules in a modular boiler shall not exceed a firing rate of 1,000,000 BTU per hour as certified by the boiler manufacturer.

A **class 2B** installer's license qualifies a person to do all of the following:

- Install a low-pressure boiler of any capacity or firing rate.
- To perform work covered by a class 1B license.

A **class 3B** installer's license qualifies a person to do all of the following:

- Install a boiler that has a capacity of not more than 5,000 pounds of steam per hour.
- Install or replace non-boiler external piping as defined by ASME code B31.1 and R 408.4032.
- Perform work covered by a class 2B license.

A **class 4B** installer's license qualifies a person to do all of the following:

- Install a boiler that has a capacity of not more than 300,000 pounds of steam per hour.
- Install or replace non-boiler external piping as defined by ASME code B31.1 and R 408.4032.
- Perform work covered by a class 3B license.

A **class 5B** installer's license qualifies a person to do all of the following:

- Install a boiler of any capacity or firing rate. Exception: a nuclear heat source boiler.
- Install or replace non-boiler external piping as defined by ASME code B31.1 and R 408.4032.
- Perform work covered by a class 4B license.

A **class 6B** installer's license qualifies a person to install a boiler that utilizes a nuclear heat source or its parts, appurtenances, or system components. Before a license is issued, an applicant for a class 6B license shall submit evidence of both of the following:

- Familiarity with and knowledge of all federal rules and regulations regarding the installation of a boiler that has a nuclear heat source.
- Employment by a company in possession of a valid ASME nuclear code symbol applicable to the portions of any nuclear boiler system that the company proposes to install.

A **class P** license qualifies a person to install or replace non-boiler external piping or repair non-boiler external piping as defined by ASME code B31.1 and R 408.4032.

Boiler Repairer's License

(1) An application for a boiler repairer's license shall be on a form provided by the boiler division of the Department. The applicant shall state the name of the business, firm, partnership, or corporation that the applicant intends to represent in the business of repairing boilers and shall give evidence of his or her past experience in the repair of boilers and evidence of his or her workmanship and engineering skills that would qualify the applicant for examination and licensing.

(2) An applicant for a boiler repairer's license shall have at least five years of experience in all phases of boiler repair in the class of license for which the applicant is applying. A credit of three years of experience towards the five years of experience will be given for three years of experience in the design, construction, manufacture, or inspection of boilers.

(3) The boiler division of the Department may verify repairs required to be reported on the application to establish the applicant's minimum practical repair experience in the applicant's desired license classification. Copies of the boiler division inspection reports of the repairs shall be made part of the application.

A **class I** license allows a licensee to repair a boiler by means other than welding, riveting, or other fabrication process.

A **class II** license allows a licensee to do both of the following:

- Repair a low-pressure boiler, a hot water supply boiler, and a fire tube boiler of any pressure.
- Perform work covered by a class I license.

A **class III** license allows a licensee to do all of the following:

- Repair a high-pressure boiler.

- Repair or replace non-boiler external piping, as defined by ASME code B31.1 and R 408.4032.
- Perform work covered by a class II license.

A **class IV** license allows a licensee to do all of the following:

- Repair or field-erect a boiler of any pressure. Exception: a boiler that has a nuclear heat source.
- Repair or replace non-boiler external piping as defined by ASME code B31.1 and R 408.4032.

A **class V** license allows a licensee to erect and repair a boiler that has a nuclear heat source or its parts, appurtenances, or system components, and also provides the following:

- The licensee may repair or replace non-boiler external piping, as defined by ASME code B31.1 and R 408.4032.
- Before a license is issued, an applicant for a class V license shall submit evidence of the following:
 - Familiarity with and knowledge of all federal rules and regulations regarding the construction of a boiler that has a nuclear heat source.
 - Employment by a company in possession of a valid ASME N-type symbol stamp applicable to the portions of any nuclear boiler system he or she proposes to repair.

A **class P** license qualifies a person to install or repair non-boiler external piping as defined by ASME code B31.1 and R 408.4032.

Qualifications for Elevator Journeyperson's License

Three years of continuous employment as a supervisor of elevator construction or service, or as an elevator constructor, serviceman, maintenance man, or repairman. (Up to one year of credit may be provided for a degree in electrical or mechanical engineering from a recognized college or university.)

Provide two written references.

Must take and pass the examination.

Qualifications for Elevator Contractor's License

Five years' experience as an elevator constructor or journeyperson in the type of elevator work for which they desire the license.

Provide two written references.

Must take and pass the examination.

TESTS AND EXAMS

See Registration (above).

FORMS

Not Applicable

RATES

Varies

DUE DATE

Varies

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

For license renewal.

ELECTRONIC PAYMENT

For license renewal.

WEBSITE

http://www.michigan.gov/lara/0,4601,7-154-35299_10575_17394---,00.html

MAILING ADDRESS

Bureau of Construction Codes
P.O. Box 30255
Lansing, MI 48909

RECIPROCITY STATES

Verify with the Department.

EQUITY REQUIREMENT

None

FINANCIAL STATEMENT REQUIREMENTS

None

LOCAL LICENSES

REGISTRATION

City of Grand Rapids.

City of Detroit.

FORMS

See Website

RATES

See Website

DUE DATE

See Website

DUE DATE EXTENSION

See Website

ELECTRONIC FILING

See Website

ELECTRONIC PAYMENT

See Website

WEBSITE

Grand Rapids:

<https://www.grandrapidsmi.gov/Directory/Guides/Register-as-a-Licensed-Contractor?BestBetMatch=contractor%20registration|d13b95b2-5146-4b00-9e3e-a80c73739a64|4f05f368-ecaa-4a93-b749-7ad6c4867c1f|en-US>

Detroit:

<http://www.detroitmi.gov/home/>

MAILING ADDRESS/PHONE NUMBER

See Website

INCOME TAX

INCOME TAX—C CORPORATION

All taxpayers other than financial institutions and insurance companies with apportioned or allocated gross receipts equal to \$350,000 or more and whose Corporate Income Tax (CIT) liability is greater than \$100 must file a Michigan Corporate Income Tax Annual Return. Insurance companies and financial institutions pay alternative taxes. The CIT replaces the Michigan Business Tax (MBT) for most taxpayers, effective January 1, 2012. The gross receipts threshold does not apply to financial institutions or insurance companies. The CIT offers one non-refundable credit, the small business alternative credit, which offers an alternate tax rate of 1.8% of adjusted business income. There are no other credits, except those under the MBT election (addressed below).

Insurance companies will pay a premiums tax instead of the corporate income tax. The premiums tax is calculated at 1.25% of gross direct premiums written on property or risk located in Michigan. Insurance companies are permitted certain exclusions from the tax base and a limited number of insurance-specific credits.

Financial institutions are taxed at .29% of net capital in lieu of the corporate income tax. Net capital is the institution's equity capital minus the average daily book value of U.S. and Michigan obligations calculated over a period of five tax years. The financial tax base is apportioned using the gross business factor.

The MBT election enables certain MBT taxpayers with certificated or awarded credits to continue using those credits once the CIT is in place. Such taxpayers may elect to continue filing and paying under the MBT until the expiration of the previously-awarded certificated credits.

FORMS

Form 4891, Michigan Corporate Income Tax Annual Return.

Form 4, Application for Extension of Time to File Michigan Tax Returns.

RATES

The Michigan CIT tax rate is 6%.

Annual and estimated returns filed late or without sufficient payment of the tax due are subject to a penalty of 5% of the tax due, for the first two months. The penalty increases by an additional 5% per month, or fraction thereof, after the second month, to a maximum of 25%. An interest rate of 4.25% also applies computed on a daily basis.

DUE DATE

Calendar Year-End:

April 30

Fiscal Year-End:

The last day of the fourth month after the end of the tax year.

DUE DATE EXTENSION

The Department of Treasury may grant an extension for filing of a return for good cause shown, by filing MI Form 4.

If the taxpayer received a federal extension and files a copy of that federal extension with the Department, together with a tentative return and payment, then the taxpayer will receive an automatic extension to the last day of the eighth month following the original due date.

An insurance company does not qualify for an automatic extension.

ELECTRONIC FILING

Can be filed by approved tax preparation software.

ELECTRONIC PAYMENT

https://www.michigan.gov/taxes/0,4676,7-238-44070_66599---,00.html

WEBSITE

https://www.michigan.gov/taxes/0,4676,7-238-43519_59553---,00.html

MAILING ADDRESS/PHONE NUMBER

With payment:

Michigan Department of Treasury
P.O. Box 30804
Lansing, MI 48909

Without payment:

Michigan Department of Treasury
P.O. Box 30803
Lansing, MI 48909

Mail an extension application (Form 4) to:

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274
(517) 636-6925

ESTIMATED TAX

Corporate, financial institution, and insurance company taxpayers that reasonably expect to have a liability of more than \$800 for the tax year must make quarterly estimated payments and returns. Each payment must approximate the taxpayer's tax liability for the quarter or 25% of estimated annual liability. Second, third, and fourth-quarter payments should include any necessary adjustments for overpayments or underpayments from a previous quarter. Interest and penalty will not be assessed if the sum of all estimated payments made is at least 85% of the annual liability and each quarterly payment reasonably approximates the liability incurred in the quarter.

For tax years after the taxpayer's first CIT tax year, a taxpayer may submit four equal estimated payments, the sum of which equals the previous tax year's liability, if the previous year's liability was \$20,000 or less.

For the taxpayer's first year under the CIT of less than 12 months, the amounts paid with each quarterly return shall be proportional to the number of payments made in the first tax year. A taxpayer with a tax year of less than four months is not required to file an estimated tax return or remit estimated payments.

Taxpayers that calculate and pay estimates pursuant to IRC 6655(e) may use the same methodology to make CIT estimated payments.

If filing monthly using Form 160, Combined Return for Michigan Taxes, and not making remittances by electronic funds transfer, monthly payments may be filed on the 20th day of the month. However, for taxpayers required to make remittances by electronic funds transfer or otherwise not using Form 160, CIT estimates remain due on the 15th day of the month following the final month of the quarter. Regardless of the method chosen, the estimated CIT for the quarter must always reasonably approximate the liability for the quarter.

FORMS

Form 4913, Michigan Corporate Income Tax (CIT) Quarterly Return.

RATES

Not Applicable

DUE DATE

Estimated returns and payments are due to the Department on April 15, July 15, October 15, and January 15. Fiscal year taxpayer returns and payments are due on the 15th day of the fourth, seventh, tenth, and thirteenth month following the Company's year-end.

DUE DATE EXTENSION

Not Available.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Michigan allows companies to pay quarterly payments for some taxes with an electronic funds transfer.

WEBSITE

https://www.michigan.gov/taxes/0,4676,7-238-44070_66599---,00.html

MAILING ADDRESS

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274

ALTERNATIVE MINIMUM TAX

Not Applicable

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

See form instructions.

ALLOCATION AND APPORTIONMENT FACTORS

See form instructions, the general format is based on a single sales factor.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Not Applicable

OTHER MULTISTATE COMPACT

Not Applicable

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

See form instructions.

SPECIFIC EXCLUSION OF INCOME ITEMS

See form instructions.

SPECIFIC EXCLUSION OF COST ITEMS

Not Applicable

CREDITS AND TAX INCENTIVES

Not Applicable

INCOME TAX—S CORPORATION

Michigan S corporations are not subject to the CIT.

REGISTRATION

Not Applicable

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

COMPOSITE RETURNS FOR S

Michigan S corporations are not subject to the CIT. S corporations may file a composite return on behalf of the shareholders for individual income tax.

ALLOWED OR NOT ALLOWED

Allowed, but not required.

FORMS

Form 807, Michigan Composite Individual Income Tax Return.

Form 4, Application for Extension of Time to File Michigan Tax Returns.

RATES

4.25%

DUE DATE

April 15

DUE DATE EXTENSION

April 15

ELECTRONIC FILING

Can be filed by an approved tax preparation software.

ELECTRONIC PAYMENT

Optional

WEBSITE

https://www.michigan.gov/taxes/0,4676,7-238-44070_66599---,00.html

MAILING ADDRESS

With payment:

Michigan Department of Treasury
P.O. Box 30207
Lansing, MI 48909

Without payment:

Michigan Department of Treasury
P.O. Box 30058
Lansing, MI 48909

ESTIMATED TAX FOR S

Not Applicable

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

REQUIRED

Not Applicable

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Not Applicable

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS

Not Applicable

PAYMENT ON INCOME OR DISTRIBUTIONS

Not Applicable

S CORPORATION TREATMENT

Not Applicable

C TREATMENT

No

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Michigan Partnerships are not subject to the CIT.

COMPOSITE RETURNS

The members of a FTE may elect to file a composite return, but it is not required. An FTE that does business in Michigan and that is filing on behalf of two or more nonresident individual or trust partners, shareholders, or members may file this return.

FORMS

Form 807, Michigan Composite Individual Income Tax Return.

Form 4, Application for Extension of Time to File Michigan Tax Returns.

RATES

4.25%

DUE DATE

April 15

DUE DATE EXTENSION

April 15

ELECTRONIC FILING

Can be filed by approved tax preparation software.

ELECTRONIC PAYMENT

FTEs that are required to withhold may elect to make remittances by Electronic Funds Transfer (EFT).

WEBSITE

https://www.michigan.gov/taxes/0,4676,7-238-44070_66599---,00.html

MAILING ADDRESS

With payment:

Michigan Department of Treasury
P.O. Box 30207
Lansing, MI 48909

Without payment:

Michigan Department of Treasury
P.O. Box 30058
Lansing, MI 48909

INCOME TAX—INDIVIDUAL

Taxpayers must file a Michigan Income Tax Return if the taxpayer owes tax, is due a refund, or their adjusted gross income exceeds their personal exemption allowance.

PART-YEAR RESIDENT

An individual is a part-year resident if, during the year, they move their permanent home into or out of Michigan. They must pay Michigan income tax on income they earned, received, or accrued while living in Michigan. Use Michigan Nonresident and Part-Year Resident Schedule (Schedule NR) to calculate Michigan taxable income.

RECIPROCAL AGREEMENTS

Michigan residents only have to pay Michigan income tax on their salaries and wages earned in the following states: Illinois, Indiana, Kentucky, Minnesota, Ohio, and Wisconsin.

FORMS

Form MI-1040, Michigan Individual Income Tax Return.

Form 4, Application for Extension of Time to File Michigan Tax Returns.

RATES

4.25%

Late filing penalty is 5% of tax due, after the second month the penalty will increase by an additional 5% per month, or fraction thereof, up to a maximum of 25% of the tax due. Interest is compounded daily at 4.25%.

DUE DATE

April 15

DUE DATE EXTENSION

April 15

ELECTRONIC FILING

Can be filed by approved tax preparation software.

ELECTRONIC PAYMENT

Not Available

WEBSITE

www.michigan.gov/taxes

MAILING ADDRESS

Without payment:

Michigan Department of Treasury
Lansing, MI 48956

With payment:

Michigan Department of Treasury
Lansing, MI 48929

FED RETURN ATTACHED TO STATE RETURN

The following federal schedules and forms must be attached to the Michigan return:

- Schedule A, Itemized Deductions.
- Schedule B or 1040A Schedule 1, Interest and Dividend Income (if over \$5,000).
- Schedule C or C-EZ, Profit or Loss from Business.
- Schedules D and 4797, Capital and Ordinary Gains and Losses.
- Schedule E, Supplemental Income and Loss.
- Schedule F, Farm Income and Expenses.
- Schedule R or 1040A Schedule 3, Credit for the Elderly or Disabled.

- Form 1040NR, Nonresident Alien Income Tax Return.
- Form 2555, Foreign Earned Income.
- Form 3903 or 3903-F, Moving Expenses.
- Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Returns.
- Form 6198, Computation of Deductible Loss From Activity Described in IRC Section 465(c).
- Form 8829, Expenses for Business Use of Your Home.

STATE CONSTRUCTION-RELATED CREDITS

Not Applicable

IRC CONFORMITY

There are numerous differences from the federal return. Some of the additions to Michigan income are:

- 1) Gross interest, dividends, and income from obligations or securities of states and their political subdivisions other than Michigan.
- 2) All taxes on our measured by net income including city and state taxes, Foreign Income Tax and Federal Environmental Tax claimed as deduction.
- 3) Federal Net Operating Loss deduction.

Some of the subtractions to Michigan income are:

- 1) Interest Income from U.S. Government obligations.
- 2) Income attributable to another state.

3) Michigan Net Operating Loss deduction.

The complete list of differences are listed in the instruction booklet.

Michigan adopts the IRC in effect on 01/01/2018 for purposes of the Michigan corporate and individual income tax. Michigan has not decoupled from the business interest deduction limitations of IRC 163(j) as amended by the 2017 Tax Cuts and Jobs Act.

While Michigan allows individuals to take certain enumerated deductions, such deductions do not include the IRC § 199A deduction.

ALTERNATIVE MINIMUM TAX

Not Applicable

NET WORTH OR STOCK TAX

REGISTRATION

Not applicable – Michigan does not impose a net worth tax.

GROSS RECEIPTS TAX

REGISTRATION

Not applicable – Michigan does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Individuals or businesses that sell tangible personal property to the final consumer need a sales tax license. An application for a sales tax license may be obtained on the following website: http://www.michigan.gov/taxes/0,1607,7-238-43519_43521_44039-5922--,00.html

You must register and pay use tax if you:

- 1) Are doing business in Michigan but do not have a retail location in Michigan;
- 2) Voluntarily collect use tax from your customers;
- 3) Sell telecommunications services;
- 4) Rent hotel and motel rooms or other accommodations; or
- 5) Lease tangible personal property to Michigan customers from a Michigan or an out-of-state location.

FORMS

Form 518, Registration for Michigan Taxes.

Form 5080, Combined Return for Michigan Taxes.

Form 163, Notice of Change or Discontinuance.

Form 5081, Annual Return for Sales, Use, and Withholding Taxes.

Form 2248, Electronic Funds Transfer (EFT) Debit Application.

Form 2328, Electronic Funds Transfer (EFT) Credit Application.

RATES

The sales and use tax rate is 6%.

DUE DATE

Filer and due date for remitting payment:

- Monthly – On or before the 20th day of the following month.
- Quarterly – On or before the 20th day of the month following the quarter.
- Annual – February 28.
- Electronic Funds (EFT) – On or before the 20th of the following month.
- Beginning January 1, 2014, 75% of taxpayer's sales tax liability in the immediately preceding month plus a reconciliation payment equal to the difference between the tax liabilities determined for the immediately preceding month minus the amount of tax previously paid for that month is due on the 20th day of the month.

DUE DATE EXTENSION

Not applicable – an extension for sales or use tax is not available.

ELECTRONIC FILING

Not Available

ELECTRONIC PAYMENT

For EFT Debit, the taxpayer must first complete an Electronic Funds Transfer (EFT) Debit Application (Form 2248). The taxpayer will receive transmission instructions along with a user code and password from the state's contractor.

For EFT Credit, the taxpayer must first complete an Electronic Funds Transfer (EFT) Credit Application (Form 2328). The taxpayer will then be notified to send a test transaction (a zero dollar transmission, correctly formatted). After a successful test the taxpayer will receive written approval and the taxpayer may begin paying by EFT.

In an EFT credit transaction, the taxpayer contacts its bank to initiate a transaction debiting its bank account and transferring the funds to the state's account for the amount due. An EFT debit transaction is similar to the EFT credit transaction, except the taxpayer notifies the state (or the state's contractor). The state, through its bank, then initiates the transaction through the ACH network to debit (withdraw funds from) the taxpayer's account.

WEBSITE

<http://www.michigan.gov/taxes/0,4676,7-238-43529---,00.html>

MAILING ADDRESS/PHONE NUMBER

Michigan Department of Treasury
Lansing, MI 48922
Phone: (517) 636-6925
Fax: (517) 636-4491
E-mail: treasSUW@michigan.gov

Note: During high call volume periods, calls may become disconnected due to system limitations on the number of calls that can be held in queue.

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

See Website

See Revenue Administrative Bulletin 2016 – 18, Sales and Use Taxation of the Construction Industry (Excluding Manufacturing/Contractors).

See Revenue Administrative Bulletin 2016 – 24, Use Tax Based of Tangible Personal Property affixed to Real Estate by a Manufacturer/Contractor or Other Contractor.

See Revenue Administrative Bulletin 1988-35, Sales and Use Taxes – Carpeting.

A sales tax license is not required for contractors or subcontractors.

PA 201 of 2018, amended the Use Tax Act to specify that a person engaged in the business of constructing, altering, repairing, or improving real estate for others is not liable for Use Tax for storing, using, or consuming tangible personal property acquired from another person to the extent that the property was purchased by the other person and that person is not exempt from the tax levied under the Use Tax Act or the General Sales Tax Act, and that property was acquired by the person engaged in the business of construction, altering, repairing, or improving real estate for other for the sole purpose of affixing that tangible personal property to real estate on behalf of that other person. This law took effect on June 20, 2018.

TAXABLE SERVICES

Generally, services are nontaxable in Michigan.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

Not applicable – Michigan does not allow city or local units to impose sales or use taxes.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form 518, Registration for Michigan Taxes.

Form 160, Combined Return for Michigan Taxes.

Form 163, Notice of Change or Discontinuance.

Form 165, Annual Return for Sales, Use, and Withholding Taxes.

Form 3281, State of Michigan New Hire Reporting Form.

RATES

The withholding rate is 4.25% of compensation after deducting the personal and dependency exemption allowance.

Michigan has entered into reciprocal agreements with the States of Illinois, Indiana, Kentucky, Minnesota, Ohio, and Wisconsin. This means that a Michigan employer will not withhold Michigan income tax from residents of these states who work in Michigan.

DUE DATE

All businesses are required to file an annual return each year.

- Monthly: On or before the 20th day of the following month.
- Quarterly: On or before the 20th day of the month following the quarter.
- Annual: February 28.
- Electronic Funds Transfer (EFT): On or before the 20th of the following month.
- Accelerated Electronic Funds Transfer (EFT): Remit withholding taxes on or before the same day as the federal payments regardless of the amount due. Payment must be made by EFT using an EFT Credit or EFT Debit payment method.

DUE DATE EXTENSION

Not applicable – no extension available.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Employers averaging more than \$40,000 a month in income tax withholding will be notified of a requirement to pay on an accelerated schedule. Taxpayers meeting this threshold must make their payments using EFT. To find out more about the EFT process, visit: www.michigan.gov/biztaxpayments

WEBSITE

<http://www.michigan.gov/taxes/0,4676,7-238-43531---,00.html>

MAILING ADDRESS/PHONE NUMBER

Michigan Department of Treasury
Lansing, MI 48922
(517) 373-3200

NEW HIRE

Federal law requires public (state and local) and private employers to report all newly hired or rehired employees who are working in Michigan to the State of Michigan. Form 3281 is recommended for use by all employers who do not report electronically.

Online and other electronic reporting options are available at:
www.mi-newhire.com.

Under Public Act 169 of 1982, employers must submit to Treasury a copy of any MI-W4 received from employees who:

- Claim ten or more exemptions, or
- Claim exempt from withholding tax.

Employers must also submit MI-W4s for employees who change their withholding status to exempt.

Employers should not send copies of exemption certificates filed by:

- Part-time or student employees whose expected earnings will be less than their exemption allowance;
- Employees who claim exempt because they live in a reciprocal state; or
- Employees who claim exempt for a stated time (e.g., two pay periods).

Use the official MI-W4 only; do not send copies of the federal W-4.

Mail MI-W4s only to:

New Hire Operations Center
P.O. Box 85010
Lansing, MI 48908-5010

TERMINATION

If you go out of business or permanently stop being an employer, you must do **all** of the following:

File a final monthly or quarterly return and pay all money due within 15 days after you discontinue business.

Complete and file Form 165 with Treasury by February 28. Also include the State of Michigan copy of the combined W-2's as furnished to each employee.

Give a W-2 to the employee(s) no later than 30 days after the last payment of compensation.

Complete Notice of Change or Discontinuance (Form 163) and submit to Treasury.

INDEPENDENT CONTRACTOR TREATMENT

Payors who are required to file form 1099-MISC with the Internal Revenue Service must also file with the State of Michigan and with the payee's city of residence if that city imposes an income tax.

UNEMPLOYMENT

FORMS

Form 518, Registration for Michigan Taxes

UIA Schedule A, Liability Questionnaire

UIA Schedule B, Successorship Questionnaire

UIA 1772, Discontinuance or Transfer of Payroll or Assets in Whole or Part

UIA 1028, Employer's Quarterly Wage/Tax Report

Form UIA 1771, Annual Tax Rate Determination

RATES

Generally, in the first two years of a business's liability, the tax rate is set by law at 2.7%, except for employers in the construction industry, whose rate in the first two years is that of the average employer in the construction industry, which is announced by UIA early each year. In recent years, this construction rate has ranged from 6.8% to 8.1%.

For an employer with five or more years of business experience, the unemployment tax rate is computed by adding together the three components:

Chargeable Benefits Component (CBC): This component takes into account the individual employer's benefit charges during the 60 months ending the preceding

June 30, and the individual employer's taxable payroll for the same period for the rate year. The result is rounded to the next higher 0.1%. The maximum for this component is 6.3 %.

Account Building Component (ABC): This component compares the employer's actual reserve and required reserve, in order to measure the adequacy of the employer's reserve to cover potential benefit charges. The result is rounded to the next higher 0.1%. The maximum for this component is 3.75%.

Nonchargeable Benefits Component (NBC): This component does not reflect the experience of the business, but is assigned to recover costs, which are pooled among all employers. Most employers pay a uniform rate of 1%. However, if there are no benefit charges for the last nine years, ending last June 30, the rate could be as low as 0.06%. Amounts paid based on this component will not appear in the "taxes credited to experience rating account" portion of the rate calculation.

Tax Rates		
Years of Liability	Table A Section 19(a)(1) of the Act All Employers Except Those Covered by Table B	Table B Section 19(a)(1) of the Act Only for Employers in the Construction Industry
1	2.7%	Average construction contractor rate as determined by the Agency.
2	2.7%	Average construction contractor rate as determined by the Agency.
3	1/3 CBC + 1.8%	1/3 CBC + 2/3 average construction contractor rate
4	2/3 CBC + 1.0%	2/3 CBC + 1/3 average construction contractor rate
5 and over	CBC+ABC+NBC	CBC+ABC+NBC

DUE DATE

Due on the 25th of the month following the end of each calendar quarter.

DUE DATE EXTENSION

Not applicable – no extension available.

ELECTRONIC FILING

Through registering for an Employer Web Account, an employer or their designated representative can file the UIA 1028, Employer's Quarterly Wage/Tax Report or through an electronic file submit. In addition to these two services, the registration for the Employer Web Account also allows an employer to file quarterly tax

reports, make electronic tax payments, request tax statements and access/update UIA account information online.

Starting with the first quarter of 2013 (first quarter reports are due April 25, 2013), an employer with 25 employees or more will be required to file online. Beginning with the 2014 tax year, that requirement will extend to employers with more than five employees, and beginning in 2015, employers with five or fewer employees will also be required to file their quarterly reports online (employers with five or fewer employees can request a limited extension to the deadline upon a showing of economic hardship).

ELECTRONIC PAYMENT

See Electronic Filing (above).

WEBSITE

<http://www.michigan.gov/uia/>

MAILING ADDRESS

Unemployment Insurance Agency
P.O. Box 8068
Royal Oak, MI 48068-8068

NEW HIRE

Include on Form 1028 for the quarter in which individual received compensation.

TERMINATION

UIA 1772, Discontinuance or Transfer of Payroll or Assets in Whole or Part.

INDEPENDENT CONTRACTOR TREATMENT

The Michigan Unemployment Insurance Agency aggressively audits employees to determine if independent contractors should be classified as employees.

PROPERTY TAX

PERSONAL PROPERTY

The Michigan Constitution provides for the assessment of all real and tangible personal property not exempted by law. Tangible personal property is defined as tangible property that is not real estate. Form L-4175, Personal Property Statement, is used for the purpose of obtaining a statement of assessable personal property for use in making a personal property assessment. Michigan law provides that the assessor must send Form L-4175 to any person or entity that may possess assessable personal property. Michigan law also provides that a person or entity receiving Form L-4175 must complete it and return it to the assessor by the statutory due date, even if they have no assessable property to report.

If the true cash value of assessable personal property that a person or a related party own, lease, or possess is under \$80,000, an exemption from tax on personal property is available for the year by filing Form 5076 no later than February 20.

Michigan has begun phasing out the personal property tax on industrial processing and direct integrated support equipment – this equipment is referred to as Eligible Manufacturing Personal Property (EMPP) beginning in 2016:

- 1) EMPP placed in service on or after December 31, 2012, will be exempt from personal property tax.
- 2) Going forward, any EMPP in place for at least 10 years will be exempt. As a result, in each tax year after 2016, a new vintage year of EMPP will become exempt until all EMPP is exempt by 2023.
- 3) EMPP is all personal property located on occupied real property if that personal property is predominantly used (value is above 50% of total property) in either “industrial processing” or in “direct integrated support.” The exemption is determined on a parcel-by-parcel basis, or a group of contiguous parcels.

Property qualifying for the exemption (EMPP) will be subject to a State Essential-Services Assessment (SESA) beginning in 2016. The assessment’s rate depends on the length of time the taxpayer has owned the eligible property. The exempt property will be assessed based on its acquisition cost and taxed at a rate of 2.4 mills in the first five years after it is acquired, 1.25 mills for the next five years, and 0.9 thereafter. The SESA will be due by September 15 of each year, if not paid by November 1, the EMPP exemption will be revoked.

REGISTRATION

No registration required.

FORMS

Form L-4175, Personal Property Statement.

Form 5076, Affidavit of Owner of Eligible Personal Property Claiming Exemption from Collection of Taxes.

RATES

Varies by local jurisdiction.

DUE DATE

February 20 of each year.

DUE DATE EXTENSION

Not applicable – no extension available.

ELECTRONIC FILING

Not Available

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://www.michigan.gov/taxes/0,1607,7-238-43535---,00.html>

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

treasPtd2@michigan.gov

The Department of Treasury requests that when submitting inquiries regarding property taxation, please include a telephone number where you can be reached during the day. Providing a telephone number will allow a more timely and comprehensive response to your inquiry than can otherwise be achieved.

REAL PROPERTY

The Michigan Constitution provides for the assessment of all real and tangible personal property not exempted by law. Real property consists of land and any improvements to the land, such as buildings and water and sewer facilities.

Until 1994, property in Michigan was assessed at half its market value for tax purposes. This is known as a property's Assessed Value (AV).

In 1994, Michigan voters passed Proposal A, which changed the State's Constitution. Proposal A shifted some of the tax burden off of property and onto the sales tax, which rose from four (4) to six (6) cents on every dollar spent.

The result of this proposal was the development of a new way of calculating property taxes using what's known as a property's Taxable Value (TV). A property's TV is determined using one of the equations (whichever one is less) below:

$(\text{Last year's taxable value}) - (\text{losses}) + (5\%) + (\text{additions}); \text{ or}$

$(\text{Last year's taxable value}) - (\text{losses}) + (\text{the rate of inflation}) + (\text{additions}).$

Under Proposal A, the growth of a property's TV is limited or "capped" with annual increases of not more than the lesser of five percent (5%) or the Consumers Price Index (CPI), which is set by the Michigan State Tax Commission.

The taxable value cannot be greater than a property's AV. However, when a piece of property is sold or a title is transferred, the property's taxable value becomes equal to the amount of its AV for the tax year following the year in which the sale or transfer took place. This is called "uncapping" a property's taxable value. After this has taken place, the lesser of five percent (5%) or the CPI applies to future increases in taxable value, until there is another sale or transfer of ownership of the property.

Property taxes are determined by multiplying the total local millage rate by the taxable value of property.

REGISTRATION

Not Applicable

FORMS

Not Applicable

RATES

Varies by local jurisdiction.

DUE DATE

Varies by local jurisdiction.

DUE DATE EXTENSION

Not applicable – no extension available.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://www.michigan.gov/taxes/0,4676,7-238-43535---,00.html>

MAILING ADDRESS

treasPtd2@michigan.gov

The Department of Treasury requests that when submitting inquiries regarding property taxation, please include a telephone number where you can be reached during the day. Providing a telephone number will allow a more timely and comprehensive response to your inquiry than can otherwise be achieved

INTANGIBLES TAX

REGISTRATION

Not applicable – Michigan does not impose an intangibles tax.

FUEL TAX

REGISTRATION

Any fuel used to propel a motor vehicle on public highways in Michigan is taxable.

Register for Motor Fuel Tax if you:

1. Operate a terminal or refinery for gasoline, diesel, aviation fuel, or import from a foreign country.
2. Transport fuel across a Michigan border for hire.
3. Are a position holder in a fuel terminal.
4. Sell diesel fuel for use in watercraft.
5. Sell LPG for highway use.
6. Sell aviation fuel for resale.

Fuel Supplier

Tax is due upon removal, importation, or other taxable event and if payment is not included you will be billed for the month in which the transaction(s) takes place. The tax is calculated on gross gallons and interest will be computed from the original due date on out-of-period transactions (late loads).

Fuel Importer

Tax is due upon removal, importation, or other taxable event and must be included in the report for the period in which the transaction takes place. The tax is calculated on gross gallons.

FORMS

Form 518, Registration for Michigan Taxes.

Form 577, Dealer's Liquid Petroleum Gas Tax Return.

Form 3712, Motor Fuel Tax License Application.

Form 3715, Carrier's Monthly Report: Pipeline, Barge, Marine Vessel.

Form 3716, Terminal Operator Monthly Report.

Form 3724, Transporter Quarterly Report.

Form 3769, Retail Marine Diesel Dealer Return.

Form 3778, Three-Day Payment Voucher.

Form 3791, Blender Monthly Tax Return.

Form 3823, Aviation Fuel Registrant Application.

Form 3877, Terminal Operator Annual Return.

Form 3978, Fuel Supplier Return.
Form 3992, Fuel Importer Return.
Form 4004, Exporter Quarterly Report.
Form 4020, Motor Fuel Tax Payment/Proposed Adjustments Coupon.
Form 4040, Motor Fuel Electronic Funds Transfer (EFT) Credit Application.
Form 4041, Motor Fuel Electronic Funds Transfer (EFT) Debit Application.
Form 4099, Motor Fuel Electronic Filing Application.
Form 4334, Motor Fuel Untaxed Products Return.

RATES

Gasoline and Ethanol Blends: .263 cents/gallon
Undyed Petroleum Diesel and Undyed Biodiesel: .263 cents/gallon
Aviation: 3 cents/gallon

DUE DATE

All Michigan licensed suppliers and permissive suppliers must file this return by the 20th day of the month following the end of the report period.

DUE DATE EXTENSION

Not Available

ELECTRONIC FILING

For Electronic Filing, you must first complete a Motor Fuel Electronic Filing Application (Form 4099).

ELECTRONIC PAYMENT

For EFT Debit, you must first complete an Electronic Funds Transfer (EFT) Debit Application (Form 4041). You will receive transmission instructions along with your user code and password from the state's contractor.

For EFT Credit, you must first complete an Electronic Funds Transfer (EFT) Credit Application (Form 4040). You will then be notified to send a test transaction (a zero dollar transmission, correctly formatted). After a successful test you will receive written approval and you may begin paying by EFT.

In an EFT credit transaction, the taxpayer contacts its bank to initiate a transaction debiting its bank account and transferring the funds to the state's account for the amount due. An EFT debit transaction is similar to the EFT credit transaction, except the taxpayer notifies the state (or the state's contractor). The state, through its bank, then initiates the transaction through the ACH network to debit (withdraw funds from) the taxpayer's account.

WEBSITE

http://www.michigan.gov/taxes/0,4676,7-238-43542_43544---,00.html

MAILING ADDRESS

Mail Remittance to:

Michigan Department of Treasury
P.O. Box 77401
Detroit, MI 48278

Mail refund request or zero return to:

Michigan Department of Treasury
Motor Fuel Unit
P.O. Box 30474
Lansing, MI 48909-7974

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Michigan's Uniform Unclaimed Property Act, Public Act 29 of 1995, as amended, requires businesses and government entities to report and remit to the Michigan Department of Treasury abandoned and unclaimed property belonging to owners whose last known address is in Michigan. In addition, every business or government entity that is incorporated in Michigan must report and remit abandoned property belonging to owners where there is no known address.

The due date for filing the unclaimed property annual report is July 1, 2019 for property reaching its dormancy period as of March 31, 2019.

Complete instructions and forms are available in the [Manual for Reporting Unclaimed Property](#). The amount of properties that a holder reports determines the method for reporting.

Those reporting 10 or more properties –File using **free** third-party software.

Those reporting less than 10 properties – File using **free** third-party software or paper forms.

If a property holder fails to properly file a report, penalty and interest may be assessed as follows:

- Interest at one percentage point above the adjusted prime rate per annum per month on the property or value of the property from the date the property should have been paid or delivered, and/or
- Penalty at 25% of the value of the property that should have been paid or delivered.

Website: <https://unclaimedproperty.michigan.gov/>

IMPACT FEES

Not Applicable

MINIMUM WAGE

Applies to employers who employ two or more persons 16 years of age or older, and certain employees in federally covered businesses because the state minimum wage rate for those employees will be higher than the federally required rate as of May 27, 2014.

Establishes the minimum hourly wage rate for employees in Michigan and a training wage for new employees ages 16 to 19 of \$4.25 per hour for the first 90 days of employment.

Minors 16-17 years of age may be paid 85% of the minimum hourly wage rate*.

In situations where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wage rates.

Provides an overtime rate for non-exempt employees of 1½ times the regular rate of pay.

Establishes compensatory time provisions that allow an employee to accrue and use compensatory time in lieu of overtime pay if certain conditions are met.

Permits a tipped employee to be paid \$2.65 per hour before September 1, 2014, and 38% of the minimum hourly wage rate effective September 1, 2014; provided reported tips received in a pay period plus the tipped employee minimum hourly wage rate equal or exceed the minimum hourly wage rate; any shortfall must be paid by the employer.

A written tip statement signed by the employee and dated before the date the paycheck was received must be maintained by the employer for each pay period that tips are reported.

Michigan's Minimum Wage

Effective Date	Minimum Hourly Wage Rate	85% of Minimum Hourly Wage Rate
January 1, 2018	\$9.25	\$7.86
April 1, 2019	\$9.45	\$8.03

Every January beginning in January 2019, the state treasurer shall adjust the minimum wage by an amount determined by the state treasurer at the end of the preceding calendar year to reflect the average annual percentage change in the consumer price index for the most recent five-year period for which data is available. As used in this subsection, "consumer price index" means the most comprehensive index of consumer prices available for the Midwest region from the Bureau of Labor Statistics of the United States Department of Labor. The Wage and Hours Division of the Department of Licensing and Regulatory Affairs shall post the adjusted minimum wage on its website by February 1 of the year it is calculated, and the adjusted rate is effective beginning April 1 of that year. An annual increase under this subsection shall not exceed 3.5%. This rate does not take effect if the unemployment rate determined by the Bureau of Labor Statistics, United States Department of Labor, for this state is 8.5% or greater for the year preceding the year of the prescribed increase.

*The federal minimum wage is \$7.25. Under Section 10 of Public Act 138 of 2014, as amended, states: "Sec. 10. (1) This act does not apply to an employer that is subject to the minimum wage provisions of the Fair Labor Standards Act of 1938, 29 USC 201 to 219, unless those federal minimum wage provisions would result in a lower minimum hourly wage than provided in this act."

For Tipped Employees

Effective Date	Minimum Hourly Wage Rate	Tipped Employee Minimum Hourly Wage Rate	Provided Reported Tips Per Hour Average At Least
January 1, 2018	\$9.25	\$3.52	\$5.73
April 1, 2019	\$9.45	\$3.52	\$5.73

Federal Fair Labor Standards Act of 1938 (FLSA)

The Federal Fair Labor Standards Act of 1938 (FLSA) applies to those who work for employers that:

- 1) Produce goods for sale outside Michigan (for interstate commerce).
- 2) Have gross annual revenue over \$500,000.
- 3) Employ domestic service workers such as day workers, housekeepers, chauffeurs, cooks, or full-time babysitters are covered if they receive at least \$50 in cash wages in a calendar quarter or work more than eight hours a week.
- 4) Are a hospital or health care facility for the sick, aged, or mentally ill.
- 5) Are a pre-school, elementary, or secondary school or college.
- 6) Are an agricultural employer who employs 500 man days of agricultural labor (in a quarter for the previous or current year).
- 7) Are federal, state, and local governments.

REGISTERED AGENTS

LIMITED LIABILITY PARTNERSHIP

A registered agent and registered office must be named in the Application to Register a Limited Liability Partnership if the partnership is a foreign entity. A registered agent is someone who is appointed by the partnership to receive any documents, notices, or demands served upon the company. The registered agent must be an individual of this state, a Michigan corporation, or a foreign corporation with a Certificate of Authority to transact business in Michigan.

LIMITED PARTNERSHIP

A resident agent and registered office must be included in the Certificate of Limited Partnership. A resident agent is someone who is appointed by the limited partnership to receive any documents, notices, or demands served upon the partnership. The resident agent must be an individual resident of this state, a Michigan corporation, or a foreign corporation with a certificate of authority to transact business in Michigan. If a resident agent and registered office are not named in the certificate, the submitter will be contacted to obtain the information.

CORPORATION

A registered office and resident agent must be included in the Articles of Incorporation. A resident agent is someone appointed by the corporation to receive any documents, notices, or demands served upon the corporation. The resident agent may be either an individual resident in this state whose business office or residence is identical with the registered office, a domestic corporation or a limited liability company, or a foreign corporation or limited liability company authorized to transact business in this state that has a business office identical with the registered office. If a resident agent and registered office are not named in the Articles of Incorporation, the submitter will be contacted to obtain the information.

NONPROFIT CORPORATION

A registered agent and resident office must be included in the Articles of Incorporation. A resident agent is someone appointed by the corporation to receive any documents, notices, or demands served upon the corporation. The resident agent must be a Michigan resident, domestic corporation, or a foreign corporation authorized to do business in Michigan. If a resident agent and registered office are not named in the Articles of Incorporation, the submitter will be contacted to obtain the information.

LIMITED LIABILITY COMPANY

A resident agent and registered office must be included in the Articles of Organization. A resident agent is someone who is appointed by the company to receive any documents, notices, or demands served upon the company. The resident agent must be a Michigan resident, a Michigan corporation, a foreign corporation with a Certificate of Authority to transact business in Michigan, a Michigan limited liability company, or a foreign limited liability company authorized to transact business in this state. If a resident agent and registered office are not named in the articles, the submitter will be contacted to obtain the information.

DAVIS BACON

General

Michigan's Prevailing Wage law covers construction workers employed on state financed or sponsored construction projects. Under this act the Wage and Hour Division establishes wage and fringe benefit rates to be paid construction workers on state projects.

Passed in 1965, enacted in 1966, Public Act 166 largely mirrors the Federal Davis-Bacon Act. Public Act 166 applies to construction projects that contain state funding and are not covered by the Federal Davis-Bacon Act.

Contracts that require the payment of rates established by the Federal Davis Bacon Act are not covered by the Michigan Prevailing Wages on State Projects, Public Act 166 of 1965, as amended.

Posting requirements

Every contractor and subcontractor shall keep posted on the construction site, in a conspicuous place, a copy of all prevailing wage and fringe benefit rates prescribed in a contract and shall keep an accurate record showing the name and occupation of and the actual wages and benefits paid to each construction mechanic employed by him in connection with said contract. This record shall be available for reasonable inspection by the contracting agent or the commissioner. – MCL 408.555.

Prevailing wage determination

A contracting agent, before advertising for bids on a state project, shall have the commissioner determine the prevailing rates of wages and fringe benefits for all classes of construction mechanics called for in the contract. A schedule of these rates shall be made a part of the specifications for the work to be performed and shall be printed on the bidding forms where the work is to be done by contract. If a contract is not awarded or construction undertaken within 90 days of the date of the commissioner's determination of prevailing rates of wages and fringe benefits, the commissioner shall make a redetermination before the contract is awarded. – MCL 408.553.

Failure to pay prevailing wage

The contracting agent, by written notice to the contractor and the sureties of the contractor known to the contracting agent, may terminate the contractor's right to proceed with that part of the contract, for which less than the prevailing rates of wages and fringe benefits have been or will be paid, and may proceed to complete the contract by separate agreement with another contractor or otherwise, and the original contractor and his sureties shall be liable to the contracting agent for any excess costs occasioned thereby. – MCL 408.556.

Penalties

Any person, firm, or corporation or combination thereof, including the officers of any contracting agent, violating the provisions of this act is guilty of a misdemeanor. – MCL 408.557.

DRUG TESTING FACILITIES

Various

COMMUNICATIONS

See RAB 2016-24 – Use Tax Base of Tangible Personal Property Affixed to Real Estate by a Manufacturer/Contractor or Other Contractor.

See RAB 2016-18 – Sales and Use Taxation in the Construction Industry (Excluding Manufacturer/Contractor).

See RAB 1988-35 – Sales and Use Taxes – Carpeting.

Form 3372 – Michigan Sales and Use Tax Certificate of Exemption.

Form 3520 – Michigan Sales and Use Tax Contractor Eligibility Statement.

OTHER

CFMA Chapters in Michigan:

Metro Detroit Chapter of CFMA: <http://cafe.cfma.org/MetroDetroit/Home/>

Lansing Chapter of CFMA: <http://cafe.cfma.org/LansingMI/Home/>

SW Michigan Chapter of CFMA:
<http://cafe.cfma.org/SWMichiganKalamazooMI/Home/>

Western Michigan Chapter of CFMA:
<http://cafe.cfma.org/WesternMichiganMI/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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March 12, 2019

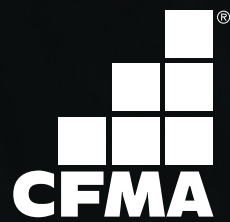
DATE OF LAST UPDATE

May 23, 2015

SUBJECT MATTER EXPERT

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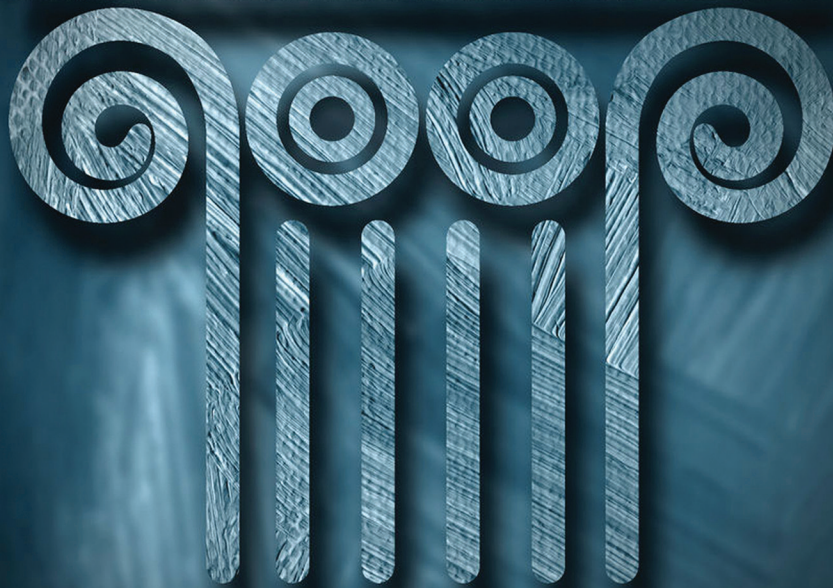
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



MINNESOTA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Minnesota business corporations file the Articles of Incorporation. Foreign corporations file a Certificate of Authority to Transact Business.

FORMS

Domestic corporations: The Articles of Incorporation requires the legal name of the entity, and name and address of registered agent. The form should include the name of the corporation, the number of shares authorized, the name and street address for the registered agent, number of shares, and the list of incorporators.

Foreign corporations: The Certificate of Authority to Transact Business in Minnesota requires the legal name of the entity, date of formation, jurisdiction of formation, and name of registered agent.

RATES, FEES, COSTS

Name reservations	\$ 55
Domestic corporation	\$155
Foreign corporation	\$220

Fees for other reported changes may also apply.

WEBSITE

<http://mbisportal.sos.state.mn.us/>

MAILING ADDRESS/PHONE NUMBER

Office of the Minnesota Secretary of State
Business Services Center
60 Empire Drive, Suite 100
Saint Paul, MN 55103
1-(877) 551-6767

ADDITIONAL ASSISTANCE

Call 1-(877) 551-6767 or email: business.services@state.mn.us.

For FAQs, forms, and instructions see the Minnesota Secretary of State Business website: <https://www.sos.state.mn.us/business-liens/business-forms-fees/business-filing-certification-fee-schedule/>

ANNUAL RENEWALS

Minnesota and foreign corporations: Annual Renewal form is required.

FORMS

Online filing is available at the website stated below. Paper forms are also available from the Secretary of State.

RATES

No fee associated with filing of annual renewal by Minnesota corporations, unless other changes are required. Fees for reporting changes varies.

Foreign corporations Annual Renewals: \$115 fee (\$135 for expedited service).

DUE DATE

Annual renewals must be filed by December 31 of each year following the initial incorporation/authorization.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Annual renewals can be completed online at: <http://mbisportal.sos.state.mn.us/>

ELECTRONIC PAYMENT

Payments can be made online at: <http://mbisportal.sos.state.mn.us/>

WEBSITE

<http://mbisportal.sos.state.mn.us/>

MAILING ADDRESS/PHONE NUMBER

Office of the Minnesota Secretary of State
Business Services Center
60 Empire Drive, Suite 100
Saint Paul, MN 55103
1-(877) 551-6767

REGISTRATION WITH DEPARTMENT OF REVENUE

Businesses that make taxable sales or perform taxable services in Minnesota, withhold Minnesota income taxes from employee wages, make Minnesota estimated tax payments or file Minnesota corporation franchise, S corporation, partnership, or unrelated business income tax returns are required to register for a Minnesota tax identification number with the Minnesota Department of Revenue.

FORMS

Form ABR. This can be completed in hard copy or on-line.

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://www.revenue.state.mn.us/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
600 North Robert Street
Saint Paul, MN 55101
(651) 556-3075

LICENSES—GC & SPECIALTY

REGISTRATION

A state law enacted in 2012 requires registration of commercial and residential building construction and improvement contractors who are not already licensed or bonded through the Minnesota Department of Labor & Industry (DLI).

TESTS AND EXAMS

DLI offices in Saint Paul and at sites in Duluth, St. Cloud, Detroit Lakes, Granite Falls, and Owatonna.

Some exams may be online. See: <https://www.dli.mn.gov/business/get-licenses-and-permits/license-exam-schedule> for application and forms.

FORMS

Various – see: <https://www.dli.mn.gov/business/independent-contractor-registration>

RATES

Rates are various by license, below is an example of some. See website for complete list:

Individual Electrical License Examination application	\$ 50.00
Individual Electrical License Reciprocity application	\$ 50.00
Individual Elevator License Examination application	\$ 50.00
Individual Boiler Engineer License Examination application	\$ 50.00
Individual Plumber License Examination application	\$ 50.00
Individual HPP Pipefitter License Examination application	\$ 50.00
Municipal Building Office Certification Examination application	\$ 50.00
Individual Boiler Engineer License Examination application	\$ 50.00
Boat Master License Examination application	\$ 50.00
Residential Building Contractor Examination application	\$ 50.00
Residential Contractor Examination application	\$ 50.00
Individual Manufactured Home Installer License Reciprocity application	\$ 50.00
Plumbing Contract License – renewal fee	\$206.80
Boat Master License – renewal fee	\$ 80.00
Residential Building Contractor/Residential Remodeler Licenses – Renewal (based on gross annual receipts)	\$690.00 - \$890.00

DUE DATE

Various

DUE DATE EXTENSION

Various

ELECTRONIC FILING

<https://secure.doli.state.mn.us/license/intro.aspx>

ELECTRONIC PAYMENT

See website

WEBSITE

<http://mn.gov/elicense/>

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Labor and Industry
443 Lafayette Road N.
Saint Paul, MN 55155-4307

Contractor and business licenses
DLI.License@state.mn.us
(800) 284-5034

RECIPROCITY STATES

Historical boiler licensing – Ohio, North Dakota, and Manitoba, Canada.

EQUITY REQUIREMENT

See website

FINANCIAL STATEMENT REQUIREMENTS

See website

LOCAL LICENSES

REGISTRATION

Various – see local jurisdiction websites.

FORMS

See local jurisdiction websites.

RATES

See local jurisdiction websites.

DUE DATE

See local jurisdiction websites.

DUE DATE EXTENSION

See local jurisdiction websites.

ELECTRONIC FILING

See local jurisdiction websites.

ELECTRONIC PAYMENT

See local jurisdiction websites.

WEBSITE

See local jurisdiction websites.

MAILING ADDRESS/PHONE NUMBER

See local jurisdiction websites.

INCOME TAX

INCOME TAX—C CORPORATION

Minnesota imposes a franchise tax based on net income on C corporations that are engaging in contacts with the state that causes a portion of the income to be allocated or apportioned to Minnesota. This generally means any corporation that has a place of business in Minnesota, has employees or independent contractors conducting business activities on its behalf in the state, or owns or leases real or tangible personal property located in the state.

The franchise tax base consists of federal taxable income with certain Minnesota modifications. Minnesota applies the unitary business concept, so that related corporations (greater than 50% common ownership) are presumed to be engaged in a unitary business and would be required to calculate the tax based on the entire unitary group's collective income or losses and apportionment factors. Minnesota unitary groups do not include foreign corporations or S corporations.

FORMS

Form M4 is the corporation franchise tax return.

Form M18 is the estimated tax voucher.

Form M4X is the amended franchise tax return.

<http://www.revenue.state.mn.us/businesses/Pages/Forms-and-Instructions.aspx>

RATES

The Minnesota corporate franchise tax rate is 9.8%.

DUE DATE

Form M4 is due the 15th day of the fourth month following the tax year end.

All corporations are granted an automatic seven-month extension to file Form M4. If the Internal Revenue Service (IRS) grants an extension of time to file the federal return that exceeds the seven-month automatic extensions, the Minnesota filing due date will be extended further to match the federal due date. (This is an extension of time to file, not an extension of time to pay the tax). That payment is due by the 15th day of the fourth month following the year end.

DUE DATE EXTENSION

Not applicable. All corporations receive an automatic seven-month extension.

ELECTRONIC FILING

Electronic filing is available at: www.revenue.state.mn.us, but electronic filing of the corporate franchise tax return is not mandatory.

ELECTRONIC PAYMENT

Electronic payment of all Minnesota business taxes is required if the business paid more than \$10,000 of any one business tax during the previous Minnesota fiscal year (July 1 - June 30). Once electronic payment is first required, the requirement remains for all future years as well. The business taxes subject to the analysis and subsequent electronic payment requirements are:

- Alcoholic beverages tax
- Cigarette and tobacco taxes/fees
- Corporation franchise tax
- E-Waste registration fee
- Fiduciary income tax
- Exempt organization income tax
- Insurance premiums tax
- Metropolitan landfill fee
- MinnesotaCare taxes
- Petroleum tax
- Sales and use tax
- Withholding tax

Payment may be made over the internet via the state website at:

www.revenue.state.mn.us.

Payments may also be made by phone by calling: 1-(800) 570-3329.

WEBSITE

http://www.revenue.state.mn.us/businesses/corporation/Pages/File_And_Pay.aspx

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
600 North Robert Street
Saint Paul, MN 55101
(651) 556-3075

ESTIMATED TAX

A corporation reasonably expecting its Minnesota franchise tax for the year to exceed \$500 must make quarterly estimated tax payments.

Underpayment penalties may be assessed. Minnesota allows an exceptions to the underpayment penalty (see below).

FORMS

Form M18 is the Estimated Tax Payment Voucher.

RATES

The required estimated tax payments are based on the lesser of 100% of the current year tax liability or 100% of the prior year tax liability, if the preceding year was a full 12-month reporting year. Annualization is allowed in computing required estimated tax payments.

DUE DATE

Required installments are due by the 15th day of the 3rd, 6th, 9th, and 12th months of the year. Short taxable years of at least five months have payment due dates on the 15th day of the 3rd, 6th, 9th, and last month of the short taxable year, as applicable.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is available at: www.revenue.state.mn.us. If estimated tax payments are required to be made electronically, electronic filing of the estimated tax form is mandatory.

ELECTRONIC PAYMENT

Electronic payment of all Minnesota business taxes is required if the business paid more than \$10,000 of any one business tax during the previous Minnesota fiscal year (July 1 - June 30). Once electronic payment is first required, the requirement remains for all future years as well. The business taxes subject to the analysis and subsequent electronic payment requirements are:

- Alcoholic beverages tax
- Cigarette and tobacco taxes/fees
- Corporation franchise tax
- E-Waste registration fee
- Fiduciary income tax
- Exempt organization income tax
- Insurance premiums tax
- Metropolitan landfill fee
- MinnesotaCare taxes
- Petroleum tax
- Sales and use tax
- Withholding tax

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www.revenue.state.mn.us.

Payments may also be made by phone by calling: 1-(800) 570-3329.

WEBSITE

www.revenue.state.mn.us

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
600 North Robert Street
Saint Paul, MN 55101
(651) 556-3075

ALTERNATIVE MINIMUM TAX

Minnesota franchise tax includes an alternative minimum tax similar to the federal alternative minimum tax on corporations. AMT net operating losses, dividend received deductions, and certain credits are available to offset AMT, but are generally limited to 90% of AMTI. The AMT tax rate (2018) is 5.8%. The AMT creates an AMT credit that can be carried forward indefinitely for use against future year excess franchise tax (at 9.8%) over tentative AMT (at 5.8%).

Minnesota also imposes a minimum fee, which is based on the sum of the Minnesota property, payroll, and sales of the business. (NOTE: property and payroll are included in the minimum fee even though Minnesota only uses sales in the apportionment calculation). Effective in 2018, the fee ranges from \$200 for businesses with at least \$990,001 of Minnesota factors, to a maximum amount of \$9,960 for businesses with \$39,860,000 or more of Minnesota factors (\$0 due for factors under \$990,000).

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

Minnesota has a number of statutorily required additions and subtractions from federal taxable income. Example: state taxes based on net income are required to be added back. Minnesota also specifically decouples from the federal calculations for bonus depreciation and Section 179 deductions, requiring specific addition modifications to the corresponding federal deductions, with subtractions of the first year disallowed amounts over the course of subsequent tax years.

ALLOCATION AND APPORTIONMENT FACTORS

Minnesota's apportionment percentage is calculated using 100% weighted sales factor.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Minnesota has decoupled from the use of UDITPA since 1986.

OTHER MULTISTATE COMPACT

Minnesota has adopted certain sections of the Multistate Tax Compact that address administrative matters, but has repealed most of the technical sections of the Compact.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Other than expanded definitions of the sales (receipts) factors for financial institutions, Minnesota has not adopted any industry specific apportionment mechanics that would differ significantly from the core apportionment mechanics.

SPECIFIC EXCLUSION OF INCOME ITEMS

See discussion above regarding Minnesota modifications to federal taxable income.

SPECIFIC EXCLUSION OF COST ITEMS

See discussion above regarding Minnesota modifications to federal taxable income.

CREDITS AND TAX INCENTIVES

Credits against the Minnesota franchise (income) tax: AMT credit and Minnesota research and development credit.

Statutory business incentives include the angel investment credit.

INCOME TAX—S CORPORATION

Minnesota follows the general federal treatment of S corporations.

Any corporation with a valid S corporation election that is subject to Minnesota tax is required to file an S corporation income tax return.

REGISTRATION

S corporation registration requirements match those for other businesses:

Businesses that make taxable sales or perform taxable services in Minnesota, withhold Minnesota income taxes from employee wages, make Minnesota estimated tax payments or file Minnesota corporation franchise, S corporation, partnership, or unrelated business income tax returns are required to register for a Minnesota tax identification number with the Minnesota Department of Revenue.

FORMS

Form M8 is the S Corporation Return.

RATES

Distributive income of S corporations is taxable to the individual shareholders. There is generally no Minnesota entity-level income tax on an S corporation.

However, S corporations that have certain recognized built-in gains, capital gains, or taxable passive investment income that are subject to entity-level income tax for federal income tax purposes will be subject to Minnesota franchise tax on the corresponding Minnesota amounts of such income. The Minnesota corporate franchise tax rate is 9.8%.

S corporations are also subject to the Minnesota minimum fee, which is based on the sum of the Minnesota property, payroll, and sales of the business. (NOTE: property and payroll are included in the minimum fee even though Minnesota only uses sales in the apportionment calculation). Effective in 2018, the fee ranges from \$200 for businesses with at least \$990,001 of Minnesota factors, to a maximum amount of \$9,960 for businesses with \$39,860,000 or more of Minnesota factors (\$0 due for factors under \$990,000).

DUE DATE

Minnesota S corporation tax returns are due by the 15th day of the third month following the close of the taxable year.

DUE DATE EXTENSION

All S corporations are granted an automatic six-month extension of time to file the return. If the IRS grants an extension of time longer than the Minnesota automatic six-month extension, the Minnesota due date is similarly extended. (NOTE: Extension of time to file is not an extension of time to pay any taxes due). Payments are due by the 15th day of the third month following the year end.

ELECTRONIC FILING

Electronic filing is available at: www.revenue.state.mn.us. If estimated tax payments are required to be made electronically, electronic filing of the estimated tax form is mandatory.

ELECTRONIC PAYMENT

Electronic payment is available at: www.revenue.state.mn.us

Electronic payment of all Minnesota business taxes is required if the business paid more than \$10,000 of any one business tax during the previous Minnesota fiscal year (July 1 - June 30). Once electronic payment is first required, the requirement remains for all future years as well. The business taxes subject to the analysis and subsequent electronic payment requirements are:

- Alcoholic beverages tax
- Cigarette and tobacco taxes/fees
- Corporation franchise tax
- E-Waste registration fee
- Fiduciary income tax
- Exempt organization income tax
- Insurance premiums tax
- Metropolitan landfill fee
- MinnesotaCare taxes
- Petroleum tax
- Sales and use tax
- Withholding tax

Payment may be made over the internet via the state website at:

www.revenue.state.mn.us

Payments may also be made by phone by calling: 1-(800) 570-3329.

WEBSITE

<http://www.revenue.state.mn.us/businesses/scorp/Pages/File-and-Pay.aspx>

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
600 North Robert Street
Saint Paul, MN 55101
(651) 556-3075

COMPOSITE RETURNS FOR S

Yes.

ALLOWED OR NOT ALLOWED

Allowed. Composite return filings are technically limited to nonresident individuals who have no other Minnesota-sourced income for the year. Individuals with multiple sources of Minnesota income may be included in the S corporation composite return calculations, but they must still file nonresident individual tax returns. They can then

claim the tax paid on their account in the composite filing as a credit against the individual income tax calculated on their Minnesota nonresident return.

FORMS

Composite return filing is done in conjunction with the filing of Form M8, the Minnesota S Corporation tax return. Composite filers check the box on the face of the return indicating that the return includes composite calculations. Composite return calculations are based on the amounts reported on line 34 of Schedule KS for each participating nonresident shareholder.

RATES

Composite tax is calculated at the highest marginal Minnesota individual income tax rate. For 2019, that rate is 9.85%.

DUE DATE

The due date follows the due date for the filing of the Minnesota S corporation tax return: the 15th day of the third month following the tax year end.

DUE DATE EXTENSION

All S corporations are granted an automatic six-month extension of time to file the return. If the IRS grants an extension of time longer than the Minnesota automatic six-month extension, the Minnesota due date is similarly extended. (NOTE: Extension of time to file is not an extension of time to pay any taxes due). Payments are due by the 15th day of the third month following the year end.

ELECTRONIC FILING

Electronic filing is not available for S corporation tax returns.

ELECTRONIC PAYMENT

Electronic payment is also available at: www.revenue.state.mn.us

Electronic payment of all Minnesota business taxes is required if the business paid more than \$10,000 of any one business tax during the previous Minnesota fiscal year (July 1 - June 30). Once electronic payment is first required, the requirement remains for all future years as well. The business taxes subject to the analysis and subsequent electronic payment requirements are:

- Alcoholic beverages tax
- Cigarette and tobacco taxes/fees

- Corporation franchise tax
- E-Waste registration fee
- Fiduciary income tax
- Exempt organization income tax
- Insurance premiums tax
- Metropolitan landfill fee
- MinnesotaCare taxes
- Petroleum tax
- Sales and use tax
- Withholding tax

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www.revenue.state.mn.us.

Payments may also be made by phone by calling: 1-(800) 570-3329.

WEBSITE

<http://www.revenue.state.mn.us/businesses/scorp/Pages/File-and-Pay.aspx>

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
 600 North Robert Street
 Saint Paul, MN 55101
 (651) 556-3075

ESTIMATED TAX FOR S

An S corporation is required to pay estimated tax if the sum of its estimated S corporation taxes, minimum fee, nonresident withholding and composite income tax is \$500 or more.

FORMS

Form M72 is the S Corporation Estimated Tax Voucher.

RATES

The required estimated tax payment is based on the lesser of 90% of the current year's tax liability or 100% of the prior year's tax liability.

DUE DATE

Quarterly installments are due by the 15th day of the 4th, 6th, and 9th months of the tax year and the first month following the end of the tax year.

DUE DATE EXTENSION

None

ELECTRONIC FILING

Electronic filing is not available for S corporation tax returns.

ELECTRONIC PAYMENT

Electronic payment is available at: www.revenue.state.mn.us

Electronic payment of all Minnesota business taxes is required if the business paid more than \$10,000 of any one business tax during the previous Minnesota fiscal year (July 1 - June 30). Once electronic payment is first required, the requirement remains for all future years as well. The business taxes subject to the analysis and subsequent electronic payment requirements are:

- Alcoholic beverages tax
- Cigarette and tobacco taxes/fees
- Corporation franchise tax
- E-Waste registration fee
- Fiduciary income tax
- Exempt organization income tax
- Insurance premiums tax
- Metropolitan landfill fee
- MinnesotaCare taxes
- Petroleum tax
- Sales and use tax
- Withholding tax

Payment may be made over the internet via the state website at:
www.revenue.state.mn.us.

Payments may also be made by phone by calling: 1-(800) 570-3329.

WEBSITE

<http://www.revenue.state.mn.us/businesses/scorp/Pages/File-and-Pay.aspx>

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
600 North Robert Street
Saint Paul, MN 55101
(651) 556-3075

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

S corporations are required to withhold income tax for any nonresident shareholder if the following are all true:

The shareholder –

- Has a legal residence that is not in Minnesota,
- Is not included in composite income tax filing,
- Has Minnesota distributive income of \$1,000 or more from the S corporation,
- Has income that was not generated by a transaction related to the termination or liquidation of the S corporation in which no cash or property was distributed in the current or prior year.

The amount of required Minnesota withholding can be reduced by each nonresident subject to the withholding by providing the S corporation with form AWC and documenting the amount of Minnesota estimated tax and/or income taxes withheld from other income during the year.

FORMS

Form M72 is the S Corporation Estimated Tax Payment form.

Form AWC can be completed if a shareholder wants reduced withholding.

Schedule KS must also be prepared to determine withholding and tax due.

RATES

The S corporation will withhold at the highest marginal Minnesota individual income tax rate. For 2019 that rate is 9.85%.

DUE DATE

Withholding payments are included as part of an S corporation's estimated tax.

An S corporation is required to pay estimated tax if the sum of its estimated S corporation taxes, minimum fee, nonresident withholding and composite income tax is \$500 or more.

Quarterly installments are due by the 15th day of the 4th, 6th, and 9th months of the tax year and the first month following the end of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not applicable (withholding is made by estimated tax payment vouchers – not a tax return filing).

ELECTRONIC PAYMENT

Electronic payment is available at: www.revenue.state.mn.us

Electronic payment of all Minnesota business taxes is required if the business paid more than \$10,000 of any one business tax during the previous Minnesota fiscal year (July 1 - June 30). Once electronic payment is first required, the requirement remains for all future years as well. The business taxes subject to the analysis and subsequent electronic payment requirements are:

- Alcoholic beverages tax
- Cigarette and tobacco taxes/fees
- Corporation franchise tax
- E-Waste registration fee
- Fiduciary income tax
- Exempt organization income tax
- Insurance premiums tax
- Metropolitan landfill fee
- MinnesotaCare taxes
- Petroleum tax
- Sales and use tax
- Withholding tax

Payment may be made over the internet via the state website at:
www.revenue.state.mn.us

Payments may also be made by phone by calling: 1-(800) 570-3329.

WEBSITE

www.revenue.state.mn.us

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
600 North Robert Street
Saint Paul, MN 55101
(651) 556-3075

PAYMENT ON INCOME OR DISTRIBUTIONS

Yes

S CORPORATION TREATMENT

Yes

C TREATMENT

No

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Any entity required to file a federal Form 1065 or Form 1065-B and having Minnesota gross income must file the Minnesota partnership return.

A partnership is required to pay estimated tax if the sum of its estimated minimum fee, nonresident withholding, and composite income tax is \$500 or more. The required estimated tax payment is based on the lesser of 90% of the current year's tax liability or 100% of the prior year's tax liability.

COMPOSITE RETURNS

Composite returns for nonresident individual partners are allowed. To be included in the composite tax filing, nonresident individual partners may not have any other Minnesota sourced income besides the distributive share from the partnership.

FORMS

Form M3 is the partnership return.

Schedule KPI must be completed and provided to each nonresident individual shareholder, and to any Minnesota resident individual shareholders who have adjustments to income to report.

Schedule KPC must be completed and provided to each nonresident corporate or partnership partner, as well as any Minnesota-domiciled corporate or partnership partners that have adjustments to income to report.

Composite return is filed as part of the M3 filing. Check the composite income tax box on Form M3.

Form M71 is the estimated tax payment voucher for partnerships.

RATES

There is no Minnesota entity level income tax on partnerships. The composite tax rate is the highest marginal Minnesota individual income tax rate, which in 2014 is 9.85%. This same rate applies to any nonresident withholding performed by the partnership.

Minnesota also imposes a minimum fee on partnerships, which is based on the sum of the Minnesota property, payroll, and sales of the partnership. (NOTE: property and payroll are included in the minimum fee even though Minnesota only uses sales in the apportionment calculation). Effective in 2013, the fee ranges from \$190 for businesses with at least \$930,000 of Minnesota factors, to a maximum amount of \$9,340 for businesses with \$37,360,000 or more of Minnesota factors.

DUE DATE

Calendar year returns are due March 15. Fiscal year returns are due the 15th day of the third month after the end of the tax year.

Quarterly estimated tax installments are due by the 15th day of the 4th, 6th, and 9th months of the tax year and the first month following the end of the tax year.

DUE DATE EXTENSION

Automatic extension of six months is granted.

ELECTRONIC FILING

Electronic filing of Minnesota partnership returns is not available.

ELECTRONIC PAYMENT

Electronic payment is available at: www.revenue.state.mn.us

Electronic payment of all Minnesota business taxes is required if the business paid more than \$10,000 of any one business tax during the previous Minnesota fiscal year (July 1 - June 30). Once electronic payment is first required, the requirement remains for all future years as well. The business taxes subject to the analysis and subsequent electronic payment requirements are:

- Alcoholic beverages tax
- Cigarette and tobacco taxes/fees
- Corporation franchise tax
- E-Waste registration fee
- Fiduciary income tax

- Exempt organization income tax
- Insurance premiums tax
- Metropolitan landfill fee
- MinnesotaCare taxes
- Petroleum tax
- Sales and use tax
- Withholding tax

Payment may be made over the internet via the state website at:
www.revenue.state.mn.us

Payments may also be made by phone by calling: 1-(800) 570-3329.

WEBSITE

<http://www.revenue.state.mn.us/businesses/partnership/Pages/File-and-Pay.aspx>

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
 600 North Robert Street
 Saint Paul, MN 55101
 (651) 556-3075

INCOME TAX—INDIVIDUAL

A Minnesota tax return is required to be filed if you are a Minnesota resident required to file a federal income tax return, or a part-year resident or nonresident with Minnesota gross income of \$10,650 or more (2018 filing threshold).

Estimated tax payments are required if the individual receives income that is not subject to withholding and the amount of tax on such payments is expected to be \$500 or greater.

FORMS

Form M1 is the Minnesota Individual Income Tax Return.

Form M14 is the Individual Income Tax Estimated Tax Payment Voucher.

RATES

Graduated rates with brackets by filing method: single, married filing joint return, married filing separate return, and head of household. Rates range from 5.35% to 9.85%.

DUE DATE

April 15

If estimated tax payments are required, quarterly estimated tax installments are due by the 15th day of the 4th, 6th, and 9th months of the tax year and the first month following the end of the tax year.

DUE DATE EXTENSION

No extension provided for, but if the return is filed within six months of the original due date, no late filing penalty is assessed. Due date for payment of tax is April 15, regardless of the date the return is filed.

ELECTRONIC FILING

Electronic filing is available at: www.revenue.state.mn.us. Electronic filing is not mandatory.

ELECTRONIC PAYMENT

Electronic payment is also available at: www.revenue.state.mn.us

WEBSITE

http://www.revenue.state.mn.us/individuals/individ_income/Pages/File-and-Pay.aspx

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
600 North Robert Street
Saint Paul, MN 55101
(651) 556-3075

FED RETURN ATTACHED TO STATE RETURN

Required

STATE CONSTRUCTION-RELATED CREDITS

Not Applicable

IRC CONFORMITY

Minnesota adopts the IRC as of 12/16/2016 for individuals and corporations. Minnesota has not yet adopted legislation to conform to the business interest deduction limitations of IRC 163(j) nor 199A as amended by the Tax Cuts and Jobs Act.

ALTERNATIVE MINIMUM TAX

Minnesota individual income tax includes an alternative minimum tax similar to the federal alternative minimum tax for individuals. The individual AMT tax rate (2018) is 6.75%. The AMT creates an AMT credit that can be carried forward indefinitely for use against future year excess individual income tax over tentative AMT.

NET WORTH OR STOCK TAX

REGISTRATION

Minnesota does not impose a tax based on net worth or capital stock or similar valuation.

GROSS RECEIPTS TAX

REGISTRATION

Minnesota does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Registration is required for those who make taxable retail sales in Minnesota. If taxable sales are not made, but purchases are made that are subject to Minnesota use tax, registration to remit use tax is required. Registration is done using Form ABR, which can be completed and mailed, or completed online.

FORMS

All Minnesota sales tax returns are submitted online.

Form PV49 is used to remit sales/use tax payments when not paid electronically.

Other potentially applicable Minnesota sales tax forms:

Form ST3, Certificate of Exemption.

Form ST11, Capital Equipment Refund Claim.

Form ST16, Application for Nonprofit Exempt Status – Sales Tax.

RATES

Minnesota state sales and use tax rate is 6.875%.

Certain localities may also impose sales/use tax – see next section.

DUE DATE

Monthly filers: 20th day of the following month.

Quarterly filers: April 20, July 20, October 20, and January 20 of following year.

Annual filers: February 5 of following year.

DUE DATE EXTENSION

The Commissioner of Revenue may grant an extension of up to 60 days for filing a sales tax return when good cause is shown, but extensions of sales tax return filings are not common.

ELECTRONIC FILING

Electronic filing is available at: www.revenue.state.mn.us

All sales/use tax returns are filed electronically.

ELECTRONIC PAYMENT

Electronic payment is also available at: www.revenue.state.mn.us

Electronic payment of all Minnesota business taxes is required if the business paid more than \$10,000 of any one business tax during the previous Minnesota fiscal year (July 1 - June 30). Once electronic payment is first required, the requirement remains for all future years as well. The business taxes subject to the analysis and subsequent electronic payment requirements are:

- Alcoholic beverages tax
- Cigarette and tobacco taxes/fees
- Corporation franchise tax
- E-Waste registration fee
- Fiduciary income tax
- Exempt organization income tax
- Insurance premiums tax
- Metropolitan landfill fee
- MinnesotaCare taxes
- Petroleum tax
- Sales and use tax
- Withholding tax

Payment may be made over the internet via the state website at:

www.revenue.state.mn.us

Payments may also be made by phone by calling: 1-(800) 570-3329.

WEBSITE

<http://www.revenue.state.mn.us/businesses/sut/Pages/File-and-Pay.aspx>

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
Mail Station 6330
Saint Paul, MN 55146-6330
(651) 296-6181

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

See website

TAXABLE SERVICES

Minnesota sales tax generally applies to the retail sale of tangible personal property. Only certain services specified in Minnesota statutes are subject to sales/use tax.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

All retailers registered to collect sales tax with business in an area with a local tax must be registered with the Minnesota Department of Revenue to collect that tax. There are no locality registration requirements, nor are there local sales/use tax forms separate from the state filings.

A limited number of localities (mostly counties, and some cities) impose a local sales/use tax.

FORMS

Local sales/use taxes are reported and remitted along with the state sales/use taxes. See previous section.

RATES

The highest local sales/use tax rate in Minnesota is currently 2% (as of 2019).

DUE DATE

See previous section.

DUE DATE EXTENSION

See previous section.

ELECTRONIC FILING

See previous section.

ELECTRONIC PAYMENT

See previous section.

WEBSITE

<http://www.revenue.state.mn.us/businesses/sut/factsheets/FS164.pdf>

MAILING ADDRESS

Minnesota Department of Revenue
Mail Station 6330
Saint Paul, MN 55146

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

See previous section.

TAXABLE SERVICES

See previous section.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

All new employees must complete Form W-4 or W-4MN.

RATES

Rates are based on withholding tables and correlated to Minnesota individual income tax rates, which range from 5.35% to 9.85% (as of 2018).

DUE DATE

Withholding deposit frequently depends on the amounts of tax withheld. Deposits may be due semiweekly, monthly, quarterly, or annually.

Semiweekly: either the Wednesday or Friday after pay day, depending on whether pay day is before Wednesday or after Tuesday.

Monthly: 15th day of the following month.

Quarterly filers: April 30, July 31, and October 31 of current year, and January 31 of following year.

Annual filers: February 28.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is mandatory and can be done at: www.revenue.state.mn.us or by phone.

ELECTRONIC PAYMENT

Electronic payment is available at: www.revenue.state.mn.us

Electronic payment of all Minnesota business taxes is required if the business paid more than \$10,000 of any one business tax during the previous Minnesota fiscal year (July 1 - June 30). Once electronic payment is first required, the requirement remains for all future years as well. The business taxes subject to the analysis and subsequent electronic payment requirements are:

- Alcoholic beverages tax
- Cigarette and tobacco taxes/fees
- Corporation franchise tax
- E-Waste registration fee
- Fiduciary income tax
- Exempt organization income tax
- Insurance premiums tax
- Metropolitan landfill fee
- MinnesotaCare taxes
- Petroleum tax
- Sales and use tax
- Withholding tax

Payment may be made over the internet via the state website at:
www.revenue.state.mn.us

Payments may also be made by phone by calling: 1-(800) 570-3329.

WEBSITE

<http://www.revenue.state.mn.us/businesses/withholding/Pages/File-and-Pay.aspx>

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Revenue
 600 North Robert Street
 Saint Paul, MN 55101
 (651) 282-9999

NEW HIRE

All new employees must file Form W-4 or W-4MN.

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

<http://www.revenue.state.mn.us/businesses/withholding/factsheets/factsheet08.pdf>

UNEMPLOYMENT

FORMS

NOTE: employers must register with the Minnesota Department of Employment and Economic Development (DEED) to obtain an unemployment tax identification number. This is separate from the Department of Revenue's tax identification number, which applies to income, withholding taxes, sales and use taxes, and most other taxes administered by the Department of Revenue.

Employers must submit wage detail reports on a quarterly basis. The reports may be submitted in hard copy or electronically.

RATES

Unemployment tax applies to the first \$34,000 of each employee's taxable wages (for 2019).

Rates are dependent on whether the employer is classified as a new employer or has an experience rating history. New employers in a "non-high experience rating industry" are taxed at 2.23% (in 2018). "High experience ratings industry" new employers, including construction contractors, are taxed at 9.00% (for 2018).

DUE DATE

Unemployment tax reports are due quarterly. The due dates are April 30, July 31, October 31, and January 31.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Filing may be done on paper forms or electronically.

ELECTRONIC PAYMENT

Payments may be made electronically.

WEBSITE

www.uimn.org

MAILING ADDRESS/PHONE NUMBER

Minnesota Department of Employment and Economic Development
Unemployment Insurance Program
First National Bank Building
332 Minnesota Street, Suite E200
Saint Paul, MN 55101-1351
(651) 296-6141

PROPERTY TAX

PERSONAL PROPERTY

All tangible personal property is technically subject to Minnesota property taxes, but because of extensive exemptions, only a few types of personal property are subject to Minnesota property tax, including but not limited to:

- Property that is part of an electricity generating, transmission, or distribution system.
- Property that is part of a pipeline system.
- Mains and pipelines used to distribute steam or water for building heating/cooling.
- Railroad docks and wharves.
- Certain land improvements owned by the United States or corporations not generally subject to the property tax.
- Manufactured homes.
- Flight property, including aircraft, flight equipment, and spare flight equipment.

REGISTRATION

Property tax compliance is generally done through local assessors. Registration per se is not applicable.

FORMS

Locality specific. Generally, property owners are required to provide the local assessor with a verified statement of all personal property owned as of January 2 of each year.

RATES

Locality specific, and dependent on the market value and class of property.

DUE DATE

Not applicable, as no “property tax return” per se is filed.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Assumed to be not applicable.

WEBSITE

Tax assessor's office and related websites are locality specific.

MAILING ADDRESS/PHONE NUMBER

Locality specific.

REAL PROPERTY

Real property is subject to property tax at the county or other locality level.

REGISTRATION

Property tax compliance is generally done through local assessors. Registration per se is not applicable.

FORMS

Locality specific. Generally, property owners are required to provide the local assessor with a verified statement of all real property owned as of January 2 of each year.

RATES

Locality specific, and dependent on the market value and class of property.

DUE DATE

Not applicable, as no "property tax return" per se is filed.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Assumed to be not applicable.

WEBSITE

Tax assessor's office and related websites are locality specific.

MAILING ADDRESS/PHONE NUMBER

Locality specific

INTANGIBLES TAX

REGISTRATION

Minnesota does not impose a tax on the value of intangible property.

FUEL TAX

REGISTRATION

Minnesota imposes an excise tax on gasoline, gas blended with ethanol, and agricultural alcohol gasoline. The tax is imposed on the first licensed distributor receiving the product in Minnesota. Such fuels used in off-road use may be eligible for exemption from the tax.

Minnesota also imposes an excise tax on diesel fuel used in operating licensed motor vehicles. Distributors of such fuels must file reports with the Commissioner of Revenue each month.

Minnesota also imposes taxes on liquefied petroleum gas (LPG, propane), liquefied natural gas, and compressed natural gas. Tax compliance generally resides with dealers in such products.

FORMS

<http://www.revenue.state.mn.us/businesses/petroleum/Pages/Forms.aspx>

RATES

Rates include a 0.5 cent surcharge:

Gasoline and special fuels, \$0.285 per gallon; LPG, \$0.2135 per gallon; LNG, \$0.171 per gallon; CNG, 0.002250 cents per mfc; and E85 fuel, \$0.2025 per gallon.

Petroleum tank release cleanup fee, \$20 per 1,000 gallons of petroleum products. Inspection fee, 85 cents for every 1,000 gallons of petroleum products sold or withdrawn from a terminal or refinery storage. Motor carriers fuel tax is the same rate as motor fuels.

DUE DATE

Reports and payments due 23rd day of each month. Motor carriers' reports due last day of April, July, October, and January; payments required with reports.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

All motor fuel tax returns must be filed electronically.

ELECTRONIC PAYMENT

Payment of the full amount of tax shown due must be paid electronically.

WEBSITE

<http://www.revenue.state.mn.us/businesses/petroleum/Pages/File-and-Pay.aspx>

MAILING ADDRESS/PHONE NUMBER

Minnesota Revenue
Petroleum Taxes
Mail Station 3333
Saint Paul, MN 55146-3333
(651) 296-0889

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

The holder of funds or property presumed abandoned must file a report with the Minnesota Commissioner of Commerce after the holding period has expired. Generally the report year is July 1 - June 30, and the report is due the following October 31.

Minnesota unclaimed property holding periods for some specific classes of property are as follows:

Unpaid wages – one year after becoming payable.

Demand, savings, or time deposit – three years.

Dividends – three years.

Safe deposit boxes – five years from expiration of lease.

Checks – three years from issue date.

IMPACT FEES

Not Applicable

STATE ISSUES OTHER THAN TAXES

Various

MINIMUM WAGE

Large employer – \$9.86 as of January 1, 2019.

Small employer, etc. – \$8.04 as of January 1, 2019.

REGISTERED AGENTS

Various

DAVIS BACON

Prevailing wage is defined as the hourly wage, the usual benefits and overtime paid to the majority of workers, laborers, and mechanics within a particular geographic area on state-funded construction projects. These projects can be highways, roads, wastewater treatment plants, JOBZ projects, schools, park and recreation improvements, or any other project covered by law.

Wage rates are established for separate geographical areas throughout the state in the following areas:

1) Highway/heavy – construction and maintenance of highways, streets, airport runways, bridges, power plants, dams, and utilities. The estimated total cost of completing the project is \$25,000 or more.

2) Commercial type construction – all building construction projects exclusive of residential construction. For the most part, the estimated total cost of completing the project is \$2,500 or more.

3) Residential construction or agricultural construction – all construction, remodeling, or repairing of single- or two-family homes and private farm residences, including agricultural or farming buildings when used to carry on primary farming operations.

4) Truck rental rates – the rates that need to be paid to independent owner/operators of trucks on state highway and road projects.

See: <http://www.dli.mn.gov/business/employment-practices/prevaling-wage-information>

DRUG TESTING FACILITIES

Various – see: <https://testcountry.com/pages/laboratory-drug-testing-minnesota>

OTHER

CFMA Chapter in Minnesota:

Twin Cities Chapter of CFMA: <http://cafe.cfma.org/TwinCitiesMN/Home/>

Minnesota issued Revenue Notice No. 17-10 about Sales and Use Tax for construction contracts with exempt entities.

Minnesota issued Revenue Notice No. 18-04 about Sales and Use Tax for improvements to real property.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 12, 2018

DATE OF LAST UPDATE

July 9, 2015

SUBJECT MATTER EXPERT

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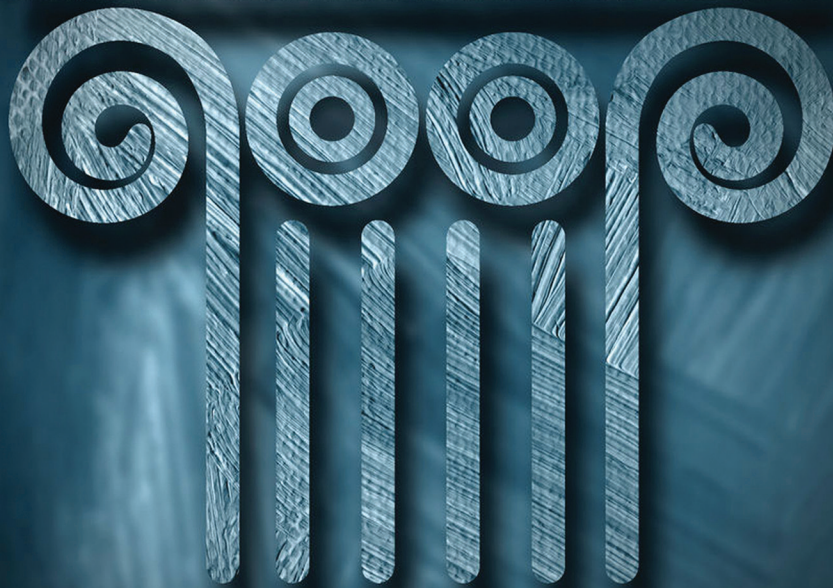
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



MISSISSIPPI

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

To register, go to the Mississippi Secretary of State's Business Services home page and click on the button entitled "File Business Documents." You will be asked to login with the username and password. If you do not have one, set up your account by clicking the "register" button. You'll be asked for your name, business address, and business e-mail.

Once you have logged in with your username and password, the system will give you the option to form a new entity, register a foreign entity, file annual reports, file amendments, dissolved entities, change your registered agent, or order certificates of good standing and certified copies.

FORMS

In August 2014, the Mississippi Secretary of State implemented a new online filing system for all corporate documents. Business customers are now able to file all business documents online. Paper forms are no longer accepted.

RATES, FEES, COSTS

Filing Fees:

Domestic

Corporation – Form F0001, Articles of Incorporation	\$ 50
Limited Liability Company – Form F0100, MS LLC Certificate of Formation	\$ 50
Limited Liability Partnership – Form FSO710, Statement of Qualification	\$250

Foreign

Corporation – Form F0002, Application for Certificate of Authority	\$500
Limited Liability Company – Form 0200, App to Register Foreign LLC	\$250
Limited Liability Partnership – Form FSO720, Statement of Qualification	\$250

Additional filing fees for various entities are available at:
<http://www.sos.ms.gov/BusinessServices/Documents/FeeSchedule.pdf>

WEBSITE

<http://www.sos.ms.gov/>

MAILING ADDRESS/PHONE NUMBER

Mississippi Secretary of State
125 S. Congress Street
P.O. Box 136
Jackson, MS 39205-0136
(601) 359-1633

ADDITIONAL ASSISTANCE

See Mississippi Secretary of State website for FAQs, forms, instructions, etc.

ANNUAL RENEWALS

Only business corporations and LLC's must file annual reports in Mississippi. Corporations that fail to file a corporate annual report will be administratively dissolved. It must be filed online. Mississippi LLCs may file an annual report without charge. It also must be filed online. Foreign LLCs may not file annual reports online. The entity must mail the report with payment to the Department of Revenue.

FORMS

All annual reports must be filed online at:
<http://www.sos.ms.gov/BusinessServices/Pages/Annual-Reports.aspx>

RATES

Domestic

Corporation – filing fee	\$ 22
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Limited Liability Company	\$ 0
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Foreign

Corporation	\$ 22
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Limited Liability Company	\$250
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DUE DATE

Can file any time on or after January 1 of the calendar year, but it's due by April 15 of that year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required at: <http://www.sos.ms.gov/BusinessServices/Pages/Annual-Reports.aspx>

ELECTRONIC PAYMENT

Required at: <http://www.sos.ms.gov/BusinessServices/Pages/Annual-Reports.aspx>

Payment can be made by credit cards, E-check, or ACH account.

WEBSITE

For more information see:
<http://www.sos.ms.gov/BusinessServices/Pages/Annual-Reports.aspx>

MAILING ADDRESS/PHONE NUMBER

Mississippi Secretary of State
Business Service
700 North Street
Jackson, MS 39202
(601) 359-1350

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is completed through the Mississippi Taxpayer Access Point (TAP):
<https://tap.dor.ms.gov/>

WEBSITE

For more information see: <https://www.dor.ms.gov/Business/Pages/Register-for-Taxes.aspx>

PHONE NUMBER

(601) 923-7700

LICENSES—GC & SPECIALTY

REGISTRATION

Contractors must complete a Residential Application Form or a Commercial Application Form. The applicable form must be mailed to the State Board of Contractors.

TESTS AND EXAMS

Exams include a law and business management exam, which, among other topics, covers licensing; estimating and bidding; lien law; financial management; tax laws; labor laws; project management; contractors; risk management; and environment and safety.

For more information on registering for the exams, see below and go to:
https://candidate.psiexams.com/bulletin/display_bulletin.jsp?ro=yes&actionname=83&bulletinid=71&bulletinurl=.pdf

Commercial Construction Contractor's Certificate

You must pass a business and law exam and a trade exam for the classification(s) in which you want to be certified. Each exam costs \$75. It will cost you \$200 for a certificate in one classification. Additional classifications cost \$50 each. A certificate is good for one year.

Plumbing

Plumbing contractors who do commercial projects over \$50,000 need a license to work in Mississippi. Commercial projects below \$50,000 are regulated by local municipalities. Persons doing residential renovations will need a Residential Remodeling license from the state.

A candidate for the plumbing contractor's license must take two exams, one covering business and law and the other covering trade knowledge. The business and law exam consists of 50 questions covering such subjects as estimating and bidding, labor laws, and environment and safety. The candidate is given two hours to complete the business and law exam.

Master Electrician

Anyone seeking to become a master electrician contractor in Mississippi is required to sit for two exams, business and law and the trade. Applicants are required to submit a CPA reviewed financial statement. This statement must document a net worth of at least \$50,000.

FORMS

Additional Class Form
Checklist for Prescreening Contractors
Commercial Application
Commercial Renewal
Complaint Form
MCEF Grant Application
Name Change Form
New Qualifying Party Form
Reciprocity Form
Residential Application
Residential Renewal

All forms are located at: http://www.msbec.us/?page_id=103

RATES

Commercial Application: (for one classification)	\$200
(Additional classifications)	\$ 50
Name Change Form	\$ 50
Reciprocity Form	\$ 50
Residential Application	\$ 50
Residential Renewal	\$100

Rates/fees depend on the application/form being submitted. See specific application/form for specific details.

DUE DATE

Due dates depend on the application/form. See specific application/form for specific details.

ELECTRONIC FILING

The application to renew a contractor's license is sent to current licensees by the State Board of Contractors (Board), about 60 days before the expiration date, but online license renewal can be done at: http://www.msbec.us/?page_id=103

ELECTRONIC PAYMENT

License renewal payment can be done at: http://www.msbec.us/?page_id=103

WEBSITE

<http://www.msdoc.us/>

MAILING ADDRESS/PHONE NUMBER

State Board of Contractors
Attention: Residential Department [OR Commercial Department]
P.O. Box 320279
Jackson, MS 39232
(601) 354-6161

RECIPROCITY STATES

- Alabama General Contractors Board
- Alabama Electrical Contractors Board
- Alabama Heating and Air Contractors Board
- Arkansas Contractors Board
- Louisiana Contractors Board
- North Carolina Electrical Contractors Board
- South Carolina Contractors Board
- Tennessee Contractors Board

If you have held a license in one of these states for three consecutive years, the Board may waive your trade exam. However, the Mississippi Law and Business Management exam is mandatory. Reciprocity applies to waiver of the trade exam requirement only. It does not waive any of the other application requirements or review by the Board.

EQUITY REQUIREMENT

Not Applicable

FINANCIAL STATEMENT REQUIREMENTS

Financial statement requirements are located on each specific application/form.

LOCAL LICENSES

REGISTRATION

Varies by locality.

See: <https://www.mississippi.gov/Business> and <http://www.mississippi.org/> for Mississippi business requirements.

FORMS

Varies by locality.

RATES

Varies by locality.

DUE DATE

Varies by locality.

DUE DATE EXTENSION

Varies by locality.

ELECTRONIC FILING

See specific locality for filing requirements.

ELECTRONIC PAYMENT

See specific locality for filing requirements.

WEBSITE

Check website of specific municipality or county.

MAILING ADDRESS/PHONE NUMBER

Check website of specific municipality or county.

INCOME TAX

INCOME TAX—C CORPORATION

All entities doing business, earning income, or incorporated in Mississippi are required to file a corporate income tax return.

FORMS

Form 83-105, Corporate Income and Franchise Tax Return.

Form 83-110, Corporate Franchise Tax Schedule.

Form 83-180, Application for Six-Month Extension.

Form 83-300, Corporate Income Tax Voucher.

RATES

No Tax is imposed on the first \$1,000 of taxable income

3% on the next \$4,000 of taxable income.

4% on the next \$5,000 of taxable income.

5% on taxable income in excess of \$10,000.

DUE DATE

Must file on or before the 15th day of the fourth month following the close of the tax year.

DUE DATE EXTENSION

File the Mississippi Application for Extension, (Form 83-180), with payment of tax due on or before the due date of the return. If no tax liability exist, the federal extension will be accepted.

ELECTRONIC FILING

Mississippi participates in the Modernized e-File (MeF) program for corporation tax returns. C corporation income taxpayers and tax preparers are allowed to electronically file forms through an authorized software provider.

For details on filing electronically, visit:

<https://www.dor.ms.gov/Business/Pages/Corporate-Income.aspx> and
<https://tap.dor.ms.gov/>

ELECTRONIC PAYMENT

To pay electronically, see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

WEBSITE

To find more information see:
<https://www.dor.ms.gov/Business/Pages/Corporate-Income.aspx>

MAILING ADDRESS/PHONE NUMBER

Department of Revenue
P.O. Box 23050
Jackson, MS 39225-3050
(601) 923-7300

ESTIMATED TAX

Estimated tax payments are required if annual income tax liability is in excess of \$200.

FORMS

Form 83-300, Corporate Income Tax Voucher.
Form 83-305, Underestimate of Corporate Income Tax Worksheet.

RATES

At least 90% of the current income tax liability must be paid by submitting quarterly payments.

DUE DATE

15th day of the 4th month after year end.
15th day of the 6th month after year end.
15th day of the 9th month after year end.
15th day of the 12th month after year end.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

To file electronically see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

ELECTRONIC PAYMENT

To pay electronically see: <https://tap.dor.ms.gov/> /
WEBSITE

To find more information see:
<https://www.dor.ms.gov/Business/Pages/Corporate-Income.aspx>

MAILING ADDRESS

Department of Revenue
P.O. Box 23075
Jackson, MS 39225-3075

ALTERNATIVE MINIMUM TAX

Mississippi does not impose an alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Added back to federal taxable income for Mississippi purposes: federal and state (excluding Mississippi) income taxes; any taxes based on or measured by net income; estate and inheritance taxes; gift taxes; and cigar and cigarette taxes, gasoline taxes, and sales and use taxes if not included in business gross income, or if not incurred as an item of expense in a trade or business.

Bonus Depreciation: The Tax Cuts and Jobs Act (P.L. 115-97, 12/22/2017) provides that a 100% first-year deduction for the adjusted basis is allowed for qualified property acquired and placed in service after September 27, 2017, and before January 1, 2023. Mississippi does not conform to the provision of the Tax Cuts and Jobs Act that provides a 100% first-year deduction for the adjusted basis that is allowed for qualified property acquired and placed in service after September 27, 2017, and before January 1, 2023.

IRC Section 199, Domestic Production Activities Deduction: Mississippi does not conform to the provisions of IRC § 199 with respect to the domestic production deduction. Mississippi does not have a conformity law. Mississippi applies current IRC to the extent that Mississippi law incorporates them by reference. Since it does not have a comparable provision, Mississippi does not follow the federal IRC §199 deduction.

Charitable Contributions Limit: Mississippi does not conform to the federal treatment of charitable contributions under IRC § 170. Mississippi provides a percentage limitation of 20% and its own definition of a charitable contribution by a corporation.

Foreign Taxes: Mississippi requires an additional modification for foreign taxes in determining state taxable income. Foreign taxes are not allowed as a deduction in computing net income to the extent that the foreign tax is based on income.

ALLOCATION AND APPORTIONMENT FACTORS

Mississippi prescribes for most businesses that one or more of the three standard factors – sales, property, and payroll – be used. The exact formula depends on the particular industry. One-factor sales formula for taxpayers that are not required to use a designated apportionment formula based on specific type or line of in-state business activity.

See “Industry-Specific Apportionment Formulas” below for contractor treatment.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Mississippi has not adopted UDITPA, a model act for the allocation and apportionment of income among states, but Mississippi laws and regulations have similar apportionment provisions.

OTHER MULTISTATE COMPACT

Mississippi has not adopted the Multistate Compact.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

The net business income of contractors is accounted for and assigned to Mississippi for each contract performed within Mississippi. Multistate contractors who cannot specifically allocate a job cost to the Mississippi contract may determine it by multiplying the amount of nonallocable business related expenses by the ratio that Mississippi direct job costs bear to total direct job costs.

For a contract performed partly within and partly outside Mississippi, net business income is apportioned to Mississippi on the basis of the ratio of contract receipts allocable to Mississippi, as determined for sales tax purposes, to the total contract receipts. The apportionable net receipts are determined by subtracting from the gross contract income direct contract costs and a pro rata portion of the indirect contract costs.

In the case of a prime contractor who enters into a contract with a subcontractor for the performance of all or part of a contract within Mississippi, both the prime and subcontractor are required to report income from such contracts.

The net business income of a contractor derived from a sale of capital assets, interest, dividends, rents, and royalties is apportioned to Mississippi by a ratio of the total receipts located, assignable, allocated, or otherwise with a situs in Mississippi to

the total receipts everywhere. In the case of sales of capital assets, the factor includes only the net gain or loss resulting from such sale.

SPECIFIC EXCLUSION OF INCOME ITEMS

No specific exclusion of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

- Jobs Tax Credit.
- National or Regional Headquarters Tax Credit.
- Research and Development Skills Credit.
- Employer Child/Dependent Care Credit.
- Skills Training Credit.
- Mississippi Business Finance Corporation Revenue Bond Service Credit.
- Ad Valorem Inventory Tax Credit.
- Export Port Charges Credit.
- Import Port Charges Credit.
- Broadband Technology Credit (BTC).
- Manufacturing Investment Tax Credit.
- Historic Structure Rehabilitation Credit.
- New Markets Credit.
- Growth and Prosperity (GAP) Areas Tax Exemption.

Please see: <https://www.dor.ms.gov/Laws-Rules/Documents/2018%20Incentive%20Book.pdf> for a list of incentive credits available.

INCOME TAX—S CORPORATION

S Corporations are to file as a pass-through entity for Mississippi purposes.

REGISTRATION

The registration is the same for C corporations.

FORMS

Form 84-105, Pass-Through Entity Tax Return.

Form 84-110, S Corporation Income and Franchise Tax Schedule.

Form 84-122, Net Taxable Income Tax Schedule.

RATES

Franchise tax: \$2.50 per \$1,000 of capital in excess of \$100,000

Late payment: 1% per month of interest, 1/2% per month (limit 25%) of penalty.

Late or non-filer: 5% per month (limit 25%).

Incomplete returns: \$25 per schedule, attachment etc. (limit \$500).

DUE DATE

File on or before the 15th day of the third month following the close of the accounting year.

DUE DATE EXTENSION

File the Mississippi Application for Extension, (Form 83-180), with payment of tax due on or before the due date of the return.

ELECTRONIC FILING

To file electronically see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

ELECTRONIC PAYMENT

To pay electronically see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

WEBSITE

To find more information, go to:
<https://www.dor.ms.gov/Business/Pages/Corporate-Income.aspx>

MAILING ADDRESS

Department of Revenue
P.O. Box 23050
Jackson, MS 39225-3050

COMPOSITE RETURNS FOR S

Nonresidents of Mississippi may elect to file a pass-through entity composite return, if the nonresident has no other Mississippi income or interest.

ALLOWED OR NOT ALLOWED

Allowed but not required.

FORMS

Form 84-105, Pass-Through Entity Tax Return.

Form 84-300, Pass-Through Entity Income Tax Voucher.

Form 84-380, Nonresident Income Tax Agreement.

RATES

Franchise tax: \$2.50 per \$1,000 of capital, surplus, undivided profits, and true reserves employed in Mississippi.

Income tax (composite): 3% of \$0 - \$5,000 taxable income; 4% on \$5,000 - \$10,000; and 5% of excess over \$10,000.

DUE DATE

On or before the 15th day of the third month following the close of the accounting year.

DUE DATE EXTENSION

File the Mississippi Application for Extension, (Form 83-180), with payment of tax due on or before the due date of the return. If no tax liability exist, the federal extension will be accepted.

ELECTRONIC FILING

To file electronically see: <https://tap.dor.ms.gov/> /

ELECTRONIC PAYMENT

To pay electronically see: <https://tap.dor.ms.gov/> /

WEBSITE

To find more information, go to:
<https://www.dor.ms.gov/Business/Pages/Corporate-Income.aspx>

MAILING ADDRESS

Department of Revenue
P.O. Box 23050
Jackson, MS 39225-3050

ESTIMATED TAX FOR S

Every taxpayer, filing a composite return, with an annual income tax liability in excess of \$200 must make estimated tax payments.

FORMS

Form 84-300, Pass-Through Entity Income Tax Voucher.

RATES

At least 90% of the current income tax liability must be paid by submitting quarterly payments. The remaining of the balance is due by the due date of the return.

DUE DATE

15th day of the 4th month after year end.

15th day of the 6th month after year end.

15th day of the 9th month after year end.

15th day of the 12th month after year end.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

To file electronically see: <https://tap.dor.ms.gov/> /

ELECTRONIC PAYMENT

To pay electronically see: <https://tap.dor.ms.gov/> /

WEBSITE

To find more information, go to:
<https://www.dor.ms.gov/Business/Pages/Corporate-Income.aspx>

MAILING ADDRESS

Department of Revenue
P.O. Box 23075
Jackson, MS 39225-3075

REQUIRED

Yes. Estimated payments are required if the annual income tax liability is in excess of \$200.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

For each of its nonresident shareholders and for each taxable period, an S corporation is required to either timely file a nonresident shareholder's agreement undertaking to file a return and to make timely payments of all taxes imposed, or make a payment to the state on behalf of its nonresident shareholder (i.e., composite return).

FORMS

Form 84-380, Non-Resident Income Tax Agreement.

Form 84-300, Pass-Through Entity Income Tax Voucher.

Form 84-150, Pass-Through Entity Tax Return.

RATES

Highest marginal tax rate multiplied by the shareholder's pro rata share of the income attributable to the state reflected on the corporation's return for the taxable period.

DUE DATE

On or before the 15th day of the third month following the close of the accounting year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

To file electronically see: <https://tap.dor.ms.gov/> /

ELECTRONIC PAYMENT

To pay electronically see: <https://tap.dor.ms.gov/> /

WEBSITE

To find more information, go to:
<https://www.dor.ms.gov/Business/Pages/Corporate-Income.aspx>

MAILING ADDRESS

Department of Revenue
P.O. Box 23075
Jackson, MS 39225-3075

PAYMENT ON INCOME OR DISTRIBUTIONS

Pro rata share of the income attributable to the state reflected on the corporation's return for the taxable period.

S CORPORATION TREATMENT

Recognizes federal S corporation election.

C TREATMENT

Not Applicable

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

Yes. An S corporation with a valid election for federal income tax purposes must make the election for Mississippi income tax purposes within 60 days of filing the federal election. The granting of the state election is contingent on the granting and approval of the federal election. The state election must contain a consent statement from each of the corporation's shareholders. Termination of the federal election automatically terminates the state election.

A corporation must file Form 84-105 if: (a) it elected to be an S corporation by filing Federal Form 1553, (b) the IRS accepted the election, and (c) the election remains in effect. Do not file Form 84-105 until the corporation has been notified by the IRS that the federal election has been accepted.

INCOME TAX—PARTNERSHIPS, LLC

Domestic or foreign LLC will be treated the same for Mississippi as it does for federal, whether the LLC elects to be treated as a corporation or partnership.

COMPOSITE RETURNS

Allowed, but not required.

Nonresident partnerships are eligible to file a Mississippi composite return, if the partner has no other activity in Mississippi.

The composite return is attached to the partnership return as an additional schedule, including:

- Listing of partners
- Identification
- Distribution

If a partnership begins filing a composite return, it must continue filing unless permission is granted by the Commissioner of Revenue (Commissioner).

FORMS

Form 84-105, Pass-Through Entity Tax Return.

Form 84-300, Pass-Through Entity Income Tax Voucher.

RATES

Pass-through entities do not pay tax on its income.

Income tax (composite): 3% of \$0 - \$5,000 taxable income; 4% on \$5,000 - \$10,000; and 5% of excess over \$10,000.

Late payment: 1% per month of interest, 1/2% per month (limit 25%) of penalty.

Late or non-filer: 5% per month (limit 25%).

Incomplete returns: \$25 per schedule, attachment, etc. (limit \$500).

DUE DATE

Calendar-year partnerships and LLCs must file no later than April 15 annually. Fiscal-year partnerships and LLCs must file no later than the 15th day of the fourth month following the end of the fiscal year.

Composite partnership returns have the same due date as regular partnership returns.

DUE DATE EXTENSION

Taxpayers requesting an extension of time to file the return must remit the tax due with the Form 83-180, on or before the due date of the return.

ELECTRONIC FILING

To electronic filing see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

ELECTRONIC PAYMENT

To electronic payment see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

WEBSITE

To find more information, go to:
<https://www.dor.ms.gov/Business/Pages/Corporate-Income.aspx>

MAILING ADDRESS

Department of Revenue
P.O. Box 23050
Jackson, MS 39225-3050

INCOME TAX—INDIVIDUAL

Mississippi residents or those who have Mississippi income that exceed the allowable deductions and exemptions, must file a return.

FORMS

Form 80-105, Resident Individual Income Tax Return.

Form 80-205, Non-Resident and Part-Year Resident Individual Tax Return.

RATES

The first \$5,000 of taxable income is taxed at 3%.

The next \$5,000 of taxable income is taxed at 4%.

All taxable income over \$10,000 is taxed at 5%.

If married filing joint: first \$5,000 of each taxpayer's taxable income is taxed at 3%. The next \$5,000 of each taxpayer's taxable income is taxed at 4%. Each taxpayer's taxable income over \$10,000 is taxed at 5%.

DUE DATE

Individuals must file no later than April 15.

DUE DATE EXTENSION

Mississippi income tax return is automatically extended when the taxpayer receives an extension for his/her federal return. Attach a copy of the federal extension to the Mississippi income tax return.

ELECTRONIC FILING

To file electronically see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

ELECTRONIC PAYMENT

To pay electronically see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

WEBSITE

For more information see: <https://www.dor.ms.gov/Individual/Pages/default.aspx>

MAILING ADDRESS

Receiving refund:
Department of Revenue
P.O. Box 23058
Jackson, MS 39225-3058

All other income tax returns:
Department of Revenue
P.O. Box 23050
Jackson, MS 39225-3050

FED RETURN ATTACHED TO STATE RETURN

Yes

STATE CONSTRUCTION-RELATED CREDITS

No specific construction owner or employee credits.

IRC CONFORMITY

Mississippi applies current IRC to the extent that Mississippi law incorporates IRC provisions by reference for both corporate and income tax. Mississippi has not decoupled from the business interest deduction limitations of IRC §163(j) as enacted by the Tax Cuts and Jobs Act. Further, Mississippi allows only certain enumerated deductions that do not include the IRC § 199A deduction.

ALTERNATIVE MINIMUM TAX

No

NET WORTH OR STOCK TAX

REGISTRATION

Contractors and businesses can register online through the TAP online program.

TAXABLE BASIS

The franchise tax is measured by the value of capital used, invested or employed in the exercise of any power, privilege, or right enjoyed by the corporation within Mississippi. The mode of measurement is the amount of capital of the corporation employed or so situated as to be privileged to be employed in the state.

FORMS

Form 83-105, Corporate Income and Franchise Tax Return.

Form 83-110, Corporate Franchise Tax Return. Must be completed by all corporations to indicate the amount of capital of the corporation.

Form 83-180, Application for Automatic Six-Month Extension.

Form 84-105, Pass-Through Entity Tax Return.

Form 84-110, S-Corporation Franchise Tax Schedule.

RATES

\$2.50 per \$1,000 of capital, surplus, undivided profits, and true reserves employed in Mississippi.

DUE DATE

Due on or before the 15th day of the third month following the close of the taxable year.

DUE DATE EXTENSION

File Mississippi Application for Extension, (Form 83-180), on or before the due date of their return to receive an automatic extension of time to file their tax returns. Include payment of tax due with the extension filing.

ELECTRONIC FILING

For electronic filing see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

ELECTRONIC PAYMENT

For electronic payment see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

WEBSITE

For more information see: <https://www.dor.ms.gov/Business/Pages/default.aspx>

MAILING ADDRESS

Department of Revenue
P.O. Box 23050
Jackson, MS 39225-3050

ESTIMATED TAX

See C and S corporation estimated tax requirements under the Income Tax section.

Annual income tax liability in excess of \$200 should make estimated tax payment.

GROSS RECEIPTS TAX

Contractors who perform work on a project over \$10,000 may be subject to the 3.5% contractor's tax imposed on the gross receipts of the contract. The contractor is required to qualify the contract with the Department of Revenue prior to beginning work on the project.

See Contractors Tax under the State Sales and Use Tax section below for additional information.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, many cities, counties, and municipalities throughout Mississippi might have additional registration requirements that may affect your business. Contact the local government office and the county assessor's office in the location in which you have an interest for information on local or county taxes and licensing that may be needed for your business.

STATE SALES AND USE TAX

REGISTRATION

All general or prime contractors and subcontractors improving real property in the State of Mississippi are required to obtain a Sales and Use Tax Certificate of Registration for the remittance of any sales and use taxes that may be due, regardless of the number of jobs they are performing.

A permit or registration license is required from the Department of Revenue, and must register online using TAP. Note, a separate permit is required for each location.

FORMS

If you do not file your return online, a pre-addressed sales tax return is mailed to you 30 days before the due date.

RATES

Sales and use tax rate: 7% (state rate only).

The tax rate is applied against either the gross proceeds of sales or the gross income of the business, depending on the type of sale or service provided.

Please see: <https://www.dor.ms.gov/Business/Pages/Sales-Tax-Rates.aspx> for more specific rates.

A discount is allowed if the tax is paid by the 20th day of the month in which the tax is due. The sales tax discount is 2% of tax due, not to exceed \$50.

Contractors tax: 3.5% of the total receipts received by contractor for commercial construction. See Contractors Tax section below for further details.

DUE DATE

Returns and payment are due on or before the 20th day following the end of the reporting period. A return must be filed regardless if tax is due.

DUE DATE EXTENSION

The Commissioner may provide an extension for good cause but generally, no extension.

ELECTRONIC FILING

You are required to file online if you report more than four rates of tax, or you have more than one sales tax account or business location subject to sales tax.

To file electronically see: <https://www.dor.ms.gov/Business/Pages/e-Filing-for-Sales-Tax.aspx>

ELECTRONIC PAYMENT

To pay electronically see: <https://www.dor.ms.gov/Business/Pages/e-Filing-for-Sales-Tax.aspx>

WEBSITE

For more information see: <https://www.dor.ms.gov/Business/Pages/Sales-Use-Tax-landing.aspx>

MAILING ADDRESS

Department of Revenue
P.O. Box 960
Jackson, MS 39205-0960

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Sales of tangible property and charges for labor or services are exempt when sold to, billed to, and paid for by the U.S. Government or the State of Mississippi, its departments and institutions, counties, and municipalities.

U.S. Government

Government contractors — Construction contractors are generally subject to the Mississippi contractor's tax on nonresidential construction contracts having a total contract price of over \$10,000 even if the owner is a federal or state governmental entity.

State and Local Government

State government — Any state department, county, or municipality, or a political division or subdivision thereof, or agency, institution, instrumentality, commission, board, or district created by the legislature and fiscally responsible to the State of Mississippi is construed to be a part of the state government.

Government contractors and employees — To be exempt, the sale, labor, or service must be billed directly to the political entity and not to or through some contractor or quasi-governmental agency, and the title of the property or benefit from the service must pass to the government rather than to some beneficiary. Sales to government employees are taxable regardless of the fact that the employees may be reimbursed by the government for the expenses incurred. Materials purchased by contractors for use in the performance of a government contract are taxable. Sales by independent dealers, merchants, or contractors on government reservations are taxable.

Competition with private business — Sales of merchandise by governmental agencies, political subdivisions, or state institutions are taxable when such activities are in competition with private business.

TAXABLE SERVICES

Mississippi is one of a handful of states in which contractors are not taxed as consumers of items used in fulfilling a construction contract. Contractors in Mississippi are treated as retailers who purchase materials tax free for resale and pay tax on the basis of their gross receipts. An exception to this is that builders of residential property are treated as consumers of materials and are not subject to the contractor's tax (see section below for more on the contractor's tax).

The taxation of construction activities is determined by several factors, including the nature of the particular activity in question, the nature of the construction project generally, and the amount of the contract price. As a general rule, most construction-related services that are performed under contracts in the amount of \$10,000 or less are taxed at the regular retail rate (7%). Nonresidential construction contracts in excess of \$10,000 are taxed at a lower rate (3.5%). Contracts for the construction or improvement of residential property are excluded from the contractor's tax.

See: <https://www.dor.ms.gov/Business/Pages/Sales-Tax-Rates.aspx> under "Miscellaneous Specified by Business."

See: <https://www.dor.ms.gov/Business/Pages/Construction-Contractors.aspx> for more information on construction contractors tax on services.

USE TAX

Contractors that perform services in Mississippi are subject to use tax on the value of equipment brought into the state. If the property has been used in another state, the retail use tax is due on the fair market or net book value of the property at the time it's brought into Mississippi. Automobiles and trucks (under 10,000 pounds) without special-mounted equipment are subject to 5% use tax. Trucks over 10,000 pounds are

taxable at the 3% rate. (Net book value is computed by using straight-line depreciation only and cannot be less than 20% of the original cost).

Except for automobiles and trucks first used in this state, credit for sales or use tax paid to another state in which the property was acquired or used may be taken in computing the amount of use tax due. Credit must be computed by applying the rate of sales or use tax paid to another state (excluding any city, county, or parish taxes) to the value of the property at the time it enters Mississippi.

CONTRACTORS TAX

Mississippi's Sales Tax Law levies a 3.5% contractor's tax on all nonresidential construction activities when the total contract price or compensation received exceeds \$10,000.

REGISTRATION

Materials Purchase Certificate

Construction contractors can apply for a Material Purchase Certificate (MPC), which allows the contractor to purchase component materials and services exempt from the sales or use tax. In applying for the certificate, the contractor must provide the Commission with a list of all subcontractors and their addresses.

An MPC is defined as a certificate for which a person liable for the contractor's tax may apply and obtain from the Commissioner, and when issued, entitles the holder to purchase materials and services that are to become a component part of a structure to be erected or repaired with no tax due. A contractor who paid sales tax on the purchases may, after obtaining the MPC for the project, take a credit against the sales taxes paid on the purchases if proper documentation exists. The credit may also be allowed in any audit. Any penalties and interest owed may be determined based on the sales tax due after accounting for the credit.

A contractor's MPC is issued to a qualified contractor for each contract. This purchase certificate entitles the contractor and the contractor's subcontractors to purchase materials and services becoming a component part of the structure covered by the certificate exempt from sales and use tax. The certificate expires on completion of the contract named on the certificate.

The contractor and the subcontractors must advise their suppliers of the MPC number when purchasing component materials. The seller of the materials must list the certificate number on each sales invoice as a prerequisite to claiming the exemption. Materials used to form concrete are not considered component materials and may not be covered by the use of an MPC number.

“Component materials” are all materials that become an integral part of the structure being erected.

RATE

The contractor’s rate is 3.5% on all nonresidential construction activities when the total contract price or compensation received exceeds \$10,000.

Apartments and condominiums are not treated as residential property for purposes of the contractor’s tax. Contracts for the construction, renovation, or repair of apartments and condominiums are subject to the 3.5% contractor’s tax unless the job is \$10,000 or less. Contractors performing contracts on residential homes pay the regular 7% sales tax rate on materials and taxable services.

DUE DATE

For nonresidential contracts exceeding \$75,000, the contractor’s tax and any use tax due must be paid before work begins. An exception to paying the taxes due requires that a surety bond is filed with the Department of Revenue to guarantee payment of the taxes. All contractors without a physical location in Mississippi are required to prepay the taxes due or bond all contracts over \$10,000. Contractors with a physical location in Mississippi are required to bond or prepay the taxes due on all contracts over \$75,000.

On taxable contracts of \$75,000 or less, or when a bond is filed, the contractor’s tax due must be paid on a monthly basis as compensation is received. Any use tax due on equipment must be paid by the 20th day of the month following the month when the property is brought into Mississippi. Persons or firms domiciled outside Mississippi must pay any use tax and the contractor’s tax due on the total contract amount before work is begun unless a surety bond is filed in an amount sufficient to cover these taxes.

TAXABLE BASIS

The 3.5% contractor’s tax is imposed against the prime contractor and is due on all nonresidential, commercial contracts regardless of whether or not the owner is a governmental, exempt, or nonprofit entity. For example, construction contracts for the U.S. Government, the State of Mississippi, a non-profit hospital, or a church are subject to the tax.

Residential construction (not including apartments or condominiums) is excluded from the 3.5% contractor’s tax, but is subject to retail sales taxes.

WEBSITE

For more information on Mississippi’s contractors tax, visit:
<https://www.dor.ms.gov/Business/Pages/Construction-Contractors.aspx>.

LOCAL SALES AND USE TAX (City/County/Special)

Municipalities and levee districts are prohibited from imposing sales taxes. Certain counties and municipalities are authorized to levy special tourism and economic development taxes (in addition to the sales and use tax) for the purpose of supporting local tourism and economic development projects.

RATES

Mississippi does not have any local city or county sales taxes except for those imposed by the Cities of Tupelo and Jackson:

- City of Tupelo sales tax — The City of Tupelo, Mississippi, imposes a 0.25% water procurement facility tax on taxable sales and services in the city.
- City of Jackson special infrastructure (sales) tax — Effective March 1, 2014, the City of Jackson, Mississippi, began imposing a special infrastructure sales tax of 1% on every person making sales, deliveries, or installations of tangible personal property or services within the municipality. Effective April 24, 2014, the tax no longer applied to persons making deliveries or installations of tangible personal property within the city. The tax applies to those activities taxed at a state rate of 7% or more.

Generally, taxpayers should report the City of Jackson local tax on the Sales and Special Tax Return provided by the Department of Revenue or online using TAP. For taxpayers located in Hinds, Madison, Rankin, Warren, and Copiah Counties, the rate code will be preprinted on their paper return or will be a required field on their electronic return filed through TAP.

There are numerous tourism and economic development taxes levied in many cities and counties typically imposed on hotels, motels, restaurants, and bars. To determine if your business is subject to any of these taxes, review the listing on the Department of Revenue's website here:

<https://www.dor.ms.gov/Business/Pages/Tourism-Economic-Dev-Taxes.aspx>

WEBSITE

For more information see the City of Tupelo website at:

<http://www.tupeloms.gov/finance/>

MAILING ADDRESS/PHONE NUMBER

Tupelo District
P.O. Box 3000
Tupelo, MS
(662) 842-4316

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form 89-105, Employer's Withholding Tax Return.

Form 89-140, Annual W-2 and 1099 Information Return.

RATES

For a list of withholding rates, go to:

<https://www.dor.ms.gov/Business/Pages/Withholding-Tax.aspx>

Penalty for filing late: 10% plus interest at the rate of 1% per month from the date the tax was due.

DUE DATE

Monthly: 15th day of the following month.

Quarterly: 15th of the month following the end of the quarter.

The Mississippi Department of Revenue will notify the taxpayer of its frequency of filings. Generally, if the taxpayer has more than \$300 average liability per month, it must file monthly. If less than \$300, the Department of Revenue may require quarterly filings.

A tax return must be filed for each reporting period even if no tax is due.

DUE DATE EXTENSION

The Commissioner may consider an extension. Request must be filed by the W-2s or 1099s due dates.

ELECTRONIC FILING

Withholding tax registrants with a liability of \$20,000 or more for any reporting period are required to file returns and pay the tax electronically through TAP. Employers that issue 25 or more W-2s are required to submit those electronically to the Department of Revenue.

To file electronically, see: <https://tap.dor.ms.gov/#1>

ELECTRONIC PAYMENT

To pay electronically, see: <https://tap.dor.ms.gov/#1>

WEBSITE

For more information, see: <https://www.dor.ms.gov/Business/Pages/Withholding-Tax.aspx>

MAILING ADDRESS/PHONE NUMBER

Withholding Division
P.O. Box 1033
Jackson, MS 39215-1033
(601) 923-7088

NEW HIRE

Employers must report newly hired and re-hired employees in Mississippi to the Mississippi State Directory of New Hires. All newly hired and/or rehired employees must be reported within 15 days of their hire date.

Please see: https://ms-newhire.com/employer_resources

TERMINATION

Employers are not required to report the termination of employees. However, if the employee had an Income Withholding Order for child support, the individual's termination must be reported to the proper agency.

INDEPENDENT CONTRACTOR TREATMENT

Independent contractor reports are filed at the State Directory of New Hires. The employers are not required by law to submit the reports.

Mississippi follows the IRS guidelines on distinguishing between independent contractors and employees.

UNEMPLOYMENT

FORMS

Form UI-1, Status Report (Business Registration Form).

Form UI-2/3, Reporting Quarterly Wages.

Form UI-3b, Employer's Quarterly Adjustment Report.

Please see: <https://mdes.ms.gov/employers/unemployment-tax/reporting-and-filing/downloadable-forms/> for all downloadable forms.

RATES

The tax rate for a start-up business:

- 1.20% the first year of liability
- 1.30% the second year of liability
- 1.40% the third and subsequent years of liability

The employer may be eligible for a modified rate based on their experience and employee retention history. The employers will be notified of the change.

The taxable wage base per year per employee is \$14,000.

DUE DATE

Reports are due on a quarterly basis:

Quarter 1 – April 30

Quarter 2 – July 31

Quarter 3 – October 31

Quarter 4 – January 31

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Taxpayers can register to file and pay online at:
<https://www.mdes.ms.gov/employers/online-services-for-employers/>

For electronic filing, see:

<https://accessmstax.mdes.ms.gov/accessmstax/faces/login/login.xhtml>

ELECTRONIC PAYMENT

For electronic payment, see:
<https://accessmstax.mdes.ms.gov/accessmstax/faces/login/login.xhtml>

WEBSITE

For more information see: <http://mdes.ms.gov/employers/unemployment-tax/>

MAILING ADDRESS

Mississippi Department of Employment Security
Tax Department
P.O. Box 22781
Jackson, MS 39225-2781

NEW HIRE

See the Withholding Tax section under Employment Taxes.

TERMINATION

See the Withholding Tax section under Employment Taxes.

INDEPENDENT CONTRACTOR TREATMENT

See the Withholding Tax section under Employment Taxes.

PROPERTY TAX

PERSONAL PROPERTY

Property tax or ad valorem tax, is imposed on ownership or possession of tangible personal property in Mississippi such as inventory, furniture, and machinery. The tax is based on the value of the property. All tangible personal property in Mississippi is taxable unless specifically exempt, and the tax is administered at the local level.

REGISTRATION

Not applicable, but application may need to be filed for certain exemptions.

FORMS

Form 73-033, Personal Property Rendition.

For more forms see: <https://www.dor.ms.gov/Pages/Property-Forms.aspx>

RATES

The rates are determined by local, county, municipality, and school districts. Each of the taxing entities decided the rates based on the revenue needed. Taxable personal property is valued annually.

DUE DATE

File return on or before February 1.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Contact the local tax collector where your property is located for electronic filing availability.

ELECTRONIC PAYMENT

Contact the local tax collector where your property is located for electronic payment availability.

WEBSITE

For more information see: <https://www.dor.ms.gov/Property/Pages/default.aspx>

PHONE NUMBER

Phone: (601) 923-7631

Fax: (601) 923-7637

REAL PROPERTY

Property tax or ad valorem tax, is imposed on ownership or possession of real estate in Mississippi. The tax is based on the value of the property. All real property in Mississippi is taxable unless specifically exempt, and administered at the local level.

REGISTRATION

Not applicable, but applications may need to be filed for certain exemptions.

FORMS

Varies by locality.

RATES

The rates are determined by local, county, municipality, and school districts. Each of the taxing entities decided the rates based on the revenue needed.

Tax assessors must revalue real property at least once every four years.

DUE DATE

File return on or before February 1.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Contact the local tax collector where your property is located for electronic filing availability.

ELECTRONIC PAYMENT

Contact the local tax collector where your property is located for electronic filing availability.

WEBSITE

For more information see: <https://www.dor.ms.gov/Property/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

See local assessment websites for information.

Phone: (601) 923-7631

Fax: (601) 923-7637

INTANGIBLES TAX

There is no intangible personal property tax.

FUEL TAX

REGISTRATION

Those engaged in the business of importing, producing, exporting, blending, selling, or distributing taxable petroleum products must obtain a Distributors Permit. Registration is completed on the Department of Revenue's TAP.

FORMS

Gasoline Tax Report.

Special Fuel Tax Report.

Carriers Report.

Terminal Operator's Report.

RATES

Gasoline/Aviation Gasoline/Undyed Diesel Fuel/Biofuels/Motor Fuel:
\$0.184 per gallon.

Gasoline/Aviation Gasoline/Diesel Fuel/Jet Fuel/Fuel Oil/Biofuels:
\$0.004 per gallon (environmental tax).

Dyed Diesel: \$0.0575 per gallon.

DUE DATE

All reports are due on or before the 20th day of the following month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

To file electronically see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

ELECTRONIC PAYMENT

To pay electronically see: [https://tap.dor.ms.gov/ /](https://tap.dor.ms.gov/)

WEBSITE

For more information see: <https://www.dor.ms.gov/Pages/Petroleum-FAQs.aspx>

MAILING ADDRESS/PHONE NUMBER

Department of Revenue
P.O. Box 1033
Jackson, MS 39215
Phone: (601) 923-7150
Fax: (601) 923-7165

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

The Unclaimed Property Act requires banks, savings and loans companies, insurance firms, utility companies, and business associations to surrender any cash, checks, or stock that have been abandoned or untouched for five years to the Office of the State Treasurer.

These organizations are required to file a Mississippi Unclaimed Property Report every third year (2011, 2014, 2017, etc.). The report is due on or before November 1 of the filing year.

Please see:

<http://www.treasurerlynnfitch.com/UnclaimedProperty/Documents/Holder%20Reporting%20Instructions.pdf> for more information.

IMPACT FEES

Not Applicable

MINIMUM WAGE

As of January 1, 2019, Mississippi's minimum wage is the federal \$7.25 per hour.

REGISTERED AGENTS

Certain entities are required to maintain a registered agent whose physical address is located within Mississippi.

The commercial registered agent may be any individual or entity that is registered with the Secretary of State. The individual or entity must file a Commercial Registered Agent Listing Statement in order to be an agent for hire. Listing of commercial registered agents are on the Secretary of State's website.

DAVIS BACON

Davis-Bacon Wage Rate Determination: <http://www.wdol.gov/dba.aspx#0>

Davis-Bacon Wage Payroll Form: <http://www.dol.gov/whd/forms/wh347.pdf>

DRUG TESTING FACILITIES

There are several drug testing facilities throughout Mississippi. Please see the following website for a list: <http://www.testcountry.com/drug-testing-center-facilities/Mississippi.htm>

OTHER

CFMA Chapter in Mississippi:

Mississippi, Jackson, MS: <http://cafe.cfma.org/Mississippi/Home/>

Mississippi released TB 72-501-17-2 to give guidance on taxability of residential construction work for sales tax purposes.

Mississippi released Title 35, Part IV, Subpart 10, Chapter 1 which is a construction contractor tax regulation.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 13, 2019

DATE OF LAST UPDATE

May 15, 2015

SUBJECT MATTER EXPERT

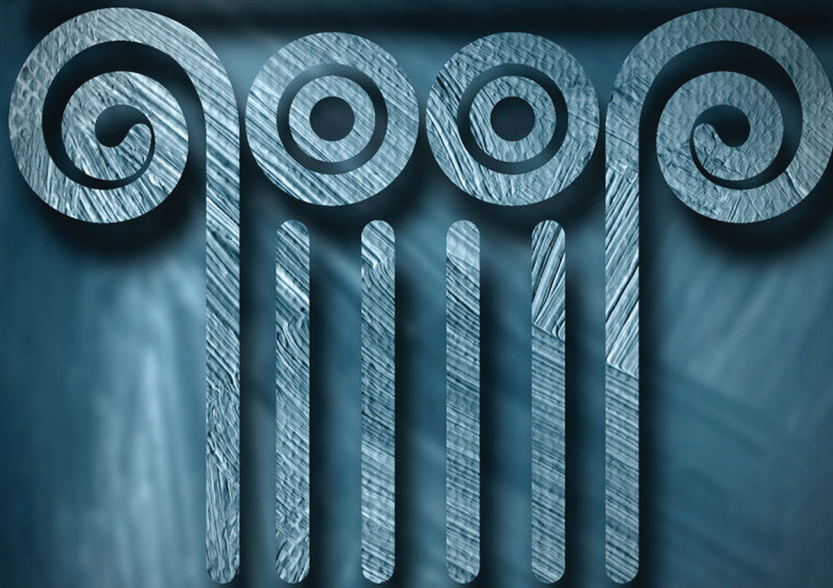
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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



MISSOURI

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

CORPORATION

Initial registration includes obtaining a Certificate of Authority (Certificate) to do business in Missouri. The application must be accompanied by a Certificate from the Secretary of State (or equivalent) in the jurisdiction where the corporation is incorporated stating that the corporation is an existing corporation and is in good standing. The Certificate must be not more than 60 days old.

LIMITED PARTNERSHIP

Foreign limited partnerships doing business in Missouri are required to register with the Corporations Division. An application must be filed including the following:

- 1) Name of foreign limited partnership and name it proposes to do business with in the state.
- 2) State and date of formation.
- 3) Name and address of registered agent.
- 4) Statement that the Secretary of State is appointed the agent of the foreign limited partnership if no agent has been appointed under (3).
- 5) Address of the office required to be maintained in the state of organization.
- 6) Name and business address of each general partner.
- 7) Address of the office at which the list of limited partners and their capital contributions are kept.
- 8) Certificate of Existence from Secretary of State where the partnership is registered; cannot be more than 60 days old.

LIMITED LIABILITY COMPANIES

Must register with the Secretary of State in order to conduct business in Missouri. Application must include a Certificate of Existence from the Secretary of State in the state of domicile.

FORMS

Form Corp. 42, Application for Certificate of Authority to do Business in Missouri.

Form LP42, Application for Registration of a Foreign Limited Partnership in Missouri.

Form LP25, Application for Registration of a Foreign Limited Liability Limited Partnership.

Form LLC4, Application for Registration of a Foreign Limited Liability Company.

RATES, FEES, COSTS

Corporate Certificate of Authority	\$155
Limited Foreign Partnership Registration	\$105
Limited Liability Company Registration	\$105

WEBSITE

www.sos.mo.gov/

MAILING ADDRESS

Missouri Secretary of State
600 West Main Street
Jefferson City, MO 65101

ADDITIONAL ASSISTANCE

Phone: (573) 751-4936
E-mail: Info@sos.mo.gov

ANNUAL RENEWALS

Any company registered in Missouri must file an Annual Report.

FORMS

Annual Report.

RATES

\$25.

DUE DATE

Due at the end of the month the corporation was qualified each year; for businesses qualified on or after July 1, 2003.

Due at the end of the month of the last annual report; for businesses qualified before July 1, 2003.

DUE DATE EXTENSION

None

ELECTRONIC FILING

Can be filed online.

ELECTRONIC PAYMENT

Can be paid by credit card

WEBSITE

www.sos.mo.gov/

MAILING ADDRESS

Missouri Secretary of State
600 West Main Street
Jefferson City, MO 65101

REGISTRATION WITH DEPARTMENT OF REVENUE

Department of Revenue registration is required for the following types of tax:

- Sales Tax.
- Vendor's Use Tax.
- Consumer's Tax.
- Withholding Tax.
- Unemployment Tax.
- Tire/Batter Fee.
- Corporate Income/Franchise Tax.

Transient Employer Tax Registration – Out of state companies who temporarily transact any business in the State of Missouri are defined as transient employers and are required to register, file a bond, and remit withholding tax to the Missouri Department of Revenue (Department).

FORMS

Form 2643

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://dor.mo.gov/>

MAILING ADDRESS

Missouri Department of Revenue
Harry S. Truman State Office Building
301 West High Street
Jefferson City, MO 65101

LICENSES—GC & SPECIALTY

REGISTRATION

GENERAL CONTRACTORS

Missouri does not have a general contractor's license. General contractors are licensed and regulated at the local level.

BOILER PRESSURE SAFETY PROGRAM – HEATING

Contact:

Boiler & Pressure Vessel Unity
Division of Fire Safety
P.O. Box 844
Jefferson City, MO 65102
(573) 751-8708
E-mail: Boiler@dfs.dps.mo.gov

AIR CONDITIONING

Certification of Technicians, Types I, II, III, and universal to work on air-conditioning and refrigeration equipment; (test required) and fee is set by the testing organization.

MVAC Technician Certificate required for those working on vehicle air conditioners.

Persons and business entities engaged in either HVAC or MVAC work must register their recycling/recovery equipment with the Division of Fire Safety.

Contact:

U.S. EPA, Air & Toxics Division
901 North 5th Street
Kansas City, KS 66101
(931) 551-7623
(800) 223-0425

HIGHWAY EXCAVATION

Contact:

Permit Reviewer
Missouri Department of Transportation
P.O. Box 270
Jefferson City, MO 65102
(888)-ASK-MODOT (275-6636)

OTHER ENVIRONMENTAL PERMITS NEEDED

Department of Natural Resources Environmental Permits and how to obtain them:
<https://dnr.mo.gov/permit.htm>

TESTS AND EXAMS

See registration (above).

RATES

Varies

DUE DATE

Varies

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://dnr.mo.gov/permit.htm>

MAILING ADDRESS

Business Services
P.O. Box 778
Jefferson City, MO 65102

RECIPROCITY STATES

Verify with the Department.

EQUITY REQUIREMENT

None

FINANCIAL STATEMENT REQUIREMENTS

None

LOCAL LICENSES

REGISTRATION

City of Kansas City, MO.

City of St. Louis, MO.

FORMS

See Website

RATES

See Website

DUE DATE

See Website

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

See Website

ELECTRONIC PAYMENT

See Website

WEBSITE

City of Kansas City, MO:

<http://kcmo.gov/planning/contractor-licensing/>

City of St. Louis, MO:

<https://www.stlouis-mo.gov/government/departments/license/business-license-info/gbl/Construction-Contracting-Business.cfm>

MAILING ADDRESS/PHONE NUMBER

See Website

INCOME TAX

INCOME TAX—C CORPORATION

Every corporation is required to file a return of income in Missouri for each year it is required to file a federal income tax return and the corporation's gross income from sources within Missouri are \$100 or more.

FORMS

MO-1120

RATES

6.25%

DUE DATE

Fifteenth day of fourth month after end of taxable year.

DUE DATE EXTENSION

Six-month extension; state recognizes federal extension if no payment is due. If payment is due file form MO-7004.

ELECTRONIC FILING

Modernized E-File (MeF) – through an ERO.

ELECTRONIC PAYMENT

E-check or credit card online at: <http://dor.mo.gov/business/payonline.php>

WEBSITE

<http://dor.mo.gov/>

MAILING ADDRESS

Missouri Department of Revenue
Taxation Division
P.O. Box 3300
Jefferson City, MO 65105-3300

ESTIMATED TAX

Required if Missouri liability is expected to exceed \$250.

FORMS

MO-1120ES.

RATES

6.25%

DUE DATE

Fifteenth day of the 4th, 6th, 9th, and 12th months of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

File with payment at website below.

ELECTRONIC PAYMENT

E-check or credit card online at: <http://dor.mo.gov/business/payonline.php>

WEBSITE

<https://dor.mo.gov/>

MAILING ADDRESS

Missouri Department of Revenue
Taxation Division
P.O. Box 3300
Jefferson City, MO 65105-3300

ALTERNATIVE MINIMUM TAX

Missouri does not impose alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

The starting point for computation of C corporation's entire net income is federal taxable income as reported on line 30 of federal Form 1120.

The following adjustments are required for computation of Missouri taxable income:

Additions:

State and local bond Interest (except Missouri) less related expenses.

Adjustments from partnerships or fiduciaries.

Net operating loss modification.

Missouri credits deducted from federal taxable income.

Less:

Interest from federal obligation less related expenses.

Federally taxable – Missouri exempt obligation.

Previously taxed income.

State income tax refund included in federal income.

Capital gain exclusion from the sale of low income housing project.

Depreciation basis adjustment.

Build America and recovery zone bond Interest.

Missouri Public-Private Partnerships Transportation Act.

ALLOCATION AND APPORTIONMENT FACTORS

Three-Factor or optional one-factor sales formula for corporations other than certain public utilities and transportation companies

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Missouri has not adopted UDITPA provisions.

OTHER MULTISTATE COMPACT

Missouri has adopted the Multistate Compact.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Not Applicable

SPECIFIC EXCLUSION OF INCOME ITEMS

See Above

SPECIFIC EXCLUSION OF COST ITEMS

See Above

CREDITS AND TAX INCENTIVES

A full list of miscellaneous tax credits can be found at: <http://dor.mo.gov/taxcredit/>

INCOME TAX—S CORPORATION

Every S corporation must file Form MO-1120S if they file federal Form 1120S and have: 1) a shareholder that is a Missouri resident; or 2) any income derived from Missouri sources.

No franchise tax is imposed for tax years beginning on or after January 1, 2016.

FORMS

MO-1120S

RATES

None

DUE DATE

Fifteenth day of fourth month after end of taxable year.

DUE DATE EXTENSION

Six-month extension, state recognizes federal extension if no payment is due. If payment is due file Form MO-7004.

ELECTRONIC FILING

Modernized E-File (MeF) – through an ERO.

ELECTRONIC PAYMENT

E-check or credit card online at: <http://dor.mo.gov/business/payonline.php>

WEBSITE

<https://dor.mo.gov/>

MAILING ADDRESS

Missouri Department of Revenue

Taxation Division
P.O. Box 3300
Jefferson City, MO 65105-3300

COMPOSITE RETURNS FOR S

Composite returns may be filed on behalf of electing nonresident individuals, partnerships, S corporations, regular corporations, etc. that do not have income from other state sources.

ALLOWED OR NOT ALLOWED

Allowed

FORMS

MO-1040

RATES

5.4%, effective 1/1/2019 (5.9% for 2018)

DUE DATE

Fifteenth day of fourth month after end of taxable year.

DUE DATE EXTENSION

Six-month extension, state recognizes federal extension if no payment is due. If payment is due file form MO-60.

ELECTRONIC FILING

Available through ERO or online.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://dor.mo.gov/>

MAILING ADDRESS

Missouri Department of Revenue

Taxation Division
P.O. Box 3300
Jefferson City, MO 65105-3300

ESTIMATED TAX FOR S

Not Applicable

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Required for nonresidents unless they meet the following exceptions:

- Elect to be included in the composite return.

- Partner has Missouri assignable federal AGI from the S corporation/partnership of less than \$1,200.
- S corporation is liquidated or terminated; no cash or property was distributed.
- Partner has completed Form MO-3NR Exemption Agreement.

FORMS

MO-1NR

RATES

5.4%, effective 1/1/2019 (5.9% for 2018)

DUE DATE

Same as due date for S corporation/partnership return including extensions.

DUE DATE EXTENSION

See Above

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://dor.mo.gov/>

MAILING ADDRESS

Missouri Department of Revenue
Taxation Division
P.O. Box 3300
Jefferson City, MO 65105-0300

PAYMENT ON INCOME OR DISTRIBUTIONS

Not Applicable

S CORPORATION TREATMENT

Withholding required for S corporation shareholders unless exception met.

C TREATMENT

No withholding required on C corporation.

RECOGNIZE FEDERAL S ELECTION

Recognized

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Required to file if federal Form 1065 is required to be filed and the partnership has:
1) a partner that is a Missouri resident; or 2) any income derived from Missouri sources.

COMPOSITE RETURNS

Allowed. See S corporation section for details.

FORMS

MO-1065

RATES

5.4% for 2019 (5.9% in 2018)

DUE DATE

Fifteenth day of fourth month after end of taxable year.

DUE DATE EXTENSION

Six-month extension, state recognizes federal extension if no payment is due.
If payment is due file Form MO-60.

ELECTRONIC FILING

Available through ERO or online.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://dor.mo.gov/>

MAILING ADDRESS

Missouri Department of Revenue
Taxation Division
P.O. Box 3300
Jefferson City, MO 65105-3300

INCOME TAX—INDIVIDUAL

Nonresidents:

Nonresidents must use Form MO-NRI to determine income percentages with regard to other states they earned income in. Nonresidents are not required to file if they have less than \$600 of Missouri income.

FORMS

MO-1040.

RATES

Rates range from 1.5% to 5.4% for 2019.

DUE DATE

April 15

DUE DATE EXTENSION

Six-month extension granted with federal extension if no tax is owed. If tax is due file Form MO-60.

ELECTRONIC FILING

Available through ERO or online.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://dor.mo.gov/>

MAILING ADDRESS

Payment:
Department of Revenue
P.O. Box 329
Jefferson City, MO 65107-0329

No Payment/Refund:
Department of Revenue
P.O. Box 500
Jefferson City, MO 35106-0500

FED RETURN ATTACHED TO STATE RETURN

Yes

STATE CONSTRUCTION-RELATED CREDITS

Development Tax Credit.
Enterprise Zone.
Missouri Quality Jobs.
Missouri Works Credit
New Enhanced Enterprise Zone.
Qualified Research Expense.

See the full list on instructions for Form MO-TC.

IRC CONFORMITY

Missouri adopts the current IRC for corporations and individuals. Missouri has not decoupled from the business interest deduction limitations under IRC §163(j) as amended by the Tax Cuts and Jobs Act.

The Missouri itemized deduction of a resident individual means the allowable federal itemized deductions with certain modifications. Because the IRC § 199A deduction is not a federal itemized deduction, it is not a Missouri itemized deduction. Missouri does have a business income deduction that functions similarly to IRC § 199A,

and the maximum percentage that may be deducted is 20% (25% until December 31, 2018) of business income.

ALTERNATIVE MINIMUM TAX

Not Applicable

NET WORTH OR STOCK TAX

REGISTRATION

Missouri does not have a net worth or stock tax.

GROSS RECEIPTS TAX

REGISTRATION

Gross receipts tax only required for express companies, defined as:

153.010. Any person, persons, joint stock association, company or corporation incorporated under the laws of any state, territory or country, conveying to, from or through this state, or any part thereof, money, packages, gold, silver, plate, articles, goods, merchandise or effects of any kind by express, on contract with any railroad or steamboat company, or the managers, lessees, agents or receiver thereof, not including railroad companies or steamboats engaged in the ordinary transportation of merchandise and property in this state, shall be deemed to be an "express company."

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Sales tax is imposed on the purchase price of tangible personal property or taxable service sold at retail. Use tax is imposed on the storage, use or consumption of tangible personal property in this state.

FORMS

53-1

53-C

RATES

4.225%

DUE DATE

Sales tax owed of more than \$500 per month should be filed on a monthly basis. Due by the 20th of the following month.

Sales tax collected of more than \$100 per quarter but less than \$500 per month should be filed quarterly. Due on the last day of the month following the end of the quarter.

Sales tax collected of less than \$100 per quarter should be filed annually. Due by January 31 of the following year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

https://mytax.mo.gov/rptp/portal/home!/ut/p/z1/04_Sj9CPykssy0xPLMnMz0vMAfljo8zijS0MnN09Dly83EODjQwc_R1DTclcvYAsE_1wQgqigNIGOICjAVB_FCEIBbkRBumOiooA7YFcLQ!!/dz/d5/L2dBISEvZ0FBIS9nQSEh/

ELECTRONIC PAYMENT

Available with E-File.

WEBSITE

<http://dor.mo.gov/business/sales/>

MAILING ADDRESS

Taxation Division
P.O. Box 840
Jefferson City, MO 65105-0840

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Not Applicable

TAXABLE SERVICES

All taxable services are generally presumed taxable unless specifically exempted by law. A list of taxable services can be found at: <http://dor.mo.gov/taxableservices.php>

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

See city websites for any specific additional registration requirements.

FORMS

Filed on state form.

RATES

Rates vary from 0% - 5.454%.

To see state plus local rate totals for various localities use the table found here:
<https://dor.mo.gov/pdf/rates/2019/jan2019.pdf>

DUE DATE

Same as state

DUE DATE EXTENSION

Same as state

ELECTRONIC FILING

Same as state

ELECTRONIC PAYMENT

Same as state

WEBSITE

Same as state

MAILING ADDRESS/PHONE NUMBER

Same as state

GRANDFATHERING OF RATE CHANGES

Same as state

GOVERNMENT PROVIDED MATERIALS

Same as state

TAXABLE SERVICES

Same as state

EMPLOYMENT TAXES

WITHHOLDING

FORMS

MO-941

RATES

Between 1.5% and 5.4% depending on wages and frequency of pay period.

DUE DATE

Employers required to withhold \$500 per month must file monthly.

Employers who withhold at least \$20 per quarter but less than \$500 a month should file quarterly.

Employers required to withhold less than \$20 a quarter should file yearly.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Can be filed online through Missouri website.

ELECTRONIC PAYMENT

Can be paid online through Missouri website shown below.

WEBSITE

<http://dor.mo.gov/business/withhold>

MAILING ADDRESS

Taxation Division
P.O. Box 999
Jefferson City, MO 65108-0999

NEW HIRE

Must report each new employee within 20 days of the earlier of the date of hire or the day the employee signs the federal W-4.

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

All remunerated services performed by an individual are deemed to be employment, unless it is shown to the satisfaction of the Division of Employment Security that:

- The employer retains the right to control the manner and means by which the results are to be accomplished.
- The employer is not an employee.

UNEMPLOYMENT

FORMS

Missouri Division of Employment Security Quarterly Contribution and Wage Report.

RATES

When a business starts to pay wages for the first time, it is assigned a new employer basis contribution rate of 2.376% for construction companies. The new employer rate is increased or decreased at the Department's discretion.

DUE DATE

Filed and submitted for covered employees each quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Reports can be filed by internet reporting, magnetic media reporting, or paper reporting.

ELECTRONIC PAYMENT

ACH debit available.

WEBSITE

<http://Labor.mo.gov/DES>

MAILING ADDRESS

Division of Employment Security
P.O. Box 59

Jefferson City, MO 65104-0059

NEW HIRE

See Above

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

Same as above

PROPERTY TAX

PERSONAL PROPERTY

Personal property is subject to taxes on all motorized vehicles, boats, recreational vehicles, motorcycles, trailers, livestock and personal property used in business. The tax is administered at the local level. Contact the local county assessor for more information.

REGISTRATION

Not Applicable

FORMS

Not Applicable

RATES

Local authorities determine rates.

DUE DATE

December 31

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Varies by local jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

REAL PROPERTY

Real property is subject to property tax in Missouri unless specifically exempted by the Missouri statute. The tax is administered at the local level.

REGISTRATION

Not Applicable

FORMS

Varies by local jurisdiction.

RATES

Determined locally

DUE DATE

Due dates for payment of real property taxes vary from jurisdiction to jurisdiction.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Varies by local jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

INTANGIBLES TAX

REGISTRATION

Missouri does not have an intangibles property tax.

FORMS

Not Applicable

RATES

See income tax section.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

FUEL TAX

REGISTRATION

Fuel tax on motor fuel is submitted to the state from licensed suppliers on a monthly basis and passed on to consumers in the price. Consumers may apply for a refund of the fuel tax when fuel is used in an exempt manner.

FORMS

Form 4923 – to apply for Motor Fuel refund claim.

Form 4924 – initial application for Motor Fuel refund.

RATES

The current rate is 17 cents per gallon.

DUE DATE

You must apply for a refund within one year from the date of purchase, or April 15 following the year of purchase whichever is later.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://dor.mo.gov/business/fuel/>

MAILING ADDRESS

Taxation Division
P.O. Box 800
Jefferson City, MO 65105-0800

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

When property is abandoned, the director of revenue is notified and searches the state records. See Missouri Statutes for details.

IMPACT FEES

Various

STATE ISSUES OTHER THAN TAXES

Various

MINIMUM WAGE

\$8.60 per hour

REGISTERED AGENTS

Required to do business in Missouri.

DAVIS BACON

Missouri's Prevailing Wage Law establishes a minimum wage rate that must be paid to workers on public works construction projects in Missouri, such as bridges, roads, and government buildings. The prevailing wage rate differs by county and for different types of work.

DRUG TESTING FACILITIES

<http://www.testcountry.com/drug-testing-center-facilities/Missouri.htm>

COMMUNICATIONS

CFMA Chapters in Missouri:

St. Louis, MO: <http://cafe.cfma.org/StLouisMO/Home/>

Kansas City, MO: <http://cafe.cfma.org/KansasCity/Home/>

FRANCHISE TAX

REGISTRATION

No franchise tax is imposed for tax years beginning on or after January 1, 2016.

TAXABLE BASIS

Not Applicable

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

ESTIMATED TAX

Not Applicable

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

AUTHOR

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DATE OF THIS UPDATE

March 13, 2019

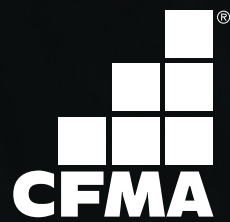
DATE OF LAST UPDATE

May 4, 2015

SUBJECT MATTER EXPERT

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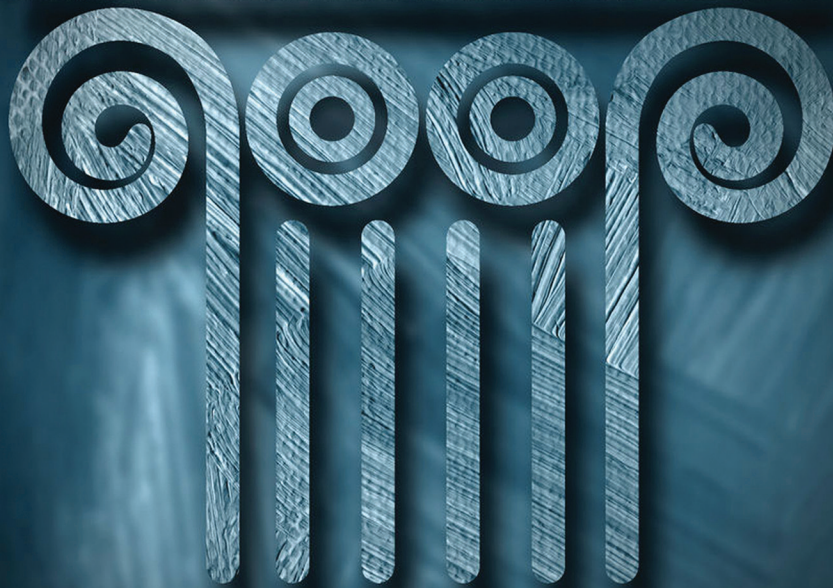
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



MONTANA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes submitting Articles of Incorporation or Organization, Application for Registration of an Assumed Business Name, and filing Articles.

FORMS

Form 1A, Application for Registration	\$20
Form 4, Certificate of Domestic Limited Partnership	\$20
Form 10, Application for Registration of Foreign Limited Partnership	\$20
Form 14A, Registration of Domestic Limited Liability Partnership	\$20
Form 19A, Article of Organization for Domestic LLC	\$70
Form 19B, Article of Organization for Domestic LLC Series	\$70
Form 25A, Application for Certificate of Authority of Foreign LLC	\$70
Form 25A, Application for Certificate of Authority of Foreign LLC Series	\$70
Form 34, Articles of Incorporation for Domestic Profit Corporation	\$70
Form 44, Articles of Incorporation for Foreign Profit Corporation	\$70
Application for Registration of an Assumed Business Name 30-13-203, MCA	\$20
Reservation of Name Application (optional)	\$10

RATES, FEES, COSTS

See above

WEBSITE

<https://sosmt.gov/>
<https://sosmt.gov/business/uccforms/>

MAILING ADDRESS/PHONE NUMBER

Montana Secretary of State
P.O. Box 202801
Helena, MT 59620-2801
(406) 444-3665

ANNUAL REPORTS

Annual reports must be filed annually by April 15. If report is not filed by December 1, your company will be involuntarily dissolved. If you have a foreign corporation or LLC, you must file your annual report by November 1, or your Certificate of Authority will be involuntarily revoked with NO possibility of reinstatement. You would need to register again to do business in Montana.

FORMS

Annual Report.

RATES

\$15

DUE DATE

April 15

DUE DATE EXTENSION

November 1 or December 1.

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

<https://sosmt.gov/business/>

MAILING ADDRESS/PHONE NUMBER

Same as registration address above.

REGISTRATION WITH DEPARTMENT OF REVENUE

For Montana withholding, you can register online at:
<https://mtrevenue.gov/> or fill out the Registration/Application for Permit at:
<https://mtrevenue.gov/taxes/wage-withholding/> and mail or fax.

FORMS

General Registration.

RATES

No fee

DUE DATE

Various

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

<https://mtrevenue.gov/>

MAILING ADDRESS/PHONE NUMBER

Business Registration
Montana Dept. of Revenue
P.O. Box 5805
Helena, MT 59604
Phone: (866) 859-2254
Fax: (406) 444-1505

LICENSES—GC & SPECIALTY

REGISTRATION

Contractors must fill out a Registration Application, provide proof of Workers Compensation Insurance and be bonded.

TESTS AND EXAMS

None

FORMS

Construction Contractor's Registration Application.

Independent Contractor Exemption Certificate Application (ICEC).

RATES

Construction Contractor Registration Application - \$70 effective April 14, 2018.
ICEC is \$125.

DUE DATE

Various

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

No

ELECTRONIC PAYMENT

No

WEBSITE

<http://erd.dli.mt.gov/work-comp-regulations/montana-contractor/applications-and-forms>
www.mtcontractor.com

MAILING ADDRESS/PHONE NUMBER

Construction Contractor Registration Unit

P.O. Box 8011
Helena, MT 59604-8011
(406) 444-7734

RECIPROCITY STATES

North Dakota

EQUITY REQUIREMENT

None

FINANCIAL STATEMENT REQUIREMENTS

None

LOCAL LICENSES

REGISTRATION

None

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

INCOME TAX

INCOME TAX—C CORPORATION

FORMS

[CIT – Montana Corporate Income Tax Return](#)

RATES

Corporations pay a tax of 6.75% on their total Montana net income. Minimum corporation tax is \$50. Corporations making a “water’s edge” election are required to pay tax at a rate of 7.00%.

DUE DATE

May 15. Interest of 12% per year, calculated daily, accrues on any tax liability not paid by the original due date of the tax return. The due date for fiscal-year taxpayers is the fifteenth day of the fifth month after the close of the taxable year.

DUE DATE EXTENSION

Automatic six-month extension.

ELECTRONIC FILING

Taxpayer Access Point: <https://tap.dor.mt.gov>

ELECTRONIC PAYMENT

Yes

WEBSITE

[Revenue.mt.gov](https://revenue.mt.gov)

MAILING ADDRESS/PHONE NUMBER

Montana Dept. of Revenue
P.O. Box 8021
Helena, MT 59604-8021
(866) 859-2254

ESTIMATED TAX

You can make a tentative payment or estimated payments using these methods:

- Scheduling an electronic transfer from your checking or savings account or making a credit card payment using our Taxpayer Access Point (TAP) service at: revenue.mt.gov
- Scheduling an ACH credit through a bank (visit *revenue.mt.gov* for more information); or
- Sending the payment, with the completed Montana Corporation License Tax Payment Voucher that is inserted in this booklet (and also available online at: revenue.mt.gov)

Mail to: Montana Department of Revenue
P.O. Box 8021
Helena, MT 59604-8021

- Be sure to write the corporation's Federal Employer Identification Number (FEIN) and tax year on the memo line of the check.

FORMS

Revenue.mt.gov

RATES

6.75% or 7.00%

DUE DATE

Fifteenth day of the 4th, 6th, 9th, and 12th months of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Revenue.mt.gov

ELECTRONIC PAYMENT

Revenue.mt.gov

WEBSITE

Revenue.mt.gov

MAILING ADDRESS/PHONE NUMBER

See Above

ALTERNATIVE MINIMUM TAX

ALTERNATIVE TAX

Montana does not impose Alternative Minimum Tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Various – see form instructions:

<https://app.mt.gov/myrevenue/Endpoint/Form/330?type=InfoBox>

ALLOCATION AND APPORTIONMENT FACTORS

Evenly weighted three-factor formula.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Yes, with modifications.

OTHER MULTISTATE COMPACT

Yes, compact member.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Various – none directly related to construction companies.

SPECIFIC EXCLUSION OF INCOME ITEMS

Various – see form instructions:

<https://app.mt.gov/myrevenue/Endpoint/Form/330?type=InfoBox>

CREDITS AND TAX INCENTIVES

Various – see form instructions:

<https://app.mt.gov/myrevenue/Endpoint/Form/330?type=InfoBox>

Contractor's Gross Receipts Tax Credit:

A company that has paid public contractor's gross receipts tax under 15-50-207, MCA, is entitled to a nonrefundable credit for a taxable year within which the net income from contracts subject to the gross receipts tax is reported. After the corporation has deducted its personal property taxes, it can apply the remaining credit, if any, to its

corporate income tax liability. Starting in 2006, any excess credit can be carried forward to the next succeeding tax year for up to five years. To support the credit that you claim, include a schedule or statement including the contract name (and number, if any), location, general description (e.g., building, road, bridge, etc.), name of awarding agency, name of prime contractor, and the amount of gross receipts tax paid. If you report income from contracts on a percentage-of-completion basis, this credit has to be allocated proportionately. If you file a combined return in Montana and your contractor's gross receipts tax is paid by an affiliate, include the name and FEIN of the affiliate and the amount of gross receipts tax paid.

INCOME TAX—S CORPORATION

No entity level tax on S corporations.

REGISTRATION

See C corporation above.

FORMS

See S corporation composite information below.

COMPOSITE RETURNS FOR S

S corporations may file a composite return on behalf of nonresident individuals, foreign C corporations, and pass-through entities that do not have income from state sources other than the electing entity and other pass-through entities that elected to file composite returns.

ALLOWED OR NOT ALLOWED

Allowed

FORMS

MT Form CLT-4S.

RATES

Various from 1% to 6.9%.

DUE DATE

Fifteenth day of the third month after year end.

DUE DATE EXTENSION

Yes, include copy of federal extension.

ELECTRONIC FILING

Taxpayer Access Point: <https://tap.dor.mt.gov>

ELECTRONIC PAYMENT

Yes

WEBSITE

[Revenue.mt.gov](https://revenue.mt.gov)

MAILING ADDRESS/PHONE NUMBER

Montana Dept. of Revenue
P.O. Box 8021
Helena, MT 59604-8021
(866) 859-2254

ESTIMATED TAX FOR S

Required if composite return is filed and unwithheld tax liability of nonresident owner is \$500 or more.

FORMS

MT Form SB.

RATES

Various from 1% to 6.9%.

DUE DATE

Four equal installments on April 15, June 15, September 15, and January 15.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Taxpayer Access Point: <https://tap.dor.mt.gov>

ELECTRONIC PAYMENT

Yes

WEBSITE

Revenue.mt.gov

MAILING ADDRESS/PHONE NUMBER

Montana Department of Revenue
P.O. Box 8021
Helena, MT 59604-8021
(866) 859-2254

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

If a shareholder is a nonresident individual, nonresident estate, nonresident trust, or foreign C corporation, the S corporation must pay income tax on behalf of the owner unless the S corporation is granted a waiver of this requirement as provided in 15-30-3313, MCA.

FORMS

MT Form PT-AGR.
MT CLT-4S.

RATES

Various from 1% to 6.9%.

DUE DATE

March 15

DUE DATE EXTENSION

Yes

ELECTRONIC FILING

Taxpayer Access Point: <https://tap.dor.mt.gov>

ELECTRONIC PAYMENT

Yes

WEBSITE

Revenue.mt.gov

MAILING ADDRESS/PHONE NUMBER

Montana Dept. of Revenue
P.O. Box 8021
Helena, MT 59604-8021
(866) 859-2254

PAYMENT ON INCOME OR DISTRIBUTIONS

Yes

S CORPORATION TREATMENT

Yes

C TREATMENT

No

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

COMPOSITE RETURNS

Allowed

FORMS

MT Form PT-1.

RATES

Various from 1% to 6.9%.

DUE DATE

April 15

DUE DATE EXTENSION

Yes

ELECTRONIC FILING

Taxpayer Access Point: <https://tap.dor.mt.gov>

ELECTRONIC PAYMENT

Yes

WEBSITE

[Revenue.mt.gov](https://revenue.mt.gov)

MAILING ADDRESS/PHONE NUMBER

Montana Dept. of Revenue
P.O. Box 8021
Helena, MT 59604-8021
(866) 859-2254

INCOME TAX—INDIVIDUAL

FORMS

MT Form 2, long form.
MT Form 2M, intermediate form.
MT Form 2EZ, short form.

RATES

Various 1% to 6.9%

DUE DATE

April 15

DUE DATE EXTENSION

Yes

ELECTRONIC FILING

Taxpayer Access Point: <https://tap.dor.mt.gov>

ELECTRONIC PAYMENT

Yes

WEBSITE

<https://mtrevenue.gov/>

MAILING ADDRESS

No payment or due a refund:
Montana Department of Revenue
P.O. Box 6577
Helena, MT 59604-6577

Payment due:
Montana Department of Revenue
P.O. Box 6308
Helena, MT 59604-6308

FED RETURN ATTACHED TO STATE RETURN

Varies – see website.

STATE CONSTRUCTION-RELATED CREDITS

See C corporation section.

IRC CONFORMITY

Montana adopts the current IRC for corporations and individuals. Montana has not decoupled from the business interest deduction limitations of IRC § 163(j) as enacted by the federal Tax Cuts and Jobs Act. The deduction provided under IRC § 199A is not allowed for the computation of Montana personal net income.

ALTERNATIVE MINIMUM TAX

Not Applicable

NET WORTH OR STOCK TAX

Montana does not have a net worth or stock tax.

GROSS RECEIPTS TAX

REGISTRATION

Form CGR-1, Contract Award Registration (page 5 of booklet below).

TAXABLE BASIS

When a publicly funded contract is greater than \$5,000, the contractor or subcontractor is required to pay or have withheld from their earnings a license fee equal to 1% of the gross contract price of the project.

This 1% tax applies to payments made on federal, state, county, city, or other government entity projects located in Montana. It does not apply to a contract to construct a federal research facility.

This tax is remitted to the Department of Revenue (Department). It can be applied against your personal property taxes and certain fees paid on your business equipment for a refund, or applied as a credit against the corporate license taxes or individual income taxes that you owe.

FORMS

CGR-1, Contract Award Registration.

CGR2, Gross Receipts Withholding Return

RATES

1%

DUE DATE

Within 30 days after receiving payment. Late payment penalty of 1.2% per month or fraction thereof on unpaid fee. Maximum of 12%.

DUE DATE EXTENSION

No

ELECTRONIC FILING

Revenue.mt.gov

ELECTRONIC PAYMENT

Yes, however, a majority of the time payment is just withheld from the federal agency or MDT so no actual payment is necessary.

WEBSITE

http://revenue.mt.gov/Portals/9/businesses/fees/CGR_Guide.pdf

MAILING ADDRESS

Montana Dept. of Revenue
P.O. Box 5805
Helena, MT 59604-5805

ESTIMATED TAX

Not Applicable

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Montana does not have a general sales and use tax. There are some limited transactions subject to a sales and use type tax: 3% sales and use tax on accommodations and campgrounds, plus additional 4% lodging facility use tax on accommodation charge and 4% sales and use tax on base charge for rental vehicles.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

None

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form MW-3 is required by February 28.

RATES

<http://revenue.mt.gov/forbusinesses>

DUE DATE

Remittance schedule is based on withholding look back period – may be accelerated, monthly, annually, or not required.

Withholding Remittance Schedule Thresholds

Accelerated \$12,000 or more

Monthly \$1,200 - \$11,999

Annual \$1,199 or less

Not Required

Pay Date and Form

Pay per federal schedule.

15th of month following (Form MW-1)

Pay on January 31 of the following year.

Payments are not required.

DUE DATE EXTENSION

No, penalties of 1.5% per month not to exceed 15% of tax due, and interest of 1% per month.

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

<https://tap.dor.mt.gov>

MAILING ADDRESS/PHONE NUMBER

Montana Dept. of Labor & Industry

P.O. Box 8011

Helena, MT 59604-8011

Phone: (406) 444-6543

Fax: (406) 444-4140

NEW HIRE

Must fill out Federal W-4. Montana does not have W-4. Also, Montana does not recognize exempt status. If no numbers are filled in, zero deductions is assumed.

TERMINATION

Montana does not adhere to the doctrine of employment at will. Montana enacted the Wrongful Discharge From Employment Act (WDFEA), to balance the need to protect employees from wrongful terminations with an employer's need for protection from employee poor performance or bad behavior. Under the WDFEA, after a probationary period, an employee can be terminated only for good cause. If the employer does not establish a probationary period, the law states that there is a six-month probationary period from the date of hire. [See MT Code Sec. 39-2-901 *et seq.*].

INDEPENDENT CONTRACTOR TREATMENT

The Montana State Supreme Court, in its 2003 decision *Kelly Wild vs. Fregein Construction*, significantly changed the status of Independent Contractor Exemption Certificates (ICEC) that have been issued by the Montana Department of Labor since 1984. Until 2003, ICECs were considered to be conclusive, that is to say, legally determining, in cases of injury and other liability issues. Put another way, if you as an independent contractor had an ICEC, you were personally liable for any accidents you were involved in, and in contrast those who employed you were free of liability. With the Supreme Court decision in 2003, however, suddenly independent contractor liability became a much broader and more complex legal issue, so the 2003 Montana Legislature established a study committee through Senate Bill 270 to recommend ways to clarify independent contractor relationships and thereby minimize litigation. By creating a strengthened set of new independent contractor laws, the 2005 Montana Legislature re-established the conclusive status of the ICEC.

2005 Legislative Changes to IC Law

Based on over a year of research, discussions, and committee recommendations on how to deal with the impact of the Supreme Court's *Wild vs. Fregein* decision, the 2005 Montana Legislature strengthened the state's Independent Contractor (IC) statutes. Senate Bill 108 became effective on April 28, 2005, and its associated statutes clarify who is actually operating as an IC.

Research findings used to write these new IC statutes identified Montana as having the highest percentage (8%) of ICs as a portion of the state workforce of any state that registers ICs.

During the public hearings on IC rules, several business owners talked about the problems created by a process that was too relaxed in the way it issued IC exemption certificates, pitting the contract bids of employers who were properly covered with workers' compensation insurance against the contract bids of others not properly covered but who thereby had an unfair competitive advantage. These kinds of issues should be resolved by the Legislature's new IC law.

Important Elements of the IC Law

The law requires independent contractors to either have an ICEC or purchase workers' compensation insurance coverage on themselves. Failure to obtain an ICEC or workers' compensation insurance will result in the state treating the worker as an employee of the hiring agent. Hiring agents will be responsible for claims for injuries or occupational diseases and for payment of premium on the wages of those considered their employees.

To be conclusively presumed to be an independent contractor, the Department of Labor & Industry (DLI) must approve an application for an ICEC based upon a submission of a complete application, and the person must be working under the ICEC. To be "working under" an ICEC, the worker must be performing the occupation listed on the certificate and the hiring agent and the independent contractor must not have a written or an oral agreement that the independent contractor's certificate holder's status is that of an employee.

The Department has the authority to investigate the working relationship between an independent contractor and his/her hiring agent. The Department may suspend or revoke an independent contractor exemption certificate. Fines may be assessed against the hiring agent if control is exerted to the extent it creates an employer/employee relationship.

The AB Test

How can you tell if an individual is an IC or an employee? An IC is a worker who has an ICEC and meets the following conditions when he or she renders service in the course of an occupation: he or she (A) has been and will continue to be free from control or direction over the performance of the services, both under contract and in fact; and (B) is engaged in an independently established trade, occupation, profession or business, and further acknowledges no coverage under the Workers' Compensation and Occupational Disease Act.

To obtain an ICEC, each applicant needs to supply sufficient business documentation to the Department that B requirements are satisfied. Through monitoring and auditing, the Department determines that A requirements are satisfied. This two-pronged determination of IC status is commonly referred to as the AB test.

The 2005 Legislature strengthened and clarified the process for determining how individuals are measured by the AB test, including putting in place an objective point system to rank the individual business components of IC applicants. The AB test is more objective, specific and documented, and the new IC law also specifically re-establishes the conclusive status of the IC exemption certificate.

<http://erd.dli.mt.gov/work-comp-regulations/montana-contractor/independent-contractor>

UNEMPLOYMENT

FORMS

An employer who meets the withholding limits above is subject to Unemployment Insurance (UI) and must register. You may either register on-line at: <http://uid.dli.mt.gov/> or by completing a paper form. You may obtain an Employer Registration form by calling the Registration Unit at 1-800-550-1513 or downloading the form and instructions from our website at: <http://uid.dli.mt.gov/forms>

RATES

Rates are based on experience rates (industry average used for first three years in business) and taxable wage base is set each year. 2019 is \$33,000. Administrative Fund Tax is an added assessment of .18%.

DUE DATE

Quarter 1 – April 30

Quarter 2 – July 31

Quarter 3 – Oct. 31

Quarter 4 – Jan. 31

DUE DATE EXTENSION

No

ELECTRONIC FILING

Yes: <https://UieServices.mt.gov>

ELECTRONIC PAYMENT

Yes, same address as above.

WEBSITE

<http://uid.dli.mt.gov/Portals/55/Documents/Contributions-Bureau/dli-uid-ui010.pdf>
<http://uid.dli.mt.gov>

MAILING ADDRESS/PHONE NUMBER

UI Contributions Bureau
P.O. Box 6339
Helena, MT 59604-6339
Phone: (406) 444-3834
Fax: (406) 444-0629

NEW HIRE

Must be reported to the State Directory of New Hires.

TERMINATION

See Above

INDEPENDENT CONTRACTOR TREATMENT

Do not pay UI on independent contractors with approved exemption certificates.

PROPERTY TAX

PERSONAL PROPERTY

All taxable property in Montana is assessed at 100% of its market value, unless otherwise specified. Montana divides its real and personal property into 14 distinct classes (class one through five, class seven through ten, and class twelve through sixteen). Each class is taxed at a different percentage of market value, gross proceeds, or productive capacity. Aggregate of state, county, city, and school rates fixed annually to meet state and local budgets.

REGISTRATION

Not Applicable

FORMS

Business Personal Property Reporting Form – Form is fillable or printable online but must be mailed or hand delivered to Department of Revenue.

RATES

First \$100,000 of class 8 equipment (business equipment) is exempt. The next \$6MM is taxed at 1.5%. Any portion with market value over \$6,100,000 is taxed at 3%.

DUE DATE

March 1, payment is due in two equal installments due November 30 of the tax year and May 31 of the following year.

DUE DATE EXTENSION

No, 20% late payment penalty.

ELECTRONIC FILING

No

ELECTRONIC PAYMENT

No

WEBSITE

<http://revenue.mt.gov/Portals/9/property/forms/pprf-business-2014.pdf>

MAILING ADDRESS

Montana Dept. of Revenue

P.O. Box 5805
Helena, MT 59604-5805

REAL PROPERTY

Yes, see above.

REGISTRATION

Not Applicable

FORMS

Not Applicable

RATES

Varies by local jurisdiction.

DUE DATE

Varies by local jurisdiction.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

No

ELECTRONIC PAYMENT

No

WEBSITE

www.revenue.mt.gov/property-assessment

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

INTANGIBLES TAX

REGISTRATION

Not applicable. Montana does not impose an intangibles tax.

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

FUEL TAX

REGISTRATION

See website.

FORMS

Various see website.

RATES

Gasoline	\$0.315 per gallon
Special Fuel	\$0.2925 per gallon
Aviation Fuel	\$0.04 per gallon

DUE DATE

See website

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.mdt.mt.gov/business/fueltax/

MAILING ADDRESS

Montana Department of Transportation
P.O. Box 201001
Helena, MT 59620-1001

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Holders are required to report unclaimed property to Montana after a set dormancy period (varies by property type). Due diligence requires holders to send written notice to the apparent owner of property with a value exceeding \$50, not more than 120 days or less than 60 days before filing the report. Holders are not required to file a report if they do not have any unclaimed property to remit to Montana.

Forms:

UCH-1, Unclaimed Property Holder Report.

UCM-1, Unclaimed Property, Unlocatable Mineral Property.

UCH-2, Unclaimed Property Safe Deposit Box or Other Safekeeping Depository.

See: https://revenue.mt.gov/Portals/9/businesses/unclaimed_property/instructions/reporting-responsibilities-FAQ.pdf

IMPACT FEES

Montana Code Annotated, Title 7, Chapter 6, Part 16 enables local governments to establish impact fees to help pay for roads, water, sewer, storm water, parks, fire and police, library, and solid waste facilities. Fees are assessed by local governments according to a formula.

A governmental entity that intends to propose an impact fee ordinance or resolution must establish an impact fee advisory committee which includes at least one representative of the development community and one certified public accountant. The committee reviews and monitors the process of calculating, assessing, and spending impact fees. Committee recommendations and comments are provided to local officials for reference during the development review process.

See: https://leg.mt.gov/bills/mca_toc/7_6_16.htm

STATE ISSUES OTHER THAN TAXES

Various

MINIMUM WAGE

\$8.50, as of January 1, 2019.

REGISTERED AGENTS

Must be resident of Montana. List of registered agents available at:
<https://sosmt.gov/>

DAVIS BACON

Montana's prevailing wage law, often referred to as Montana's Little Davis-Bacon Law, applies to public works contracts entered into for construction services (heavy, highway, and building) or non-construction services by the state, county, municipality, school district, or political subdivision in which the total cost of the contract is \$25,000 or more. It requires that bidders on contracts pay a set rate of compensation, including employee benefits, and that at least 50% of the employees of each contractor working on the jobs be bona fide Montana residents.

DRUG TESTING FACILITIES

SafeTrac Solutions in Great Falls, MT (406) 727-9000 or Fax (406) 727-9002 has been recommended.

COMMUNICATIONS

Sparsely populated areas of the state are still very difficult to get cell phone reception, internet, and cable.

OTHER

CFMA chapter in Montana: Big Sky, Billings, MT:

<http://cafe.cfma.org/BigSkyMontana/Home/>

On May 11, 208 Montana H.B. 308 was passed, which creates business tax credit for apprenticeship work.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

AUTHOR

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DATE OF THIS UPDATE

March 14, 2019

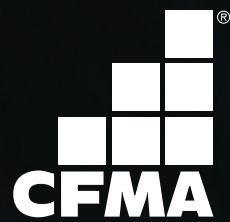
DATE OF LAST UPDATE

July 30, 2015

SUBJECT MATTER EXPERT

John P. Eardley, CPA, MST
Crowe, LLP
55 Campau Avenue N.W., Suite 500
Grand Rapids, MI 49503-2609
(616) 242-6171

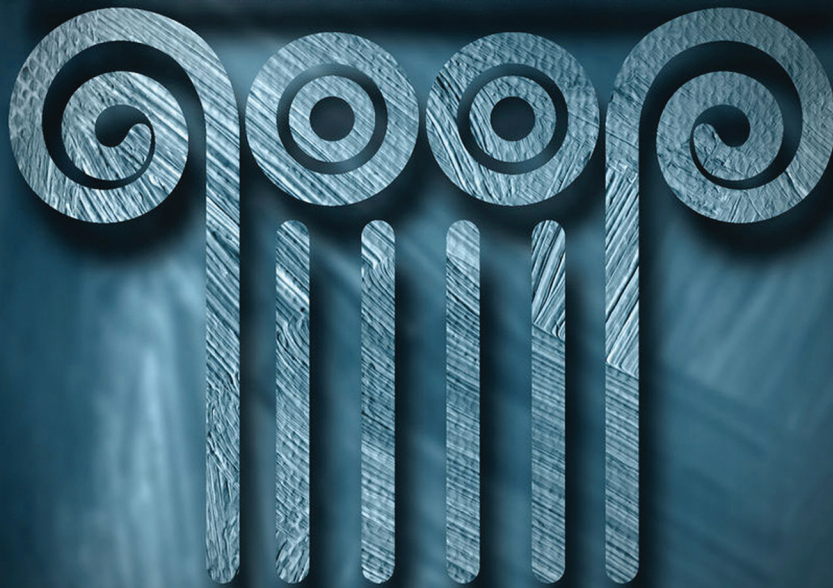
john.eardley@crowe.com



**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



NEBRASKA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

File the appropriate form with the Nebraska Secretary of State and pay the required fee. The form is dependent upon what type of legal entity is chosen. Choose an available name. Name availability can be checked at the Nebraska Secretary of State website. Choose a registered agent.

FORMS

Domestic Corporations: File Articles of Incorporation. The cost varies dependent upon the amount of authorized capital stock.

Foreign Corporations: File Application for Certificate of Authority to Transact Business. Total cost is \$130.

Domestic Limited Liability Company: File Certificate of Organization. Total cost is \$100.

Foreign Limited Liability Company: File Certificate of Authority. Total cost is \$110.

Various other forms are required for different types of partnerships.

RATES, FEES, COSTS

See above for rates and costs.

WEBSITE

www.sos.ne.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Secretary of State
P.O. Box 94608
Lincoln, NE 68509-4608
Phone: (402) 471-4079
Fax: (402) 471-3666

ADDITIONAL ASSISTANCE

The Nebraska Secretary of State website has all the information and forms needed to register in the State of Nebraska.

ANNUAL RENEWALS

Nebraska requires a Biennial Occupation Tax Report. Corporations file the report in even number years and limited liability companies file the report in odd number years. The report is mailed to the registered agent on record as of December 15 prior to the reporting year.

FORMS

The report is filed online at: www.sos.ne.gov

RATES

The rate is dependent upon total dollar amount of paid-up capital stock for domestic corporations and total dollar amount of real estate and personal property in Nebraska for foreign corporations.

DUE DATE

Corporation Biennial Report is due March 1 and delinquent April 15 of even numbered years and the LLC Biennial Report is Due April 1 and delinquent June 2 of odd numbered years.

DUE DATE EXTENSION

No extension is allowed. If not filed before the delinquency date, a delinquent penalty is assessed and if the delinquency date is missed, the entity is administratively dissolved and is no longer allowed to perform business in the state.

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

www.sos.ne.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Secretary of State
P.O. Box 94608
Lincoln, NE 68509-4608
Phone: (402) 471-4079
Fax: (402) 471-3666

REGISTRATION WITH DEPARTMENT OF REVENUE

Complete the Nebraska Tax Application, Form 20, and mail or fax it to the Nebraska Department of Revenue.

FORMS

Form 20

RATES

Free

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not available at this time.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.revenue.nebraska.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Department of Revenue
P.O. Box 98903
Lincoln, NE 68509-8903
1-(800) 742-7474

LICENSES—GC & SPECIALTY

REGISTRATION

The State of Nebraska does not have a license for certain types of construction, but they do require registration with the Nebraska Department of Labor.

The Nebraska Contractor Registration Act requires contractors and subcontractors doing business in Nebraska to register with the Nebraska Department of Labor.

All contractors with one or more employees must provide a current Workers' Compensation Certificate of Insurance with the Nebraska Department of Labor listed as the certificate holder. Each contractor is responsible for making sure an updated certificate of insurance is on file with the Nebraska Department of Labor. Any contractor whose records indicate their coverage has expired, will be removed from the list of registered contractors until an updated certificate is received.

Any contractor who pays a subcontractor must verify that the subcontractor is registered with the Nebraska Department of Labor at the time of payment. If the subcontractor is not registered with the Nebraska Department of Labor, the Contractor is required to withholding 5% of the total payment and submit it to the Nebraska Department of Revenue as withholding for that subcontractor. Verification can be completed at: www.dol.nebraska.gov and click on Contractor Registration.

Nebraska Department of Roads. If a contractor wants to bid on work let by the Nebraska Department of Roads, the contractor must be prequalified. Information can be obtained from: <https://dot.nebraska.gov/business-center/>, under Permits and Licenses and Pre-Qualified Contractor Info.

During this registration process, the contractor will select a contractor option. The choice of this option is key in determining how that contractor handles sales and use tax in the state.

Each project performed in Nebraska by a nonresident contractor is required to be registered in the contractor database which is administered by the Nebraska Department of Labor.

TESTS AND EXAMS

None

FORMS

Completed online at: www.dol.nebraska.gov. Click on Contractor Registration and then Register New Contractor.

RATES

\$40.00. (There are additional fees for nonresident contractors).

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

www.dol.nebraska.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Department of Labor
Labor Law/Contractor Registration
550 S. 16th Street, 3rd Floor
Lincoln, NE 68508
Phone: (402) 471-2239
Fax: (402) 471-5039

RECIPROCITY STATES

None

EQUITY REQUIREMENT

No

FINANCIAL STATEMENT REQUIREMENTS

No

LOCAL LICENSES

REGISTRATION

Certain cities require certain licenses to perform work within their jurisdictions. The City of Omaha is the main one. Information can be obtained from:
<https://permits.cityofomaha.org/>

FORMS

Varies by location, for Omaha:
Building Contractor License Application.

RATES

Varies depending on type of licenses and location for Omaha:

Class A – All commercial and residential construction	\$ 300
Class B – Commercial and residential construction of four stories or less	\$ 300
Class C – One- and two-family dwellings	\$ 200
Class D – Residential additions and remodels (IRC only)	\$ 100
Class E – Residing, reroofing, windows, doors, deck, and fences	\$ 200

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes for Omaha. Varies by location.

ELECTRONIC PAYMENT

Yes for Omaha. Varies by location.

WEBSITE

<https://permits.cityofomaha.org/licensing-information>

MAILING ADDRESS

Varies by location, for Omaha:
City of Omaha Planning Department
Permits & Inspections Division
Omaha/Douglas Civic Center
1819 Farnam Street, Room 1110
Omaha, NE 68183

INCOME TAX

INCOME TAX—C CORPORATION

Nebraska income tax applies to every corporation engaged in business in Nebraska or having sources of income from Nebraska. Nebraska income tax applies to the portion of the corporate taxpayer's taxable income derived from or attributable to sources within Nebraska.

FORMS

1120N

RATES

For net Nebraska taxable income between \$0 and \$100,000, the tax rate is 5.58%. If net Nebraska taxable income is over \$100,000, the tax rate is \$5,580 plus 7.81% on the amount in excess of \$100,000.

DUE DATE

The return must be filed on or before the 15th day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

File Form 7004N only if a tentative tax payment is being made. If no payment is made, 7004N is not required, but a copy of the federal Form 7004 must be attached to the 1120N when it is filed. An extension is granted up to seven months from the original return due date.

ELECTRONIC FILING

Available

ELECTRONIC PAYMENT

Available

WEBSITE

www.revenue.nebraska.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Department of Revenue

P.O. Box 94818
Lincoln, NE 68509-4818
1-(800) 742-7474

ESTIMATED TAX

Every corporation subject to taxation under the Internal Revenue Code must make estimated income tax payments if its Nebraska income tax liability can be expected to exceed allowable credits by \$400 or more. (There are minimal credits available and those that are available usually must be applied for through the Nebraska Department of Revenue ahead of time).

Estimated tax installments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year.

FORMS

1120N-ES

RATES

Complete Nebraska Corporation Estimated Income Tax Worksheet to determine balance due.

DUE DATE

Estimated tax installments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes, E-Pay is the Nebraska Department of Revenue's electronic payment system.

WEBSITE

www.revenue.nebraska.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Department of Revenue
P.O. Box 94818
Lincoln, NE 68509-4818
1-(800) 742-7474

ALTERNATIVE MINIMUM TAX

Nebraska does not have a corporate alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

These are the main federal tax differences. See instructions for Form 1120N, Schedule A, for more information:

- Adjustments increasing federal taxable income: State and local government interest and dividend income.
- Adjustments decreasing federal taxable income: Qualified U.S. government interest, foreign dividends, gross-up, or special foreign tax credit deduction, Nebraska College Savings Program contributions (this contribution has to be the Nebraska College Savings Program only) and the maximum deduction is \$10,000.

ALLOCATION AND APPORTIONMENT FACTORS

Apportionment is determined using Schedule I on Form 1120N. Apportioning of income uses a single, sales only (gross receipts) factor.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Not Applicable

OTHER MULTISTATE COMPACT

Not Applicable

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Not Applicable

SPECIFIC EXCLUSION OF INCOME ITEMS

Not Applicable

SPECIFIC EXCLUSION OF COST ITEMS

Not Applicable

CREDITS AND TAX INCENTIVES

Nebraska has various incentive tax credits available. Information on the tax incentives can be obtained from: www.revenue.nebraska.gov and click on Tax Incentives. Most of the programs are based on economic development, rural development, and research and development.

INCOME TAX—S CORPORATION

The Nebraska S-Corporation Income Tax Return, Form 1120-SN, must be filed by every S-corporation unless all the S-corporation's shareholders are Nebraska residents and all income is derived from Nebraska sources.

S-corporations must withhold and remit Nebraska income tax for each nonresident individual shareholder who does not complete Form 12N. The 12N states that nonresident shareholders who sign the 12N agree to file a Nebraska income tax return and pay all taxes due directly to the State of Nebraska. This relieves the S-corporation from withholding and remitting tax on the shareholder's behalf. If Form 12N is not signed, the S-corporation withholds and remits taxes due equal to 6.84% of the nonresident shareholder's share of the S-corporation income from Nebraska sources.

REGISTRATION

Form 20

FORMS

1120-SN

RATES

Not Applicable

DUE DATE

The return must be filed on or before the 15th day of the third month following the close of the taxable year.

DUE DATE EXTENSION

File a Nebraska Form 7004N on or before the due date of the return when a tentative Nebraska payment is needed or when a federal extension is not being requested. If no payment to Nebraska is needed, Nebraska grants an automatic six-month extension as long as a federal extension has been granted using the federal Form 7004. The federal Form 7004 must be attached to the 1120-SN when filed.

ELECTRONIC FILING

Available

ELECTRONIC PAYMENT

Available

WEBSITE

www.revenue.nebraska.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Department of Revenue
P.O. Box 94818
Lincoln, NE 68509-4818
1-(800) 742-7474

COMPOSITE RETURNS FOR S

Nebraska does not allow composite income tax returns for S-corporations.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

S-corporations must withhold and remit Nebraska income tax for each nonresident individual shareholder who does not complete Form 12N. The 12N states that nonresident shareholders who sign the 12N agree to file a Nebraska income tax return and pay all taxes due directly to the State of Nebraska. This relieves the S-corporation from withholding and remitting tax on the shareholder's behalf. If Form 12N is not signed, the S-corporation withholds and remits taxes due equal to 6.84% of the nonresident shareholder's share of the S-corporation income from Nebraska sources.

FORMS

12N

RATES

6.84%

DUE DATE

Due date of return.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

No

ELECTRONIC PAYMENT

Yes

WEBSITE

www.revenue.nebraska.gov

MAILING ADDRESS/PHONE NUMBER

Not applicable; return is attached to the organization's Nebraska tax return.

PAYMENT ON INCOME OR DISTRIBUTIONS

On income

S CORPORATION TREATMENT

Withholding required for nonresident individuals.

C TREATMENT

No withholding needed on nonresident C-corporation shareholders.

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

The Form 1065N is required to be completed by every partnership unless all partners are residents of Nebraska and all income is derived from Nebraska sources. Must either withhold 6.84% of nonresident partner's Nebraska source income or obtain a Form 12N.

COMPOSITE RETURNS

No composite filing is allowed.

FORMS

1065N

RATES

6.84% on nonresident partner's share of partnership income from Nebraska sources if Form 12N is not signed by nonresident partner.

DUE DATE

The return must be filed on or before the 15th day of the third month following the close of the taxable year.

DUE DATE EXTENSION

Extension is granted by attaching a timely filed federal Form 7004 to the return when filed or file a Form 7004N when a tentative Nebraska payment or federal extension is not being requested.

ELECTRONIC FILING

Available

ELECTRONIC PAYMENT

Available

WEBSITE

www.revenue.nebraska.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Department of Revenue
P.O. Box 94818
Lincoln, NE 68509-4818
1-(800) 742-7474

INCOME TAX—INDIVIDUAL

Nebraska residents who file a federal return reporting a federal liability or have \$5,000 or more of net Nebraska adjustments to federal AGI. Also, any partial or nonresident who has income derived from or connected with Nebraska sources.

FORMS

1040N

RATES

Varies depending on filing status.

DUE DATE

April 15

DUE DATE EXTENSION

October 15. Use Form 4868N if making a payment to the State of Nebraska or no federal return is being requested. Otherwise, Nebraska accepts the federal Form 4868, but it must be attached to the return when it is filed.

ELECTRONIC FILING

Available

ELECTRONIC PAYMENT

Available

WEBSITE

www.revenue.nebraska.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Department of Revenue
P.O. Box 94818
Lincoln, NE 68509-4818
1-(800) 742-7474

FED RETURN ATTACHED TO STATE RETURN

Certain forms need to be attached to the state return depending on the deductions and credits claimed. The instructions to Form 1040N provide information on when federal forms need to be attached to the State of Nebraska return.

STATE CONSTRUCTION-RELATED CREDITS

No

IRC CONFORMITY

Nebraska adopts the current IRC for corporations and individuals. Nebraska has not decoupled from the business interest deduction limitations of IRC § 163(j) as enacted by the Tax Cuts and Jobs Act. Nebraska allows individuals to take either a standard deduction or a deduction that is based on federal itemized deductions (which does not include the IRC §199A deduction).

ALTERNATIVE MINIMUM TAX

Eliminated for tax years beginning in 2014.

NET WORTH OR STOCK TAX

REGISTRATION

Nebraska does not have a net worth tax or stock tax.

GROSS RECEIPTS TAX

REGISTRATION

Nebraska does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Must register with the Nebraska Department of Revenue if the contractor makes over-the-counter retail sales or sales of taxable services. When sales tax is charged is dependent on the type of project and contractor option chosen by the contractor.

Option 1 Contractors – Can purchase all building materials and fixtures tax free as long as a properly completed Nebraska Resale or Exempt Sale Certificate, Form 13, is provided to the vendor. For contracts not with exempt entities, the contractor must separately state the cost of labor and materials on its invoice. Labor is not taxable. The contractor charges sales tax on the material amount on the invoice at the rate in effect where the material was installed or annexed to real estate.

Option 2 Contractors – Pay tax on building materials and fixtures at time of purchase. Consumer's use tax is owed if sales tax is not paid at time of purchase. Option 2 contractors do not need to charge or collect any sales tax from an owner on its invoices.

Option 3 Contractors – Can purchase all building materials and fixtures tax free by giving the supplier a properly completed Nebraska Resale or Exempt Sale Certificate, Form 13. Option 3 contractors pay use tax on building materials and fixtures when the items are withdrawn out of inventory. The Option 3 contractors do not charge sales tax to the owner.

The above descriptions are only a brief overview of the three contractor options. There are other issues that should be reviewed such as is the owner considered an exempt entity, etc. The Nebraska Department of Revenue provides an information guide with more information for each option on their website.

It is recommended to review these information guides prior to selecting a contractor option.

FORMS

Form 10, Nebraska and Local Sales/Use Tax Return, if you have a sales tax number or Form 2; Nebraska and Local Business Use Tax Return, if you do not have a sales tax number.

RATES

5.50% State of Nebraska tax.

DUE DATE

Less than \$900 (annually); by January 20 of the following year.

\$900 to \$2,999 (quarterly); by the 20th of the month following the end of a quarter.
\$3,000 or more (monthly); by the 20th of the month following the end of a month.

DUE DATE EXTENSION

None

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

www.revenue.nebraska.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Department of Revenue
P.O. Box 98923
Lincoln, NE 68509-8923
1-(800) 742-7474

GRANDFATHERING OF RATE CHANGES

No

GOVERNMENT PROVIDED MATERIALS

No

TAXABLE SERVICES

- Animal specialty services.
- Building cleaning and maintenance services.
- Detective services.
- Motor vehicle painting, towing, washing, and waxing.
- Pest control services.
- Recreational vehicle park services.
- Repair or maintenance services to personal property (except licensable motor vehicles).
- Security services.

Construction labor is not taxable as of October 1, 2007.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

No local registration is required. The State of Nebraska collects all local sales and use tax due and distributes it to the local jurisdictions.

FORMS

Form 10, Schedule I or Form 2.

RATES

Ranges from 0.5% up to 2%.

DUE DATE

Same as the state's due dates.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

www.revenue.nebraska.gov

MAILING ADDRESS/PHONE NUMBER

Nebraska Department of Revenue
P.O. Box 98923
Lincoln, NE 68509-8923
1-(800) 742-7474

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

No

TAXABLE SERVICES

- Animal specialty services.
- Building cleaning and maintenance services.
- Detective services.
- Motor vehicle painting, towing, washing, and waxing.
- Pest control services.
- Recreational vehicle park services.
- Repair or maintenance services to personal property (except licensable motor vehicles).
- Security services.

Construction Labor is not taxable as of October 1, 2007.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Register with Form 20. Quarterly file 941N by the end of the following month after the end of a quarter.

RATES

Varies

DUE DATE

If average monthly withholding exceeds \$500, make a monthly deposit by the 15th of the following month unless it is the end of a quarter and payment is due by the end of the following month. If annual state withholding is less than \$500 per year or allowed to file federal withholding annually, you choose if you want to file quarterly or annually.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

www.revenue.nebraska.gov

MAILING ADDRESS

Nebraska Department of Revenue
P.O. Box 98915
Lincoln, NE 68509-8915

NEW HIRE

New hires must be reported to the State of Nebraska within 20 days of hire or rehire. They can be reported online at: <https://newhire-reporting.com/ne-newhire/>

TERMINATION

Not applicable unless there is some sort of garnishment or support order.

INDEPENDENT CONTRACTOR TREATMENT

There are certain withholding requirements required on independent contractors not registered with the Nebraska Department of Labor.

Also, independent contractors are required to be reported to the State of Nebraska New Hire Reporting as if they are a new hire if they indicate they are a sole proprietor on the W-9.

UNEMPLOYMENT

FORMS

UI 11T, Combined Tax Report.

RATES

The new employer rate for a construction employer for 2019 is 5.40% of the first \$9,000 of wages. This rate changes yearly as an employer gains experience in the state.

DUE DATE

The end of the month following the end of a quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

<https://dol.nebraska.gov/UITax>

PHONE NUMBER

(402) 471-9898

NEW HIRE

Not Applicable

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

Not Applicable

PROPERTY TAX

PERSONAL PROPERTY

Tangible personal property shall include all personal property possessing a physical existence, but excluding money. Tangible personal property also includes trade fixtures, such as machinery and equipment used directly in commercial, manufacturing, or processing activities conducted on real property regardless of whether the real property is owned or leased.

Depreciable tangible personal property is subject to personal property taxation at its net book value. Depreciable tangible personal property shall mean tangible personal property which is used in a trade or business or used for the production of income, and which has a determinable life of longer than one year.

All taxable personal property located in this state on January 1, 12:01 a.m., shall be assessed annually.

Therefore, if an entity has personal property in the state as of January 1 of each year, a personal property return is required.

Also, if property is brought into the State of Nebraska between January 1 and July 1, additional forms are required to be filed.

REGISTRATION

None.

FORMS

Nebraska Personal Property Return and Schedule.

RATES

Dependent upon jurisdiction where property is held.

DUE DATE

May 1 for the return with tax statements sent the following December. Personal property taxes are due December 31, but are considered delinquent May 1 and September 1 for counties with less than 100,000 and April 1 and August 1 for those with more than 100,000.

DUE DATE EXTENSION

None.

ELECTRONIC FILING

No

ELECTRONIC PAYMENT

No

WEBSITE

http://www.revenue.nebraska.gov/PAD/legal/regs/20-Personal_Property.html

MAILING ADDRESS/PHONE NUMBER

Varies

REAL PROPERTY

Assessed by county assessor in each individual county.

REGISTRATION

None

FORMS

None needed. Each county sends a statement for real estate taxes due each December.

RATES

Varies from county to county.

DUE DATE

Varies by county, generally half are due on or before March 31 and the second half due on or before July 31.

DUE DATE EXTENSION

No

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Varies by county, but usually a convenience fee applies.

WEBSITE

Varies from county to county.

MAILING ADDRESS/PHONE NUMBER

Varies from county to county.

INTANGIBLES TAX

REGISTRATION

Nebraska does not have an intangibles tax.

FUEL TAX

REGISTRATION

The Nebraska fuels tax is an excise tax imposed upon the ultimate consumer of fuels used, distributed, sold, or delivered in Nebraska. The tax is pre-collected from licensed producers, suppliers, distributors, wholesalers, and importers of fuels as agents of the state based on the number of gallons of fuel purchased in Nebraska, imported, produced, refined, manufactured, compounded, or blended each month.

This is typically not going to be an issue for contractors. The tax is paid when purchased. The out-of-state contractor needs to ensure that if they are bringing commercial motor vehicles into the state, they either obtain a trip permit or apportion plate the commercial motor vehicles.

FORMS

Form 73

RATES

January 1, 2019 – June 30, 2019: Gasoline, gasohol, diesel, ethanol, and compressed fuels – \$0.296 per gallon.

DUE DATE

Twentieth day of the month following the close of the reporting month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required

ELECTRONIC PAYMENT

Required

WEBSITE

<http://www.revenue.nebraska.gov/fuels/fuelrate.html>

MAILING ADDRESS/PHONE NUMBER

Nebraska Department of Revenue
Motor Fuels Division
301 Centennial Mall South
P.O. Box 98904
Lincoln, NE 68509-8904
Phone: 1-(800) 554-3835 or 1-(402) 471-5730
Fax: 1-(402) 471-5607

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Holders of intangible property belonging to another person must escheat it to the state if the owner has not claimed the property after a “dormancy period.”

Due diligence is required for each item of unclaimed property above \$25; holders need to send a notification letter to the last known address of the owner at least 60 days and no more than 120 days before the reporting deadline.

Negative reports are accepted.

Nebraska’s dormancy period for holders is five years, with the following exceptions:

- One year – wages, payroll, salary, and commissions.
- Two years – dissolution/liquidation and demutualization proceeds.
- Three years – unredeemed gift certificates, utilities, mineral proceeds and mineral interest, court deposits/public corporation funds, and credit memos.
- Seven years – money orders.
- Fifteen years – traveler’s checks.

Information can be obtained from: www.treasurer.org/up/

IMPACT FEES

Varies depending on jurisdiction.

STATE ISSUES OTHER THAN TAXES

Contractor withholding. All contractors making payments to another construction contractor (subcontractor) who is NOT listed on the Contractor Database maintained by the Nebraska Department of Labor on its website are required to withhold and remit 5% of all payments made to the nonregistered construction subcontractor. See the website: <https://dol.nebraska.gov/conreg/Search>

MINIMUM WAGE

\$9.00 per hour in 2019

REGISTERED AGENTS

A registered agent is required when registering to do business in the State of Nebraska.

See Neb. Rev. Stat. Ann. §52-145.

DAVIS BACON

Required on federally funded projects.

Nebraska adopted a state prevailing wage law in 1923. There are no monetary threshold for coverage (other than schools, for which the threshold is \$40,000). Though not referring to “prevailing wage,” Neb. Rev. Stat. §73-104 provides that those contractors performing on covered public work must pay “a scale of wages and conditions of employment as are paid and maintained by at least 50% of the contractors in the same business or field of endeavor as the contractor filing such statement.” However, the law also prohibits actions that will increase the cost to the State of Public Works contracts and does not provide for the predetermination of wages rates by the state.

DRUG TESTING FACILITIES

Numerous depending on location in the state.

COMMUNICATIONS

CFMA Chapter in Nebraska:

Omaha, NE: <http://cafe.cfma.org/NebraskaNE/Home/>

June 19, 2017 - Nebraska Department of Revenue released an updated notice on Title 316, Chapter 1 Sales and Use Tax Regulations.

August 3, 2018 - Nebraska released Taxation of Contractors – Option 3 Informational Guide.

Important Information for Contractor Performing Construction Services in Nebraska:

http://www.revenue.nebraska.gov/contractor_database.html

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

AUTHOR

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DATE OF THIS UPDATE

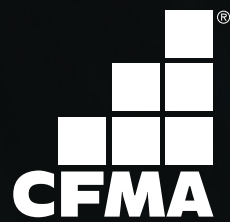
March 14, 2019

DATE OF LAST UPDATE

May 7, 2015

SUBJECT MATTER EXPERT

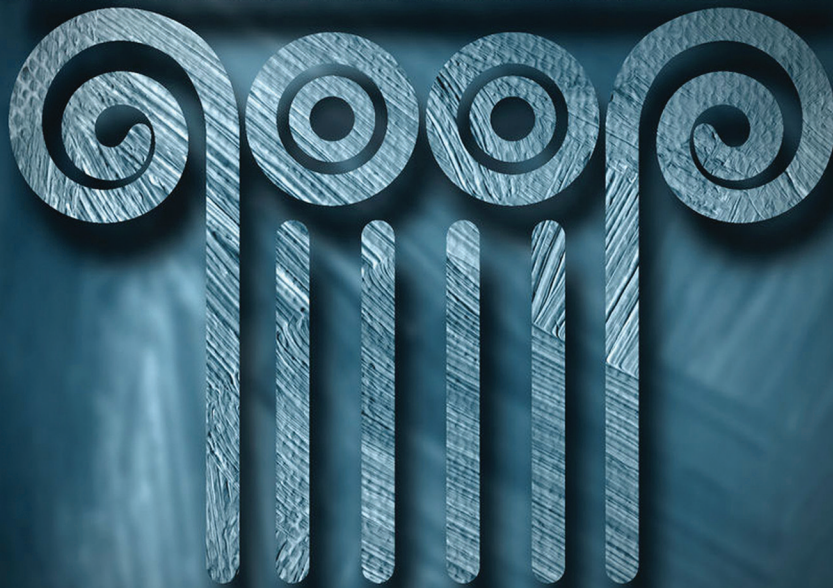
John P. Eardley, CPA, MST
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Grand Rapids, MI 49503-2609
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john.eardley@crowe.com



**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



NEVADA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

FORMS

In addition to the list below, registration forms, including name reservation, can be found at: <https://nvsos.gov/index.aspx?page=129#lp>

Domestic

Corporation – Articles of Incorporation.

Limited Liability Company – Articles of Organization.

Limited Liability Partnership – Certificate of Registration LLP.

Limited Partnership – Certificate of Limited Partnership.

Foreign

Corporation – Qualification to do Business in Nevada.

Limited Liability Company – Application for Registration of Foreign LLC.

Limited Liability Partnership – Application of Registration for Foreign LLP.

Limited Partnership – Application for Registration of Foreign LP.

RATES, FEES, COSTS

In addition to the list below, registration fees can be found at: <https://nvsos.gov/index.aspx?page=129#lp> Registration form filings can be expedited for an additional fee.

Domestic

Articles of Incorporation – Filing fee is based on the value of the total number of authorized shares, ranging from \$75 to the maximum fee of \$35,000.

Articles of Organization	\$75
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Certificate of Registration LLP	\$75
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Certificate of Limited Partnership	\$75
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Foreign

Qualification to do Business in Nevada – Filing fee is based on the value of the total number of authorized shares, ranging from \$75 to the maximum fee of \$35,000.

Application for Registration of Foreign LLC	\$75
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Application of Registration for Foreign LLP	\$75
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Application for Registration of Foreign LP

\$75

ELECTRONIC FILING

Optional. However, registration for some entity types is not available online. For more information, go to: <https://www.nvsilverflume.gov/startBusiness>

ELECTRONIC PAYMENT

Optional

WEBSITE

Nevada Business Center: <https://nvsos.gov/index.aspx?page=4>

MAILING ADDRESS/ PHONE NUMBER

Secretary of State
New Filings Division
202 North Carson Street
Carson City, NV 89701-4201
Phone: (775) 684-5708
Fax: (775) 684-7138

ADDITIONAL ASSISTANCE

Additional assistance, such as the address, phone, fax, and e-mail contact information for the Commercial Recording Division of the Secretary of State's office, can be found at: <http://www.nvsos.gov/index.aspx?page=526>

ANNUAL REPORT

All Nevada and foreign entities authorized to do business in the state must file an annual report listing their officers, directors, and registered agent.

FORMS

Initial/Annual List of Officers and Directors – Profit Corporation.
Initial/Annual List of Managers or Members.
Initial/Annual List of General Partners.
Initial/Annual List of Managing Partners.

RATES

- Nevada Profit Corporations (PC), domestic and foreign, pay an annual list of officer's fee that is based on the value of their authorized stock, ranging from \$75 to the maximum fee of \$35,000.

- Nevada LLCs, LLPs, and LPs, domestic and foreign; annual list fee is \$125. Plus \$200 for the business license fee.
- The annual list fee for NV LLLPs is \$175. Plus \$200 for the business license fee.

DUE DATE

All Nevada corporations, nonprofits, LLCs, and partnerships, domestic and foreign, are required to file the annual list of officers and business license application by the end of your anniversary month each year. So, if your Nevada Secretary of State filing date is March 23, your first annual report is due March 31 of the following year.

The first annual report is due by the last day of the first month after the business entity's registration form was filed.

ELECTRONIC FILING

Optional: <https://www.nvsilverflume.gov/home>

ELECTRONIC PAYMENT

Optional: <https://www.nvsilverflume.gov/home>

MAILING ADDRESS/ PHONE NUMBER

Secretary of State
202 North Carson Street
Carson City, NV 89701-4201
(775) 684-5708

REGISTRATION WITH THE DEPARTMENT OF REVENUE

Registration is required for businesses that will have reporting requirements for unemployment insurance, sales and use tax, modified business tax, local business licenses, and other taxes.

FORMS

Form APP-01.00, Nevada Business Registration Form, – Used by the state and several counties.

Form APP-01.01, Supplemental Application – Used by the state.

RATES

Determined by Form APP-01.01, Supplemental Application.

DUE DATE

Prior to commencing business in Nevada.

ELECTRONIC FILING

Optional: <https://www.nvsilverflume.gov/home>

ELECTRONIC PAYMENT

Optional: <https://www.nvsilverflume.gov/home>

WEBSITE

<http://tax.nv.gov/>

MAILING ADDRESS/PHONE NUMBER

Nevada Department of Taxation
1550 College Parkway, Suite 115
Carson City, NV 89706
Phone: (775) 684-2000
Fax: (775) 684-2020

LICENSES—GC & SPECIALTY

REGISTRATION

You must be licensed to bid or work on construction jobs in Nevada. To apply for a license, ask for a license packet from:

State Contractors Board
2310 Corporate Circle, Suite 200
Henderson, NV 89074
Phone: (702) 486-1100
Fax: (702) 486-1190
<http://www.nscb.state.nv.us>

TESTS AND EXAMS

When the Nevada State Contractors Board (Board) receives a completed application, it will review and determine the applicant's eligibility to take the exams required for licensing. If eligible, the Board will send the applicant an exam registration form to fill in. The Contractors Management Survey Exam (CMS) is required by all applicants and given monthly by PSI Examinations. For information on the exam contact:

PSI
3210 E. Tropicana
Las Vegas, NV 89121
Phone: (800) 733-9267
Fax: (702) 932-2666
<http://www.psiexams.com>

The three-hour, open-book, CMS exam covers:

- Nevada State Contractor licensing laws and regulations.
- State laws.
- Construction project management.
- Business and financial management.

To obtain a license in most of the specialty trade classifications applicants also need to pass an exam in that classification. Trade exams are closed book. Exams cover:

- Reading and interpreting construction codes and regulations.
- Nevada Health Department regulations.
- Building codes.
- Trade materials, tools, equipment, and methods.
- Nevada Occupational Safety and Health rules.

A trade exam is given in two sessions – a three-hour morning session and an afternoon session for three or four hours. Applicants can get a reading list for the trade

part of the exam from the State Contractors Board. The list will tell you which code books, state laws and regulations, technical manuals, and textbooks will be tested.

Nevada may waive the trade exam if you can verify that you've been actively licensed in that trade in Arizona, California, or Utah for five of the last seven years. However, a plumbing or electrical trade license are only obtained by taking the trade exam.

FORMS

Application for Contractor's License.
Application for Change in Business Name.
Application to Activate an Inactive Status License.

Additional contractor license forms can be found at:
http://www.nvcontractorsboard.com/contractor_apps.html

RATES

The fees for a contractor's license are the same regardless of the classification of license for which you are applying. The fee to apply is \$300. If your license is approved, the license fee is \$600 for a two year license. Nevada does not issue one-year licenses.

If you are engaged in residential work you must participate in the Residential Recovery Fund. The Residential Recovery Fund fee is based on the monetary limit placed on the license. The license fee and Residential Recovery Fund fee is due at the time your license is issued and every two years when your license is renewed. Fees must be paid in full. There is no payment plan and the Board does not accept partial payments.

If you want to be licensed in more than one trade you have to apply and pay for it separately. Each license requires a \$300 nonrefundable application fee. A single portion of the CMS exam costs \$85. A two portion exam (specialty trade) costs \$130. A three portion exam costs \$160. The license fee is \$300.

DUE DATE

Initial registration is due prior to beginning work as a contractor in Nevada. A license is issued for two years and must be renewed biennially with the required renewal fees. A renewal notice will be mailed to the address you provide during the application process.

ELECTRONIC FILING

Optional: <http://www.nvcontractorsboard.com/#online>

ELECTRONIC PAYMENT

Optional: <http://www.nvcontractorsboard.com/#online>

WEBSITE

<http://www.nvcontractorsboard.com/index.html>

MAILING ADDRESS/PHONE NUMBER

State Contractors Board
2310 Corporate Circle, Suite 200
Henderson, NV 89074
Phone: (702) 486-1100
Fax: (702) 486-1190

RECIPROCITY STATES

The Board has entered into a reciprocity agreement with the states of Arizona, California and Utah. The Board may waive most trade examination requirements for applicants that have qualified a similar license in one of those states.

Under the agreement, Nevada can accept the licensing qualifications of these states. Applicants that meet the reciprocity requirements will be required to pass the Nevada Business Management examination and complete all other requirements for licensing in Nevada.

Nevada does not have reciprocity with any state for electrical, plumbing, or fire protection trades.

EQUITY REQUIREMENT

For equity/net worth requirements, refer to Section 9 of the instructions to the Application for Contractor's License.

FINANCIAL STATEMENT REQUIREMENTS

For financial responsibility requirements, refer to Section 9 of the instructions to the Application for Contractor's License.

LOCAL LICENSES

REGISTRATION

Contact the county or city clerk in which you want to do business for possible contractor licenses or ordinances associated with that jurisdiction. Each county or city may have their own forms for a local license.

Nevada Division of Local Government Services:
http://tax.nv.gov/LocalGovt/LGS_Home_page/

INCOME TAX

Nevada does not impose a corporate income tax on general business corporations. Pass-through income is not taxed. Nor does it impose a personal income tax.

NET WORTH OR STOCK TAX

Nevada does not impose a net worth or stock tax.

GROSS RECEIPTS (COMMERCE) TAX

REGISTRATION

Registration is required for businesses that will have reporting requirements for the Nevada Commerce Tax:

Nevada Business Registration Form – Used by the state and several counties.

Form APP-01.01, Supplemental Application – Used by the state.

TAXABLE ENTITIES

The Commerce Tax is a gross revenue tax on businesses such as those in the construction industry whose Nevada gross revenue in a fiscal year exceeds \$4 million.

Nevada's construction business category (NAICS 23) includes all business entities primarily engaged in the construction of buildings or engineering projects, such as highways and utility systems. Business entities engaged in the preparation of sites for new construction and business entities primarily engaged in subdividing land for sale as building sites also are included in this category.

Examples of business entities in the construction business category include, without limitation, general contractors, design-builders, construction managers, turnkey contractors, joint-venture, contractors, specialty trade contractors, for-sale builders, speculative builders, and merchant builders.

TAXABLE BASE

The Commerce Tax is imposed on a separate entity basis on businesses that generate more than \$4 million in Nevada gross revenue.

Gross revenue is defined as the total amount realized by a business entity from conducting business in Nevada, without deduction for the cost of goods sold or other expenses incurred, that contributes to the production of gross income basis. Gross revenue includes, among other things, amounts realized from the sale, exchange, or other disposition of a business entity's property and amounts realized from the performance of services. Services are sourced to the state if the benefit is received in the state.

The tax allows certain exclusions and deductions from gross revenue. Exclusions include, among other things, amounts realized from the sale, exchange, disposition or other grant of the right to use trademarks, trade names, patents, copyrights, and similar intellectual property. Deductions consist of, among other things, interest income (other than interest on credit sales), distributive or proportionate shares of receipts and income from a pass-through entity, and dividends and distributions from corporations.

FORMS

Nevada Commerce Tax Report.

RATES

The tax rate depends on the business entity's NAICS code. Nevada has 26 different tax rates, depending on the taxpayer's business type. For example, the tax rate for the construction (NAICS 23) is .083% and for mining, quarrying, and oil and gas extraction (NAICS 21) is .051%.

If you are engaged in more than one industry, your tax rate will correspond to the industry in which the highest percentage of your Nevada gross revenue is generated.

DUE DATE

The Commerce Tax is collected annually with the first return and payment due August 15, 2019, for the tax year July 1, 2018 through June 30, 2019. Reports are due by the 45th day following the end of the tax year.

DUE DATE EXTENSION

Business entities are permitted to request a 30-day extension to pay the tax. No penalty is assessed for payment during the 30-day period; however, interest is imposed.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Nevada Department of Taxation: <http://tax.nv.gov/>

MAILING AND PHONE NUMBER

Nevada Department of Taxation
1550 College Parkway, Suite 115
Carson City, NV 89706-7937
Phone: (775) 684-2000
Fax: (775) 684-2020

ESTIMATED TAX

Based on the statute, there appears to be no requirement to make estimated payments of any kind.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, many cities, counties, and municipalities throughout Nevada might have additional registration requirements that may affect your business. Contact the local government office and the county assessor's office in the location in which you have an interest for information on local or county taxes and licensing that may be needed for your business.

To obtain more information about possible business license taxes by county, visit: http://tax.nv.gov/LocalGovt/LGS_Home_page/

STATE SALES AND USE TAX

The Nevada Sales and Use Tax applies to the sales or store, use, or other consumption of tangible personal property. The tax does not apply to services.

Construction contractors are considered the consumers of all materials used in fulfilling a construction contract for improvement to real property. This is the case, regardless of the contractor entering into a contract with an exempt entity.

A construction contractor owes either sales tax or use tax on the cost of the materials used to fulfill a construction contract. If a construction contractor pays sales tax at a rate equal to or greater than Nevada's, no further tax liability exists. The Department of Taxation (Department) will allow a credit toward the amount due in this state in an amount equal to sales tax legitimately paid to a state or local government outside of Nevada. If sales tax is paid at a rate less than Nevada's, the contractor owes use tax on the difference between the two rates.

REGISTRATION

Registration is required for businesses that will have reporting requirements for sales and use tax:

Nevada Business Registration Form – Used by the state and several counties.

Form APP-01.01, Supplemental Application – Used by the state.

FORMS

Form TXR-02.01c, Consumer Use Tax Return – This is the standard consumer use tax return for businesses that do not sell, do not require a seller's permit, and report only Use taxes, such as construction contractors and individuals who have not paid sales tax on their purchase.

Form TXR-01.01, Combined Sales and Use Tax Return – This is the standard monthly or quarterly sales and use tax return used by retailers.

RATES

The rate stays at 6.85% for June 30, 2019.

Special and local rates may apply.

CONTRACTOR TREATMENT

Services are generally not subject to sale and use tax.

The Nevada Sales and Use Tax applies to the sales price of tangible personal property bought by a construction contractor for use in improving real property in Nevada pursuant to a construction contract. The contractor is deemed to be the consumer of such purchased items. Tangible personal property bought by a construction contractor for use in the performance of a construction contract to improve real property is deemed to have been bought for use in improving real property.

If a construction contractor buys such items and does not pay the Nevada sales tax because the supplying seller does not have a valid Nevada seller's permit or the contractor provided a resale certificate, the Nevada use tax applies based on the sales price that the contractor paid for the items.

If a construction contractor is a registered seller in Nevada and buys tangible personal property from a seller who does not have a valid Nevada seller's permit, the liability for the use tax arises when the property is committed to a use other than keeping it for sale in the regular course of business.

Construction contractors who are registered sellers in Nevada can give their suppliers resale certificates and report the use tax in the tax period in which that tangible personal property is committed to the performance of a construction contract.

A construction contractor cannot buy construction materials, supplies, or tools which are ordinarily used in the performance of a construction contract under a resale certificate unless he or she is actually engaged in the business of selling such items without previously using them.

Sales of machinery to contractors – The sale of tangible personal property is taxable in Nevada unless specifically exempted by statute. This includes the sale of machinery and equipment to a contractor or other end-user. If machinery or equipment is purchased by a Nevada contractor/consumer from an out-of-state nonregistered vendor for use in Nevada, the contractor/consumer is liable to report and pay the Nevada Use Tax.

Items for out-of-state realty – Tax does not apply to construction contractors who issue valid resale certificates to their sellers for items bought for incorporation into out-of-state real property under a construction contract to improve that realty. Those items cannot be commingled with items bought for use in the performance of a construction contract in Nevada.

Resale of items on which tax was paid – If a construction contractor, who also holds a seller's permit, sells an item that he or she did not use but did pay tax on, he or she can obtain a "credit" by taking a deduction for the resold item on the return for the period when the resale took place.

Repairs or improvements to realty – If a construction contract for improvement to real property requires the contractor to perform repairs or improvements on real property, the applicable tax provisions are the ones governing construction contractors, rather than the provisions governing repairing and reconditioning tangible personal property.

DUE DATE

Nevada sales and use tax returns must generally be filed, and payments remitted, monthly or quarterly. To ensure payment or facilitate collection, the Department can require filing and payment at other times, depending on the principal place of the seller's, retailers, or purchaser's business.

Monthly reporting – A taxpayer whose taxable sales equal or exceed \$10,000 per month must file his or her return monthly with the Department, together with payment of the tax due, by the last day of the month for the preceding month. Also, any return required to be filed under the local school support tax must be combined with the return required under the sales and use tax.

Quarterly reporting – A taxpayer whose taxable sales are less than \$10,000 per month must file his or her return quarterly with the Department, together with payment of the tax due, by the last day of January, April, July, and October for the preceding calendar quarter.

DUE DATE EXTENSION

The Department can extend the time for filing the return and paying the tax by up to one month if good cause is shown. Payment within the extension period draws interest, at the rate of 0.75% per month, from the original due date until the date of the actual payment.

ELECTRONIC FILING

Optional: <https://www.nevadatax.nv.gov/web/>

ELECTRONIC PAYMENT

Optional: <https://www.nevadatax.nv.gov/web/>

WEBSITE

<http://tax.nv.gov/>

MAILING ADDRESS

State of Nevada – Sales/Use
P.O. Box 52609
Phoenix, AZ 85072-2609

GRANDFATHERING OF RATE CHANGES

Contracts made before tax rate increases – Statutory exemptions from the amount of statewide tax rate component enactments, or increases to those rate

components, are provided for personal property used in the performance of written contracts that were entered into before the effective date of those rate enactments or increases, or specified dates generally close to those effective dates. Thus, the tax rate that applies to items bought to perform a written contract is the total statewide tax rate that was in effect for sales in general before a statutorily specified cut-off date.

GOVERNMENT PROVIDED MATERIALS

Nevada sales tax exempt status given to governmental, religious, charitable, or educational entities does not extend to contractors or sub-contractors with whom they contract.

Sales by the federal government, Nevada, and Nevada localities are exempt because they are expressly excluded from the statutory definition of a “person” qualifying as a “taxpayer” under Nev. Rev. Stat. §372.040, Nev. Rev. Stat. §372.095, and Nev. Rev. Stat. §374.100.

TAXABLE SERVICES

Generally, services are, generally, not subject to sales and use tax. If tangible personal property is involved as part of a service, the transaction will not be taxable if the property is a mere inconsequential element and the object of the transaction is the service.

LOCAL SALES AND USE TAX (City/County/Special)

In addition to the 6.85% state sales tax, local jurisdictions may impose their own sales tax. The total sales tax rate can be as high as 8.265%.

Nevada Sales Tax Rates by City: http://www.sale-tax.com/Nevada_all

Residential construction tax – Cities and counties in Nevada that have adopted a master plan and recreation plan are authorized to impose a residential construction tax. The tax, which must be imposed by ordinance, is imposed on the privilege of constructing apartment houses and residential dwelling units, and developing mobile home lots in the respective city or county.

EMPLOYMENT TAXES

WITHHOLDING

REGISTRATION

Every employer who is subject to the Nevada Unemployment Compensation Law (NRS 612) must file a Modified Business Tax (MBT) Return. Registration is required for businesses that will have reporting requirements for the MBT:

Nevada Business Registration Form – Used by the state and several counties.

Form APP-01.01, Supplemental Application – Used by the state.

FORMS

Form TXR-020.04, Modified Business Tax Return.

RATE

Nevada imposes an excise tax on businesses equal to 1.475% of the total wages paid by the business each calendar quarter that exceed \$50,000. Taxpayers who are also subject to the Nevada Commerce Tax can subtract as a credit 50% of the commerce tax paid when determining the amount of the tax on total wages paid. The credit may be used for any of the four calendar quarters immediately following the taxable year for which the commerce tax was pay. Taxpayer's are not entitled to a refund for any unused credit, nor can the credit be carried forward.

DUE DATE

Last day of the month following the applicable quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional: <https://www.nevadatax.nv.gov/web/>

ELECTRONIC PAYMENT

Optional: <https://www.nevadatax.nv.gov/web/>

WEBSITE

Nevada Department of Taxation: <http://tax.nv.gov/>

MAILING ADDRESS/PHONE NUMBER

Nevada Department of Taxation
P.O. Box 52609
Phoenix, AZ 85072-2609
(866) 962-3707

UNEMPLOYMENT

Generally, any employing unit that has paid wages for employment in Nevada of \$225 or more during any calendar quarter must register with the state's Employment Security Division (Division), and pay taxes on those wages.

In general, an "employing unit" means any individual or type of organization, including any partnership, association, trust, estate, joint-stock company, insurance company, corporation, or a receiver or trustee in bankruptcy. "Employment" means service, including service in interstate commerce, performed for wages or under any contract of hire, written or oral, express or implied.

REGISTRATION

File Form APP-01.00, Nevada Business Registration, to register for unemployment insurance with the state's Division. For more details on how to register for Nevada's unemployment insurance program, visit:
https://uitax.nvdetr.org/er_welcome

FORMS

Form NUCS-4072, Employer's Quarterly Contribution and Wage Report.

Form NUCS-4375, Certification of Subcontractors Unemployment Insurance Payments.

Form APP-01.00, Nevada Business Registration.

Additional forms can be found here: https://uitax.nvdetr.org/crphhtml/ui_forms.htm

RATES

Employers starting a new business in Nevada must pay Unemployment Insurance (UI) tax at a rate of 2.95% of wages paid to each employee up to the taxable wage limit. The employer retains this rate for period of 14 to 17 calendar quarters (depending on the quarter in which he becomes subject to the law), after which his rate will be determined under the "Experience Rating" system. There is an additional 0.05% tax for the Career Enhancement Program.

Employers are taxed on wages paid to each employee up to the taxable wage base in effect during a calendar year. The taxable wage limit for 2019 is \$31,200. The tax base is calculated annually, and is equal to 66 2/3% of the average annual wage for Nevada employees. Although the total wages paid to each employee must be reported to the Division each quarter, any wages paid to an individual which exceed the taxable wage base during the calendar year are not taxed.

DUE DATE

Generally, the completed quarterly report, together with any payment due, must be received by the Division, by the last day of the first month following the close of the calendar quarter covered by the report. If the due date is a Saturday, Sunday, or legal holiday, then reports and taxes are due on the next day that is not a Saturday, Sunday, or legal holiday.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional:

https://uitax.nvdetr.org/crphtml/electronic_filing_info.htm#Internet_Filing_Options:

ELECTRONIC PAYMENT

Optional: <https://uitax.nvdetr.org/crphtml/eps.htm>

WEBSITE

Main: https://uitax.nvdetr.org/crp_home

Business Resource Directory:

<http://www.nvdetr.org/ESD%20Pages/business%20resource%20directory.htm>

MAILING ADDRESS/PHONE NUMBER

State of Nevada
Department of Employment, Training & Rehabilitation
Employment Security Division
500 E. Third Street
Carson City, NV 89713-0030
(775) 684-6300

NEW HIRE

Any employer who hires (or rehires after at least 60 consecutive days of separation from your employment) employees for whom a W-4 Form is required by the Internal Revenue Service is required to report new hires. Required information must be reported within 20 days of hire.

The method of reporting is at the discretion of the employer; a specific form is not required:

- Secure File Transfer Protocol is preferred:
https://uitax.nvdetr.org/crhtml/new_hire_online_reporting.htm
- Copies of W-4 forms may be mailed or faxed to the Division.
- New Hire Reporting Form for fax or mail-in:
<https://uitax.nvdetr.org/crpdf/NewHireRptForm.pdf>
- Written information in any format is acceptable, as long as it contains the same information as the required on the New Hire Report linked above.
- Information may be faxed to (775) 684-6379.

TERMINATION

Generally, if an employer has paid wages less than \$225 in each of four consecutive calendar quarters, his account with the Division is closed unless subjectivity is due to the Federal Unemployment Tax Act. If an employer account has been terminated, the account may be reopened any time within the next two years from the last reported payroll. For tax rate purposes, the experience record will remain with the employer unless it has been transferred to another account.

An employer who closes his business may later reopen the account and retain the same experience record. However, whenever an employer has paid no wages for eight consecutive calendar quarters, his experience rating account will be terminated, and may not thereafter be used in any rate computation.

INDEPENDENT CONTRACTOR TREATMENT

Unless otherwise specifically excluded, payment for personal services is deemed subject to unemployment taxes unless the following conditions are met. All three conditions must be met in fact; a written contract alone is not sufficient. The burden of proof rests upon the employer to demonstrate the existence of these conditions:

- 1) The person has been and will continue to be free from control or direction over the performance of the services, both under his contract of service and in fact; and
- 2) The service is either outside the usual course of the business for which the service is performed or that the service is performed outside of all the places of business of the enterprise for which the service is performed; and
- 3) The service is performed in the course of an independently established trade, occupation, profession, or business in which the person is customarily engaged, of the same nature as that involved in the contract of service.

If you cannot demonstrate the above conditions, the person is an employee. A written contract, in itself, does not establish "independent contractor" status. If in doubt, contact the Division's Contributions Section for a ruling.

PROPERTY TAX

PERSONAL PROPERTY

Personal property is assessed and taxed at the county level.

FORMS

Taxpayers with taxable personal property are required to declare the property to the assessor each year. Business taxpayers must complete a declaration form, available at the assessor's office, upon starting a new business. The assessor's office will mail a declaration form to each business annually, after the initial filing.

RATES

To compute the property taxes for a particular parcel of property, simply multiply the assessed valuation by your county's tax rate as shown in the following example:

$$\text{Taxable Value} \times 35\% = \text{Assessed Value} \times \text{Tax Rate} = \text{Property Taxes Due}$$

Personal property taxes are calculated in the same manner for real property and are subject to the same caps as real property. The taxable values of personal property are calculated by the assessor using the depreciation schedules adopted annually by the tax commission. Upon determination of the assessed value, the assessor applies the applicable tax district's combined property tax rate to the assessed value. The same tax rate is used for both the secured and unsecured property.

DUE DATE

The request for a list of personal property is generally sent out by July 1 and should be returned to the assessor by July 31. The taxpayer must pay within 30 days of the billing demand unless the personal property is a mobile or manufactured home, for which taxes exceed \$100, or business personal property over a certain value for which the taxpayer has applied for quarterly payments, then payment may be made in four equal installments.

Property taxes equaling less than \$100 become delinquent if not paid by the third Monday in August. If the property tax due is greater than \$100, it may be paid in four installments:

- August, Third Monday – First Installment
- October, First Monday – Second Installment
- January, First Monday – Third Installment
- March, First Monday – Fourth Installment

WEBSITE

Links to County Assessors and Treasurers:
https://tax.nv.gov/LocalGovt/County_Property_Tax/General_Property_Tax_Information_and_Links_to_County_Assessors_and_Treasurers/

ADDITIONAL ASSISTANCE

For more information on Nevada property tax, visit:
http://tax.nv.gov/layouts/Page_Style_1.aspx?id=87567

REAL PROPERTY

Real property is subject to an annual property tax. While there is a form to file to return the value for tax assessment, the county will generally assess and give notification of the value, with a right to appeal by the property owner.

REGISTRATION

Taxes are automatically billed to the owner of the property.

FORMS

On or before December 18 the county assessor will mail each property owner a "Notice of Assessment." The notice will provide the taxable value and the assessed value (35% of taxable value) of the real property and any personal property included on the secured roll. The assessed value shown is the value upon which the property taxes for the next fiscal year will be based. In addition, the secured roll will be published in a newspaper or mailed to each taxpayer in the county on or before the first day of January. The assessor may also reopen the assessment roll for specific changes to properties that occur before the upcoming July lien date.

RATES

To compute the property taxes for a particular parcel of property, simply multiply the assessed valuation by your county's tax rate as shown in the following example:

$$\text{Taxable Value} \times 35\% = \text{Assessed Value} \times \text{Tax Rate} = \text{Property Taxes Due}$$

DUE DATE

Property taxes are collected by the county treasurer based on the tax bills sent out in July each year. Each county treasurer mails to either the property owner or the mortgage holder an itemized tax bill. The itemization details the individual tax rate for each level of government which is supported by a property tax rate. If the property tax due is greater than \$100, it may be paid in four installments:

August, Third Monday – First Installment

October, First Monday – Second Installment

January, First Monday – Third Installment

March, First Monday – Fourth Installment

WEBSITE

Links to County Assessors and Treasurers:

https://tax.nv.gov/LocalGovt/County_Property_Tax/General_Property_Tax_Information_and_Links_to_County_Assessors_and_Treasurers/

ADDITIONAL ASSISTANCE

For more information on Nevada property tax, visit:

http://tax.nv.gov/layouts/Page_Style_1.aspx?id=87567

INTANGIBLES

Intangible personal property is exempt from Nevada property taxes.

FUEL TAX

The Nevada Department of Motor Vehicles is responsible for the collection of all motor and special fuel excise taxes. Motor fuel excise taxes include gasoline, gasohol, ethanol, and methanol. Special fuel taxes include diesel, bio-diesel, kerosene, liquefied petroleum gas, compressed natural gas, or any other combustible gas or liquid used for the generation of power for the propulsion of motor vehicles.

Unless sold to a Nevada licensed supplier, dealer, or exporter, motor fuels and special fuels are subject to tax when:

- The fuel is withdrawn from a Nevada pipeline terminal facility; or
- The fuel is imported into Nevada via truck, transport, or rail.

A Nevada licensed fuel supplier or dealer may maintain tax-free storage of motor fuels and special fuels in a Nevada pipeline terminal storage facility or their own bulk storage facility. The supplier shall sell motor fuels and special fuels from a terminal storage facility or their own bulk storage facility, tax-free to a Nevada licensed motor fuel supplier, dealer, or exporter.

Importers of motor fuels and special fuels into Nevada via truck, transport, or rail must be licensed as a Nevada fuel supplier.

REGISTRATION

Every supplier, dealer, exporter, transporter of motor fuels and special fuels, or special fuel manufacturer in Nevada must obtain a license prior to doing business within the state.

Fuel dealers and suppliers may use online services to review and renew business licenses. Look for an access code on your renewal notice or generate one from the portal.

FORMS

Fuel suppliers must remit additional indexed fuel taxes in Clark County. Use the forms and procedures provided at the link below.

RATES

Gasoline – 24 cents per gallon.

Gasohol – 24 cents per gallon.

Clear Diesel and Kerosene – 27 cents per gallon.

Compressed Natural Gas – 21 cents per gallon.

DUE DATE

Due dates for supplier tax returns are due a month after the close of the monthly reporting period.

ELECTRONIC FILING

Optional. The Nevada Department of Motor Vehicles developed an electronic tax return filing application accessible through the Internet for tax returns. To access the application you must complete and submit a Trading Partner Agreement, MC074. Once the Trading Partner Agreement has been submitted and approved, a user ID and password will be established for the account.

ELECTRONIC PAYMENT

Optional. ACH or EFT.

WEBSITE

<http://www.dmvnv.com/fuel.htm>

MAILING ADDRESS/PHONE NUMBER

Department of Motor Vehicles
Motor Carrier Division
555 Wright Way
Carson City, NV 89711-0600
Phone: (775) 684-4711
Fax: (775) 684-4619

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

The State of Nevada is the custodian of millions of dollars in unclaimed property. This property could be a financial asset owed to an individual or a business, including securities, bank accounts, uncashed payroll checks, utility deposits, insurance proceeds, gift certificates, and other items specified in Nevada Revised Statutes 120A.

Property is presumed abandoned when there has been no activity or no contact with the owner for a specific period of time. The property type determines the abandonment period, but it is typically one to three years. When the “holder” of the property unsuccessfully attempts to locate the original owner, the assets must be escheated to the Nevada State Treasurer’s Office, in accordance with NRS 120A. The Treasurer’s Office is charged with safeguarding the value of these assets in perpetuity. The original owner or heir never loses the ability to claim the property value.

For more on unclaimed property, visit:
http://www.nevadatreasurer.gov/Unclaimed_Property/UP_Home/

IMPACT FEES

Contact your local government office to find out if it imposes impact fees. Per Nevada law, a local government may by ordinance impose an impact fee in a service area to pay the cost of constructing a capital improvement or facility expansion necessitated by and attributable to new development. The cost may include only:

- 1) The estimated cost of actual construction, including, without limitation, the cost of connecting a capital improvement or facility expansion to a line or facility used to provide water or sewer service;
- 2) Estimated fees for professional services;
- 3) The estimated cost to acquire the land; and
- 4) The fees paid for professional services required for the preparation or revision of a capital improvements plan in anticipation of the imposition of an impact fee.

All property owned by a school district is exempt from the requirement of paying impact fees imposed pursuant to this chapter.

MINIMUM WAGE

Currently, Nevada’s minimum wage is \$8.25 per hour without health benefits and \$7.25 per hour with health benefits.

REGISTERED AGENTS

Every entity, domestic and foreign, doing business in Nevada must have an agent for service of process in the state. This is an individual or business entity that agrees to accept legal papers on the entity's behalf if it is sued. The registered agent may be a Nevada resident or a business entity authorized to do business in Nevada. The registered agent must have a physical street address in Nevada. A list of registered agents is available at the Nevada Secretary of State website

DAVIS BACON

Per Nevada law, "Wages" means: (a) The basic hourly rate of pay; and (b) The amount of pension, health and welfare, vacation and holiday pay, the cost of apprenticeship training or other similar programs or other bona fide fringe benefits which are a benefit to the workman.

Effective March 6, 2015, excluded from the prevailing wage requirements are construction, alteration, repair, remodeling, reconstruction, and improvement of property of a school district, charter school, and the Nevada System of Higher Education.

Prevailing Wages by County:

http://www.laborcommissioner.com/publicworks_prevailingwage.html

DRUG TESTING FACILITIES

For a list of drug testing centers throughout Nevada, visit

<http://www.testcountry.com/drug-testing-center-facilities/nevada.htm>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

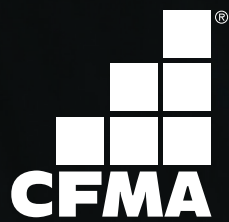
March 14, 2019

DATE OF LAST UPDATE

June 4, 2015

SUBJECT MATTER EXPERT

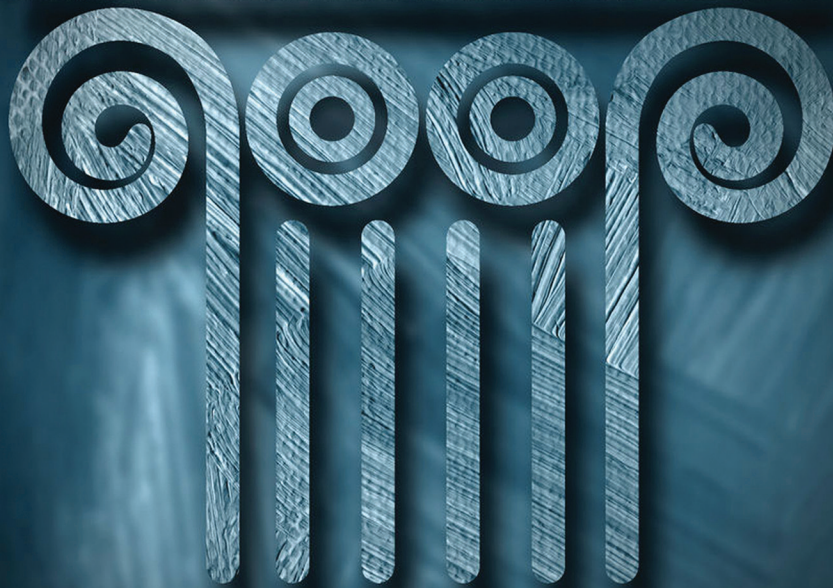
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



NEW HAMPSHIRE

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

All companies that want to do business in New Hampshire must register with the Secretary of State's Corporation Division.

FORMS

Form 1, Application for Reservation of Name (Reserves name for 120 days and is done for the following entities: Corporation, Limited Liability Company, Registered Limited Liability Partnership, or Limited Partnership).

Depending upon the type of entity and whether it's foreign or domestic the following forms are also necessary:

Domestic

Form 11, Articles of Incorporation, which includes Form SRA.

Form LLC-1, Certificate of Formation, which includes Form SRA.

Form LLP-1 Limited Liability Partnership Registration, which includes Form SRA.

Foreign

Form 40 Application for Certificate of Authority for Foreign Corporation, which includes Form SRA.

Form FLLC-1 Certificate of Formation, which includes Form SRA.

Form FLLP-1 Notice of Foreign Limited Liability Partnership Registration, which includes Form SRA.

Form LP-1 NH Limited Partnership Application, which includes Form SRA.

Form FLP-1 Foreign Limited Partnership Application, which includes Form SRA.

Additional registration forms can be accessed:

<http://www.sos.nh.gov/corporate/Forms.html>

RATES, FEES, COSTS

Application for Reservation of Name	\$ 15
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Filing fee with Forms 11, 40, LLC-1, FLLC-1, LLP-1, FLLP-1, LP-1, and FLP-1, which includes Form SRA.	\$100
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WEBSITE

<http://www.nheconomy.com/business-services/starting-a-business-in-nh.aspx#registering>

MAILING ADDRESS/PHONE NUMBER

Corporation Division
N.H. Department of State
107 North Main Street
Concord, NH 03301-4989
General Information: (603) 271-3244
Corporate Information Line: (603) 271-3246

ADDITIONAL ASSISTANCE

Corporation Division E-mail Address: corporate@sos.state.nh.us

If you have additional questions about starting a business, please contact Michael Bergeron at the New Hampshire Business Resource Center: call (603) 271-2591 or 1-800-417-4110.

ANNUAL RENEWALS

After a successful registration filing, you will be assigned a Business ID Number which will be used to file your annual report online.

Renewals are required annually.

FORMS

Online filing (the state's "QuickStart" program) is generally the preferable procedure. Paper filing is allowed; forms will need to come from the Secretary of State.

RATES

Reporting fee	\$100
Late fee	\$ 50

DUE DATE

Annual renewals are due between January 1 and April 1. Businesses may elect to have their annual report notice sent to them by e-mail.

DUE DATE EXTENSION

No extensions are allowed. If late for renewal a late fee may be imposed.

ELECTRONIC FILING

Available here: <https://quickstart.sos.nh.gov/online/Account>

ELECTRONIC PAYMENT

Accepted here: <https://quickstart.sos.nh.gov/online/Account>

WEBSITE

<http://www.sos.nh.gov/corporate/annualreport/>

MAILING ADDRESS

Corporation Division
N.H. Department of State
107 North Main Street
Concord, NH 03301-4989

REGISTRATION WITH DEPARTMENT OF REVENUE

New businesses that successfully register with the Secretary of State are also registered with the New Hampshire Department of Revenue Administration.

New Hampshire does not recognize state income taxes; however, they do have specific tax regulations with regard to business entities conducting business within their state: These specifically are the Business Profits Tax (BPT) and Business Enterprise Tax (BET). The state also has an Interest & Dividend Tax for residents, fiduciaries, and trusts with non-transferable shares earning interest and dividend taxable income of more than \$2,400 annually (\$4,800 for joint filers).

FORMS

The forms used to register with the Secretary of State will also be used to register with New Hampshire Department of Revenue Administration.

RATES

Not applicable to the Department of Revenue. The reporting fee to register with the Secretary of State is \$100.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Refer to Secretary of State section above.

ELECTRONIC PAYMENT

Refer to Secretary of State section above.

WEBSITE

<http://revenue.nh.gov/businesses/index.htm>

MAILING ADDRESS/PHONE NUMBER

N.H. Department of Revenue Administration
Administration Unit
109 Pleasant Street
P.O. Box 457
Concord, NH 03302-0457
(603) 230-5005

LICENSES—GC & SPECIALTY

REGISTRATION

General construction contractors do not require a license by the State of New Hampshire. Only asbestos abatement, electrical, and plumbing contractors need to be licensed.

For information on these specialty trades, including work experience/exam requirements and license reciprocity, visit: <http://www.contractors-license.org/nh/nh.htm>

LOCAL LICENSES

REGISTRATION

Many cities, counties, and municipalities throughout New Hampshire might have additional license registration requirements that may affect your business. Contact the local government office and the county assessor's office in the location in which you have an interest for information on local or county taxes and licensing that may be required for your business.

INCOME TAX

INCOME TAX—C CORPORATION

New Hampshire imposes a BPT on the profits of business organizations, individuals, and others that are derived from or attributable to New Hampshire sources.

New Hampshire also imposes a BET, imposed on the taxable enterprise value base of every business enterprise conducting business activities in the state. A business enterprise includes any profit or nonprofit corporation, partnership, limited liability company, proprietorship, association or trust, with the exception of those exempt under IRC §501(c)(3) that do not engage in any unrelated activity.

For taxable periods ending on or after December 31, 2019, the filing thresholds for the BET will increase to:

- Gross receipts of \$217,000 (from \$200,000).
- Enterprise value tax base of \$108,000 (from \$100,000).

FORMS

Form BT-Summary, Business Tax Return Summary.

Form BET, Business Enterprise Tax Return.

Form BET-80, Business Enterprise Tax Apportionment.

Form BET-80-WE, Combined Group Business Tax Apportionment.

Form BT-EXT, Payment Form and Application for 7-Month Extension to File Business Tax Return.

Form NH-1120, Corporate Business Profits Tax Return.

Form NH-1120-WE, Combined Business Profits Tax Return.

Form DP-80, Business Profits Tax Apportionment Schedule.

RATES

Business Profits Tax (BPT): For taxable periods ending on or after December 31, 2018, the BPT rate is reduced to 7.9%, contingent upon combined unrestricted general and education trust fund revenues of \$4.64 billion being collected during the biennium ending June 30, 2017. For taxable periods ending on or after December 31, 2019 the BPT rate is reduced to 7.7% and for taxable periods ending on or after December 31, 2021 the BPT rate is reduced to 7.5%.

Business Enterprise Tax (BET): For taxable periods ending on or after December 31, 2018, the BET rate is reduced to 0.675%, contingent upon combined unrestricted general and education trust fund revenues of \$4.64 billion being collected during the

biennium ending June 30, 2017. For taxable periods ending on or after December 31, 2019 the BET rate is reduced to .6% and for taxable periods ending on or after December 31, 2021 the BET rate is reduced to .5%.

DUE DATE

Corporate and combined returns are due on or before the 15th day of the fourth month following the close of the taxable year (April 15 for calendar-year filers).

DUE DATE EXTENSION

The seven-month extension request is due the same day as the due date for the related tax return.

New Hampshire does not require a taxpayer to file an application for an automatic seven-month extension of time to file provided that the taxpayer has paid 100% of both the BET and the BPT determined to be due by the due date of the tax. Do not file an extension with no amount due.

If you need to make an additional payment in order to have paid 100% of the taxes determined to be due, then you may file your payment online at: www.nh.gov/revenue or file a payment and application for a seven-month extension of time to file a business tax return, Form BT-EXT. The payment must be postmarked or received on or before the original due date of the return. Failure to pay 100% of the taxes determined to be due by the original due date may result in the assessment of penalties.

ELECTRONIC FILING

Electronic filing is currently unavailable for BET/BPT returns regardless of entity. Returns must be mailed in for processing.

ELECTRONIC PAYMENT

The e-FILE system can be used to make the following payments:

- BET/BPT Estimate Payment
- BET/BPT Extension Payment
- BET/BPT Return Payment
- BET/BPT Amended Return Payment

To pay, go to: <https://www.efilenh.govconnect.com/web/introduction.asp>

WEBSITE

<http://revenue.nh.gov/businesses/index.htm>

MAILING ADDRESS/PHONE NUMBER

N.H. Department of Revenue Administration
P.O. Box 637
Concord, NH 03302-0637
Taxpayer Services at: (603) 230-5920

ESTIMATED TAX

Every entity required to file a Business Profits Tax Return and/or Business Enterprise Tax return must also make estimated tax payments for each individual tax for its subsequent taxable period, unless the annual estimated tax for the subsequent taxable period is:

- Less than \$200 for BPT.
- Less than \$260 for BET.

FORMS

Form NH-1120-ES, Estimated Corporate Business Tax Payment.

Form DE-2210/2220, Exceptions & Penalty for Underpayment of Estimated Tax.

RATES

A penalty may be imposed under RSA 21-J:32 for an underpayment of estimated taxes if the payments are less than 90% of that tax period's tax liability. If estimate payments are not made on time, even if 90% of the tax is eventually paid, an underpayment penalty may be applied. If an estimated payment is missed, send the payment as soon as possible to reduce any penalty.

The penalty shall not apply if you meet one of the exceptions provided in RSA 21-J:32. Use Form DP-2210/2220 to see if you meet one of the exceptions or to compute the amount of the penalty due.

DUE DATE

A quarterly estimate payment is due on or before the 15th day of the 4th, 6th, 9th, and 12th month of the taxable period to which the estimate relates. Estimated tax may be paid in full by the first quarterly due date or in installments by each quarterly due date. If paying in full, only one payment form is required.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Accepted

ELECTRONIC PAYMENT

Accepted at: <https://www.efilenh.govconnect.com/web/introduction.asp>

WEBSITE

<http://revenue.nh.gov/businesses/index.htm>

MAILING ADDRESS

N.H. Department of Revenue Administration
P.O. Box 1265
Concord, NH 03302-1265

ALTERNATIVE MINIMUM TAX

New Hampshire does not have an Alternative Minimum Tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

The New Hampshire Legislature has not changed the current business tax laws to conform with the federal tax law changes. The Internal Revenue Code (IRC) reference remains the Code in effect on December 31, 2016 for tax years beginning after January 1, 2018. Therefore, if changes are used on your federal filing, business taxpayers must recalculate their New Hampshire gross business profits utilizing the appropriate lines on the New Hampshire Business Tax return. For property placed in service on or after January 1, 2018, New Hampshire conforms to the Internal revenue Code of 1986 in effect on December 31, 2016, and, therefore, the maximum IRC §179 deduction is \$500,000.

On Form NH-1120 Lines 2(a) through 2(g), are adjustments necessary to increase or decrease gross business profits to reflect the IRC of December 31, 2016. The statutory requirement to follow the December 31, 2016 IRC has significant impact on the tax basis of assets used in businesses operating within New Hampshire, and also within and without New Hampshire. A separate accounting of the New Hampshire tax basis must be maintained for depreciation purposes and for determination on the gain or loss in the event of the sale of business assets.

Add the amount of IRC §179 expense taken on the federal return in excess of \$500,000 for assets placed in service on or after January 1, 2018 deducted on Line 1 of this form or on Form DP-120, Line 1(k) including carryover amounts, but not more than the federal taxable income for any year a IRC §179 deduction is taken.

Add the amount of bonus depreciation taken on federal return for assets placed in service this year. Bonus depreciation is not allowed on the NH-BPT return, as allowed on federal returns per IRC §168(k).

Add the amount of Domestic Production Activities deduction taken on the federal return this year. Domestic Production Activities deductions are not allowed on the NH-BPT return, as allowed on federal returns per IRC §199. This line does not apply to a Federal Form 1120S, U.S. Income Tax Return for an S Corporation, as this deduction is taken on the shareholder return and not on the Form 1120S.

Add any other deductions taken on the federal return that need to be eliminated or adjusted due to revisions to the IRC in effect on December 31, 2016.

Deduct additional depreciation related to IRC §179 and bonus depreciation not allowed for this tax year or for prior tax years. Because there may be a basis difference due to the federal and state treatment of IRC §179 expense and bonus depreciation, the regular depreciation allowed under IRC §167 and IRC §168 may be different than that deducted on the federal return; recalculate your allowable depreciation and deduct the difference on this line.

Deduct any other items included on the federal return that need to be eliminated or adjusted due to revisions to the IRC in effect on December 31, 2016.

Increase or decrease the net gain or loss on the sale of assets used in the business which have a different state basis from the tax basis reported on the federal return.

ALLOCATION AND APPORTIONMENT FACTORS

A business organization or business enterprise that derives income or value from business activity both within and without New Hampshire must apportion such amounts.

For business profits tax purposes – The total income (less foreign dividends) is apportioned by multiplying that income by a fraction, the numerator of which is the property factor plus the payroll factor plus two times the sales/receipts factor, and the denominator of which is four.

However, for business profits tax purposes, certain adjustments must be made if the taxpayer does not have all three factors. If there are less than three factors with an “everywhere” denominator, the income is apportioned as follows:

1) Sales and payroll factors only, divide the factor totals by three; 2) Sales and property factors only, divide the factor totals by three; 3) Payroll and property factors only, divide the factor totals by two; 4) Sales factor only, divide the factor totals by two; and 5) Property or payroll factor only, divide the factor totals by one.

For business enterprise tax purposes – The compensation and wages factor, the interest factor, and the sales factor are first individually computed by dividing the applicable amount attributable to the state by the applicable amount attributable everywhere. Then the available factors are added together and divided by the number of factors used to compute the sum in order to determine the dividend factor. These factors are then utilized to determine the amounts of total taxable dividends, compensation, and interest. These amounts, once computed, are then transferred to Form BET.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

New Hampshire has not adopted UDITPA. But the New Hampshire statutory formula for apportionment generally follows UDITPA.

OTHER MULTISTATE COMPACT

New Hampshire is an associate member of the Multistate Tax Compact.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

No construction-specific apportionment formulas in New Hampshire.

SPECIFIC EXCLUSION OF INCOME ITEMS

No construction specific exclusion of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No construction specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

New Hampshire provides the following credits that could apply:

- Business Enterprise Tax Credit
- Community Development Investment Credit
- Coos County Tax Credit
- Education Tax Credit
- Economic Revitalization Zone Tax Credit
- Research and Development Credit

INCOME TAX—S CORPORATION

New Hampshire treats subchapter “S” corporations as if they were “C” corporations. All S corporations are required to complete Form DP-120, Computation of “S” Corporation Gross Business Profits. Returns filed without a Form DP-120 will be incomplete and may be returned to the taxpayer.

REGISTRATION

See Registration in the Income Tax – C Corporation section above.

FORMS

All S corporations are required to complete Form DP-120, Computation of “S” Corporation Gross Business Profits. Returns filed without a Form DP-120 will be incomplete and may be returned to the taxpayer. A complete and legible copy of the federal income tax return and applicable federal forms, consolidating schedules and supporting schedules, must accompany all BPT returns.

S corporations which have made actual or constructive distributions to its New Hampshire shareholders, partners, or members during the year must separately file Form DP-9.

See Forms in the Income Tax – C Corporation section above for more information.

RATES

See Rates in the Income Tax – C Corporation section above.

DUE DATE

See Due Date in the Income Tax – C Corporation section above.

DUE DATE EXTENSION

See Due Date Extension in the Income Tax – C Corporation section above.

ELECTRONIC FILING

Electronic filing is currently unavailable for BET/BPT returns regardless of entity. Returns must be mailed in for processing.

ELECTRONIC PAYMENT

The e-FILE system can be used to make the following payments:

- BET/BPT Estimate Payment
- BET/BPT Extension Payment
- BET/BPT Return Payment
- BET/BPT Amended Return Payment

To pay, go to: <https://www.efilenh.govconnect.com/web/introduction.asp>

WEBSITE

<http://revenue.nh.gov/businesses/index.htm>

MAILING ADDRESS/PHONE NUMBER

N.H. Department of Revenue Administration
P.O. Box 637
Concord, NH 03302-0637
Taxpayer Services at: (603) 230-5920

COMPOSITE RETURNS FOR S

ALLOWED OR NOT ALLOWED

Not applicable as New Hampshire does not tax individuals on income tax. The S Corporation will apportion its income and will file BT-Summary and pay BPT and BET if necessary on the entity level. New Hampshire does not have any statutory provisions allowing or requiring a composite return.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Not applicable as New Hampshire does not tax individuals on income tax. The BPT is levied at the entity level, including S corporations, and not on the individual partner's share of the firm's profits.

WEBSITE

<http://revenue.nh.gov/businesses/index.htm>

PAYMENT ON INCOME OR DISTRIBUTIONS

Distributed earnings from S corporations must be reported as dividends by resident shareholders, and are subject to interest and dividends tax.

S CORPORATION TREATMENT

Corporations that qualify for and file as S corporations for federal income tax purposes are treated the same as corporations that file as regular corporations for federal income tax purposes.

RECOGNIZE FEDERAL S ELECTION

New Hampshire follows the federal S Corporation election.

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Partnerships and LLCs are taxed in New Hampshire in the same manner as other businesses, except that individuals, partnerships, LLCs, non-stock associations, trusts, and certain fiduciaries may also be liable for the interest and dividends tax explained below.

Refer to the Income Tax—C Corporation section above for further tax guidance on partnerships and LLCs.

Interest and dividends tax – New Hampshire imposes a tax on the gross income from interest and dividends, in excess of \$2,400, of resident individuals, partnerships, limited liability companies, associations, and certain trusts and fiduciaries. The tax on income generally is referred to as the interest and dividends tax. Nonresident individuals are not taxed.

The interest and dividends tax is imposed on New Hampshire partnerships and limited liability companies without transferable shares to the extent that the income represents the interests of resident individuals in the entity. Resident individuals are taxed on income received as a member of an out-of-state partnership or limited liability company.

Part-year residents are taxable on their interest and dividend income, in excess of \$2,400, received while a resident of New Hampshire.

FORMS

Form BT-Summary, Business Tax Return Summary.

Form NH-1065, Partnership Business Profits Tax Return.

Form NH-1065-ES, Estimated Partnership Business Tax Payment.

Form BP-EXT, Extension of Time to File Business Tax Return.

Form BET, Business Enterprise Tax Return.

Form DP-10, Interest and Dividends Tax Return.

Form DP-10-ES, Estimated Interest and Dividends Tax.

Form DP-59-A, Extension of Time to File Interest and Dividends Tax Return.

RATES

Business Profits Tax (BPT): An 7.9% tax is assessed on income from conducting business activity within the state.

Business Enterprise Tax (BET): A 0.675% tax is assessed on the enterprise value tax base, which is the sum of all compensation paid or accrued, interest paid or accrued,

and dividends paid by the business enterprise, before special adjustments and apportionment.

Interest and Dividends Tax: 5%.

DUE DATE

Proprietorship, partnership, and fiduciary returns are due the 15th day of the third month following the close of the taxable period.

DUE DATE EXTENSION

New Hampshire does not require a taxpayer to file an application for an automatic seven-month extension of time to file provided that the taxpayer has paid 100% of both the BET and the BPT determined to be due by the due date of the tax. Do not file an extension with no amount due.

If you need to make an additional payment in order to have paid 100% of the taxes determined to be due, then you may file your payment on-line at: www.nh.gov/revenue or file a payment and application for a seven-month extension of time to file a business tax return, Form BT-EXT. The payment must be postmarked or received on or before the original due date of the return. Failure to pay 100% of the taxes determined to be due by the original due date may result in the assessment of penalties.

ELECTRONIC FILING

Electronic filing is currently unavailable for BET/BPT returns regardless of entity. Returns must be mailed in for processing.

ELECTRONIC PAYMENT

The e-FILE system can be used to make the following payments:

- BET/BPT Estimate Payment
- BET/BPT Extension Payment
- BET/BPT Return Payment
- BET/BPT Amended Return Payment

To pay, go to: <https://www.efilenh.govconnect.com/web/introduction.asp>

WEBSITE

<http://revenue.nh.gov/businesses/index.htm>

MAILING ADDRESS/PHONE NUMBER

N.H. Department of Revenue Administration
P.O. Box 637
Concord, NH 03302-0637
Taxpayer Services at: (603) 230-5920

ESTIMATED TAX

Every entity required to file a BPT return and/or a BET return must also make quarterly estimated tax payments for each individual tax for its subsequent taxable period, unless the annual estimated tax for the subsequent taxable period is less than \$200 for BPT and \$260 for BET.

However, if at the end of any quarter the estimated tax for the year exceeds \$200 for BPT or \$260 for BET, an estimated tax payment must be filed. The quarterly estimates are 25% of the estimated tax liability. See the instructions with the Estimated Business Tax Form for exceptions and penalties for non-compliance.

A quarterly estimate payment is due on or before the 15th day of the 4th, 6th, 9th, and 12th month of the taxable period to which the estimate relates.

COMPOSITE RETURNS

New Hampshire does not have any statutory provisions allowing or requiring a composite return.

INCOME TAX—INDIVIDUAL

New Hampshire imposes an individual tax only on interest and dividends.

Part-year residents of New Hampshire are subject to the interest and dividends tax. Nonresidents are not subject to the tax. The interest and dividends tax is reported on Form DP-10.

IRC CONFORMITY

New Hampshire conforms to the IRC as amended and in effect on December 31, 2016 for taxable periods beginning on or after January 1, 2018. New Hampshire has not yet passed legislation to conform to the business interest deduction limitation of IRC § 163(j) as amended by the Tax Cuts and Jobs Act.

New Hampshire only taxes interest and dividends for individual tax. New Hampshire's interest and dividends tax calculation does not begin with the federal tax base. No deductions including IRC §199A are allowed in calculating the interest and dividends tax due.

NET WORTH OR STOCK TAX

New Hampshire does not have a net worth or stock tax.

GROSS RECEIPTS TAX

New Hampshire does not recognize a specific gross receipts tax.

LOCAL BUSINESS LICENSE TAX

REGISTRATION

Depending on where you are located in New Hampshire, your city and/or county may require a city and/or county business license and, therefore, impose a business license tax.

STATE SALES AND USE TAX

New Hampshire does not have a state sales and use tax.

LOCAL SALES AND USE TAX (City/County/Special)

New Hampshire does not have a local sales and use tax.

EMPLOYMENT TAXES

WITHHOLDING

New Hampshire does not have an individual income tax. Business taxes and possible interest and dividends can be assessed however.

UNEMPLOYMENT

FORMS

Form DES 100A, Employer Status Report – must be filed within 30 days of first providing employment in New Hampshire, acquiring the assets of an existing employer, or acquiring the assets of a separate unit of an existing employer.

Form DES 200A, Employer Quarterly Tax Report.

RATES

Wage base is \$14,000 for 2019.

Contribution rates range from 1.10% to 9.50%.

New employers use 1.2% for current quarter 2019.

DUE DATE

New Hampshire requires a liable employer to file a Quarterly Tax and Wage Report and to pay contributions due on or before the last day of the month following the close of the calendar quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Employers reporting 50 or more employees must file their wage reports electronically. File using the state's online WebTax application at: <https://www2.nhes.nh.gov/webtax/> or on magnetic media suitable for computer processing.

The WebTax application may only be used by employers with no more than 1,000 employees. If you have 1,001 or more employees, you must file the wage report by magnetic media (diskette) or CD, the tax report on hard copy and mail together to the address indicated on the report.

ELECTRONIC PAYMENT

Available through electronic funds transfer.

WEBSITE

<http://www.nhes.nh.gov/>

MAILING ADDRESS/PHONE NUMBER

New Hampshire Department of Employment Security
Attn: Cashier
P.O. Box 2058
Concord, NH 03302-2058
Phone: (603) 224-3311
Fax: (603) 225-4323

NEW HIRE

Federal and state law requires employers to report newly hired and re-hired employees in New Hampshire to the New Hampshire Department of Employment Security (Department). The easiest and fastest way to report a new hire is online through the Department's New Hire Reporting System. Access to the application can be gained through "Employer WebTax & New Hire Reporting" provided in the blue box on the Department's homepage.

Employers must report all new hires and rehires within 20 days of the hire date. "New hires" also include individuals with whom you contract for services if: (1) The individual is a sole proprietor or individual contractor, and (2) You expect to, or in fact reimburse the contractor at least \$2,500 for services.

Independent contractors – not the employer – are responsible for reporting any subcontractors as new hires to the Department.

TERMINATION

Effective January 1, 2006, employers are required to report to the Department layoffs of 25 or more individuals in the same calendar week, if the layoff will last seven days or more. This requirement is the result of RSA 282-A:45-a. Emp Rule 302.13 and clarifies the statute.

If the layoff is due to a vacation or holiday shutdown, the employer must report it to the Department within seven business days following the end of the calendar week in which the layoff occurs. If the layoff is because of a company closure, it must be reported within three business days following the end of the calendar week the layoff occurs.

To report a mass layoff and/or seasonal layoff, go to: www.nhes.nh.gov
Then go to the Employer section and choose the Business Compliance page. Complete the Mass Layoff/Seasonal Layoff Spreadsheet under Report a Mass Layoff/Seasonal Layoff, then fax to: (603) 447-3951.

INDEPENDENT CONTRACTOR TREATMENT

Independent contractors will be subject to the “ABC” test to see if they are considered truly independent and exempt from having to include in employer wages and compensation reports.

All services performed by an individual for wages shall be deemed to be employment subject to the laws unless and until it is shown that: (a) such individual has been and will continue to be free from control or direction over the performance of such services, both under his contract or service and in fact; (b) such service is either outside the usual course of the business for which such service is performed or that such service is performed outside of all the places of business of the enterprise for which such service is performed; and (c) such individual is customarily engaged in an independently established trade, occupation, profession, or business.

PROPERTY TAX

PERSONAL PROPERTY

Local property taxes, based upon assessed valuation, are assessed, levied, and collected by municipalities. New Hampshire law provides that all “real estate,” whether improved or unimproved must be taxed except as otherwise provided. Buildings, mills, wharves, ferries, toll bridges, locks and canals and aqueducts owned by private parties, or any portion of the water of which is sold or rented for pay, are taxable as real estate. RSA Ch. 72 lists the persons and property liable to taxation. Tangible personal property is generally exempt. Certain fixtures used in generating, producing, supplying, distributing, transmitting, or transporting electric power or natural gas, crude petroleum or refined petroleum products are taxable as real estate. Boats are exempt from ad valorem tax but are subject to a special fee; railroad property, other than real estate, are subject to a specific railroad tax.

REGISTRATION

Filing requirements are determined based on ownership of [real] property. The property tax year is April 1 to March 31, and all property tax is assessed on the inventory taken in April of that year, except for prorated assessments on damaged buildings.

FORMS

Refer to municipality website for forms.

RATES

Local [real] property taxes, based upon assessed valuation, are assessed, levied, and collected by municipalities.

DUE DATE

Real estate taxes may be paid to the town or city collector at any time on or before December 1, without interest. Cities and towns may, by vote of the governing body, require semiannual payment on July 1 and December 1. The July 1 payment is the previous year’s assessed valuation times 1/2 the previous year’s tax rate, unless individual properties have physically changed in valuation, in which case the payment may be the current year’s appraisal times 1/2 the previous year’s tax rate. The December 1 payment is the balance of the current year’s tax after deducting the July 1 payment.

WEBSITE

<http://revenue.nh.gov/mun-prop/index.htm>

MAILING ADDRESS/PHONE NUMBER

Municipal and Property Division
P.O. Box 48
Concord, NH 03302-0487
(603) 230-5090
(603) 230-5950

REAL PROPERTY

Local [real] property taxes, based upon assessed valuation, are assessed, levied, and collected by municipalities. The property tax year is April 1 to March 31, and all property tax is assessed on the inventory taken in April of that year, except for prorated assessments on damaged buildings.

RATES

Municipality property rates can be found here: <http://revenue.nh.gov/mun-prop/municipal/property-tax-rates.htm>

DUE DATE

Property tax bills are issued by the municipality, where the property is located on either an annual, semi-annual, or quarterly basis. Due dates vary based upon the issue date of the bill.

WEBSITE

<http://revenue.nh.gov/mun-prop/index.htm>

MAILING ADDRESS/PHONE NUMBER

Municipal and Property Division
P.O. Box 487
Concord, NH 03302-0487
(603) 230-5090
(603) 230-5950

INTANGIBLES TAX

REGISTRATION

Intangibles are not taxable in New Hampshire.

FUEL TAX

New Hampshire does not have a fuel tax.

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

In New Hampshire most property types are presumed abandoned or unclaimed if there has been no account activity for five years. However, wages, payroll, or salary and utility deposits are presumed abandoned or unclaimed after one year.

The New Hampshire Unclaimed and Abandoned Property Law (RSA 471-C) & Administrative Rules Chapter Tre 300, require all “persons/holders” to review their records annually to determine whether they are in possession of properties which have become dormant and are presumed to be abandoned. Holders are further required to report and remit such properties to the state on a T-1 Form.

IMPACT FEES

Certain municipalities do make reference to impact fees. Further investigation with each municipality is needed on the scope and details for specific legislation.

MINIMUM WAGE

Unless otherwise provided by statute, no person, firm, or corporation shall employ any employee at an hourly rate lower than that set forth in the federal minimum wage law, which is \$7.25. These limitations shall not apply to employees engaged in household labor, domestic labor, farm labor, outside sales representatives, summer camps for minors, newspaper carriers, non-professional ski patrol, and golf caddies.

A tipped employee of a restaurant, hotel, motel, inn, or cabin who customarily and regularly receives more than \$30 a month in tips directly from the customer will receive a base rate from the employer of not less than 45% of the applicable minimum wage.

Except for employees of employers who are covered by the Fair Labor Standards Act, and seasonal employees of employers operating less than six months, employees shall be paid at the rate of time and one-half for all time worked in excess of 40 hours in any week.

REGISTERED AGENTS

Every New Hampshire LLC must have an agent for service of process in the state. This is an individual or business entity that agrees to accept legal papers on the LLC’s behalf if it is sued. The registered agent may be a New Hampshire resident or a corporation, LLC, or limited liability partnership authorized to do business in New Hampshire. The registered agent must have a physical street address in New Hampshire.

A list of registered agents is available at the New Hampshire Secretary of State website: <http://www.sos.nh.gov/corporate/agentlistings.htm>

DAVIS BACON

All construction work funded in whole or in part by American Recovery and Reinvestment Act (ARRA) funds must be completed in accordance with the provisions of the Davis-Bacon Act. School districts are responsible to ensure that contractors are aware of the reporting requirements as well as the wage and benefits rates. This requirement applies to any and all programs funded by the ARRA.

The Davis-Bacon and Related Acts, apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Davis-Bacon Act and Related Act contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. The Davis-Bacon Act directs the Department of Labor to determine such locally prevailing wage rates. The Davis-Bacon Act applies to contractors and subcontractors performing work on federal or District of Columbia contracts. The Davis-Bacon Act prevailing wage provisions apply to the "Related Acts," under which federal agencies assist construction projects through grants, loans, loan guarantees, and insurance.

For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular rate of pay for all hours worked over 40 in a work week. The overtime provisions of the Fair Labor Standards Act may also apply to the Davis-Bacon Act covered contracts.

There is a ten-minute video on the New Hampshire Office of Economic Stimulus website.

DRUG TESTING FACILITIES

A list of New Hampshire drug testing centers can be found at:
http://www.testcountry.com/drug-testing-center-facilities/new_hampshire.htm

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

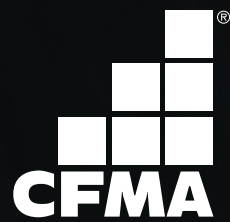
March 15, 2019

DATE OF LAST UPDATE

May 7, 2015

SUBJECT MATTER EXPERT

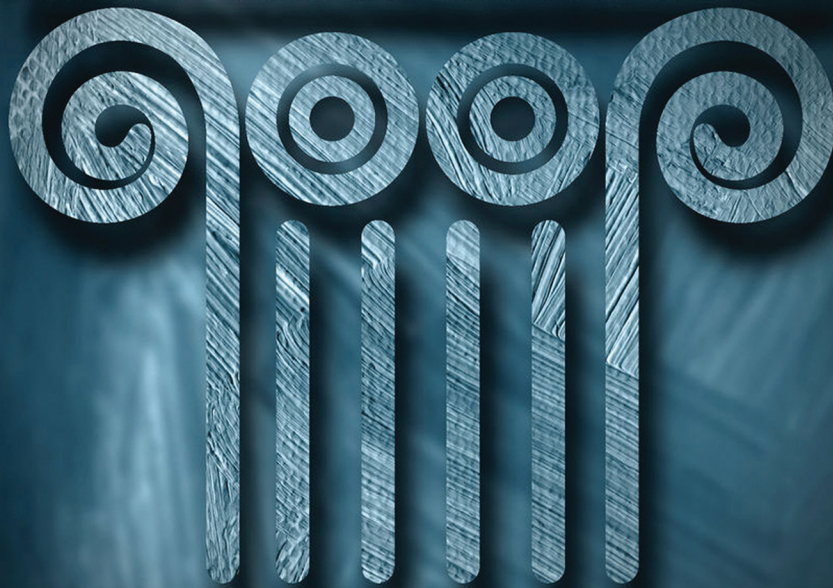
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



NEW JERSEY

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

All domestic and foreign corporations, LLC's, LP's, and LLP's must file an original formation/authorization certificate with the State of New Jersey. The filing process can be completed online. If you choose not to file online you can download forms on the New Jersey Department of Treasury website.

If you only need to withhold payroll taxes for an employee(s) who resides in New Jersey and you are not conducting business operations in the state, then you can fill out and submit paper Form NJ-REG, pgs. 17-19.

FORMS

Form NJ-REG, Business Registration Application.

Form REG-A, Registration for Contractors without Business Tax or Employees.

New Business Entity Filing Form.

Additional registration forms can be found at:

<http://www.state.nj.us/treasury/revenue/revprnt.shtml>

All businesses must file Form NJ-REG to be registered for tax and employer purposes. Online registration is available. This ensures that your business is registered under the correct tax identification number. Normally, you will use your Federal Employer Identification Number.

Foreign businesses that believe they don't have state tax Nexus must file a paper Form NJ-REG to obtain a Business Registration Certificate, and will be subject to a Nexus review, initiated and conducted by the Division of Taxation.

If you are required to submit the formation/authorization filing, you must file the NJ-REG within 60 days of filing the new business entity.

RATES, FEES, COSTS

All profit businesses (domestic and foreign) and foreign non-profits must pay a filing fee of \$125. The filing fee for domestic non-profits is \$75.

ELECTRONIC FILING

Optional. To form a business entity in New Jersey or obtain authorization to conduct business in this state, you must file with the Division of Revenue. This may be done online at: <https://www.state.nj.us/treasury/revenue/gettingregistered.shtml>

ELECTRONIC PAYMENT

Optional

WEBSITE

<http://www.nj.gov/njbusiness/registration/>

MAILING ADDRESS/PHONE NUMBER

New Jersey Division of Revenue
P.O. Box 252
Trenton, NJ 08646-0252
(609) 292-9292

ANNUAL RENEWALS

All profit and non-profit corporations (domestic and foreign), as well as all limited partnerships, limited liability companies, and limited liability partnerships must submit annual reports and associated processing fees each year following their dates of incorporation/registration.

FORMS

Report must be filed and paid electronically. See Electronic Filing below.

RATES

Fee for Profit Corporations, LPs, LLPs, and LLCs	\$50
Fee for Non-Profits	\$25

DUE DATE

Annual report must be filed each year on the last day of the anniversary month of the entity's formation in New Jersey.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required. Go to: https://www1.state.nj.us/TYTR_COARS/JSP/prepage.jsp

ELECTRONIC PAYMENT

Required. Go to: https://www1.state.nj.us/TYTR_COARS/JSP/prepage.jsp

WEBSITE

http://www.state.nj.us/treasury/revenue/dcr/programs/ann_rpt.shtml

PHONE NUMBER

(609) 292-9292

REGISTRATION WITH DEPARTMENT OF REVENUE

Form NJ REG. See section above for information on registering with the New Jersey Division of Revenue and Enterprise Services.

WEBSITE

<http://www.state.nj.us/treasury/revenue/>

MAILING ADDRESS

New Jersey Division of Revenue
Corporate Filing Unit
P.O. Box 308
Trenton, NJ 08646

LICENSES—GC & SPECIALTY

REGISTRATION

Generally, construction work in New Jersey is regulated at the state level. There are various requirements for contractors depending on the type of work they do.

All contractors and subcontractors who bid on or engage in the performance of any construction-related public works project must register with the Department of Labor and Workforce. Any new out-of-state applicants that plan to keep their payroll and business records out of New Jersey must complete a Request for Permission to Maintain Payroll Records Outside of New Jersey, (Form MW-42). Out-of-state applicants must also appoint a registered agent in New Jersey who will accept legal service in New Jersey.

Before a construction firm can compete for public works construction projects, its qualifications must be verified by the Division of Property Management & Construction (DPM&C). A contractor must be classified by DPM&C to be eligible to perform DPM&C-administered construction work, as well as construction projects for school boards and various New Jersey public agencies. The firm must submit to DPM&C a completed Request for Classification, (Form DPMC-27), which describes the company's financial ability, responsibility, plant and equipment, organization, ownership, relationships, and prior experience. This information must be evaluated by DPM&C prior to assignment of a "classification" which describes the specific construction categories/trades and maximum aggregate workload level(s) for which a contractor is eligible to bid.

Each Form DPMC-27 includes:

- Certified audited (or reviewed and compiled) financial statement, complete with a balance sheet, related statements of income and retained earnings, and cash flows.
- Statement demonstrating adequacy of officers and key management.
- Statement as to prior experience.
- A performance statement.
- Bonding capacity.
- Statement listing all stockholders and partners.

Home builders are required to register with the state before starting construction of any new home and before offering a warranty on any new home. The Home Builders Registration Application, along with a copy of Certificate of Incorporation, Certificate of LP, General Partnership Agreement, or Joint Venture Agreement, must be renewed every two years.

Home Repair Contractors – Any person engaged in the business of selling goods or services pursuant of a home repair contract. Licensing is only required for individuals

who offer the ability to finance the work to be done. These contractors must also carry workmen's compensation and public liability insurance.

Home Improvement Contractors – Any person engaged in the business of selling goods or making home improvements must pay a license fee. This type of work includes remodeling, altering, painting, repairing, renovating, restoring, moving, demolishing, or modernizing of a residential structure.

Any contractor who wishes to bid on a New Jersey Department of Transportation (Department) project must get prequalified by the Department. The application can be found online. Some of the details that the Department will ask about are your organization, personnel, financial condition, equipment, and experience. You will also be asked what type of work you want to be qualified for. Contractor prequalification requires that you complete and submit a Revised Contractors Financial and Equipment State Form, DC-74A, to Construction Services and include a certified audited or reviewed financial statement, along with a \$100 check.

Electrical contractor's need to apply for an electrical contractor's license to do electrical work in the state. The Board of Examiners of Electrical Contractors requires that you pass an exam to get a license. To take the exam you must meet certain age and experience/education requirements. Electrical contractors must also post a bond to the state for \$1,000 and carry a \$300,000 property damage and bodily injury insurance policy.

Plumbing contractor's need to apply for a license to do plumbing work in New Jersey. The Board of Examiners of Master Plumbers requires that you pass an exam to get a license. There are certain age and education requirements to take the exam. Before doing any business in the state you must also post a bond to the state for \$3,000.

New Jersey does not require a state license for commercial contractors or HVAC.

TESTS AND EXAMS

For information on contractor testing, go to:
<http://www.contractors-license.org/nj/nj.htm>

FORMS

Not Applicable

RATES

Public Works Registration	\$300
Two-year renewal	\$500

Home Builders fee	\$200
Renewal	\$200
Home Repair Contractor License Fee, good for two years	\$300
Home Improvement Contractor's License Register, good for one year	\$ 90
Department of Transportation Prequalification Application	\$100
Electrical License/Application	\$100
Exam	\$225
License: depending on when you get it during the three-year period	\$50-\$150
Plumbing License/Application	\$100
Exam	\$250
License: depending on when you get it during the two-year period	\$80-\$160

DUE DATE

Due before beginning operations in New Jersey.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://www.state.nj.us/dca/divisions/codes/forms/#7>

Home Repair Contractor's License: <http://www.state.nj.us/dobi/index.html>

Home Improvement Contractor's License: <http://www.state.nj.us/lps/ca/HIC/>

Department of Transportation Prequalification:
<http://www.state.nj.us/transportation/business/procurement/ConstrServ/prequalrequire.shtm>

Electrical License: <https://www.njconsumeraffairs.gov/>

Plumbing License: <https://www.njconsumeraffairs.gov/>

RECIPROCITY STATES

New Jersey does not have reciprocity agreements with other states.

EQUITY REQUIREMENT

Not Applicable

FINANCIAL STATEMENT REQUIREMENTS

Not Applicable

LOCAL LICENSES

Some localities require local licenses depending on the work to be done. Check with the locality work to be performed in to see if any additional licenses/requirements need to be met.

INCOME TAX

INCOME TAX—C CORPORATION

Tax is imposed on every corporation having or exercising its franchise in the state, deriving receipts from state sources, engaging in contracts within the state, employing or owning capital or property in the state, maintaining an office in the state, or doing business in the state.

FORMS

Form CBT-100, General Business Corporation Tax Return.

Form CBT-200-TC, Corporation Application for Extension of Time to File.

RATES

11.5% (i.e., 2.5% surtax imposed on allocated net income; in addition to the corporation business tax which is imposed at a rate of 9%) for the 2018 & 2019 tax years. Corporations with allocated income of less than \$1 million are taxed at 9%.

DUE DATE

Fifteenth day of fourth month after tax year.

DUE DATE EXTENSION

A C corporation may request a six-month extension if Form CBT-200-T is filed by the original due date of the return. Copy of federal extension application must be attached to final New Jersey gross income tax return; taxpayers who must remit payment by the original return filing due date to ensure that 80% of their tax liability will have been paid by that date are also required to file a New Jersey extension application

ELECTRONIC FILING

For tax years beginning on or after January 1, 2016, all taxpayers and tax preparers must file CBT returns and make payments electronically. The mandate includes all CBT returns, estimated payments, extensions, and vouchers.

ELECTRONIC PAYMENT

Effective January 1, 2016, all CBT tax payments must be made electronically.

Payments can be made by EFT (pre-registration required), e-check, or credit card through the Division of Taxation's online Corporation Business Tax Service at: https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=20

WEBSITE

<http://www.state.nj.us/treasury/taxation/>

MAILING ADDRESS

State of New Jersey
Department of the Treasury
Division of Taxation
Revenue Processing Center
P.O. Box 666
Trenton, NJ 08646-0666

ESTIMATED TAX

Estimated franchise, excise, or gross receipts tax is required if a corporation's prior year tax liability exceeds \$500.

FORMS

CTB-150, Estimated Tax Vouchers for Corporations.

RATES

Lesser of:

- 90% of tax liability shown on current year's return.
- 90% of current year's tax liability computed on annualized income basis.
- 100% of tax liability shown on preceding year's return.
- 100% of tax liability applying current year's tax rate to tax base shown on preceding year's return.

DUE DATE

Four equal installments due on the 15th of the 4th, 6th, 9th, and 12th month of the taxable year.

Taxpayers with gross receipts of \$50 million or more, pay 25% on the 15th of the fourth month; 50% on the 15th of the sixth month; and 25% on the 15th of the 12th month.

Taxpayers with a liability of \$500 or less may make a single payment of 50% of the prior year's tax liability, due by original due date of prior year's tax return.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

For tax years beginning on or after January 1, 2016, all taxpayers and tax preparers must file CBT returns and make payments electronically. The mandate includes all CBT returns, estimated payments, extensions, and vouchers.

ELECTRONIC PAYMENT

Corporations with a prior year's liability of \$10,000 or more in any one tax period are required to remit all tax payments using EFT. For tax years beginning on or after January 1, 2016, all taxpayers and tax preparers must file CBT returns and make payments electronically. The mandate includes all CBT returns, estimated payments, extensions, and vouchers.

Payments can be made at:

https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=20

WEBSITE

<http://www.nj.gov/njbusiness/tax/>

MAILING ADDRESS/PHONE NUMBER

State of New Jersey
Division of Taxation
Revenue Processing Center
P.O. Box 193
Trenton, NJ 08646-0193
1-(800) 323-4400

ALTERNATIVE MINIMUM TAX

Alternative Minimum Assessment (AMA) is imposed on taxpayers exempt from corporation business tax under Pub. L. 86-272 that do not consent to pay corporate business tax. The AMA is based on the greater of gross profits or gross receipts computation method.

Gross profits of:

\$0-1,000,000: AMA=0;

\$1,000,001-\$10,000,000: AMA = gross profits x .0025 x 1.11111 exclusion rate;

\$10,000,001-\$15,000,000: AMA = gross profits x .0035;

\$15,000,001-\$25,000,000: AMA = gross profits x .006;

\$25,000,001-\$37,500,000: AMA = gross profits x .007; and
\$37,500,001 or greater: AMA = gross profits x .008

Gross receipts of:

\$0-\$2,000,000: AMA = 0;
\$2,000,001-\$20,000,000: AMA = gross receipts x .00125 x 1.11111 exclusion rate;
\$20,000,001-\$30,000,000: AMA = gross receipts x .00175;
\$30,000,001-\$50,000,000: AMA = gross receipts x .003;
\$50,000,001-\$75,000,000: AMA = gross receipts x .0035; and
\$75,000,001 or greater: AMA = gross receipts x .004

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

New Jersey conforms to the current IRC and has not decoupled from the business interest expense deduction limitations of IRC § 163(j) as enacted by the Tax Cuts and Jobs Act.

For taxpayers that are included in a consolidated tax filing, the interest expense is based on what is reported for the separate company as interest expense on the consolidated return.

ALLOCATION AND APPORTIONMENT FACTORS

New Jersey utilizes a single sales factor apportionment formula.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

New Jersey has not adopted UDITPA.

Unlike the model UDITPA provisions, New Jersey law does not distinguish between business income and nonbusiness income, but rather distinguishes between operational income and non-operational income. Under New Jersey law, only those items of income characterized as operational income are subject to apportionment. Items of income characterized as non-operational income are specifically assigned to the jurisdiction where the non-operational activity has Nexus.

OTHER MULTISTATE COMPACT

New Jersey has not adopted the Multistate Tax Compact, but it is a sovereignty member of the Multistate Tax Commission.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Generally, taxpayers must use the percentage of completion method to report federal taxable income from long-term contracts. Taxpayers may use the completed contract method for any home construction contract, or any other construction contract

entered into by a taxpayer who: (i) estimates (at the time such contract is entered into) that such contract will be completed within the two-year period beginning on the contract commencement date of such contract, and (ii) whose average annual gross receipts for the three taxable years preceding the taxable year in which such contract is entered into do not exceed \$10,000,000.

For New Jersey tax purposes, the composition of the receipts fraction must be determined in harmony with the entire net income to which it relates. If a contractor uses the completed contract method of accounting for federal income tax purposes, the numerator and denominator of the receipts fraction must reflect the entire contract revenues on completed contracts recognized in entire net income during the period covered by the return.

CREDITS AND TAX INCENTIVES

Enterprise Zone Credits:

- Urban Transit Hub
- Urban Enterprise Zone Investment Tax Credit
- Qualified Wages-Zone Employees

Job Creation/Hiring Credits:

- Redevelopment Authority Projects
- Municipal Rehabilitation and Economic Recovery
- Grow New Jersey Assistance Program
- New Jobs Investment
- Employment Investment
- Business Retention and Relocation
- Employment of Disabled Individuals
- Sheltered Workshop

Investment Credits:

- Manufacturing Equipment

Health Credits:

- HMO Assistance Fund

Other Credits:

- Film and Television Production
- Research and Development
- Angel Investor Tax Credit
- Recycling Equipment Tax Credit
- Small New-Jersey Based High-Technology Business Investment
- Neighborhood Revitalization State Tax Credit
- Effluent Equipment

- Economic Recovery
- AMA Tax Credit

INCOME TAX—S CORPORATION

REGISTRATION

Federal S corporations must make separate state election on Form CBT-2553. The filing date for the elections is within one month of the time at which a federal S corporation election would be required. Specifically, it must be at any time before the 16th day of the fourth month of the first tax year the election is to take effect.

Every shareholder of the corporation must consent to this election. Out-of-state corporations must be authorized to do business in New Jersey. Within 30 days after filing, the Division of Revenue will notify you whether or not your election is accepted.

Corporations who have inadvertently failed to make a timely valid New Jersey S-election may be eligible for retroactive treatment. See NJ Reg. 18:7-20.3 for requirements.

FORMS

Form CBT-2553, S Corporation or QSSS Election.

Form CBT-2553-R, Retroactive S Corporation Election.

CBT-100S, S Corporation Business Tax Return.

Form CBT-200-T, S Corporation Business Tax App. for Extension of Time to File.

Form CBT-100S-V, Corporation Business Tax Payment Voucher.

RATES

6.37% or 9% or 10.75%

The rate is 6.37% of the allocable share of entire net income for nonresident non corporate partners. Although S corporations cannot have C corporation owners, the 9% rate for nonresident corporate partners also applies to income allocable to a partnership that is the owner of a partnership interest. The 10.75% rate is for nonconsenting shareholders.

DUE DATE

Calendar-year returns are due on April 15.

Fiscal-year taxpayers must file by the 15th day of the fourth month following the end of the fiscal year.

DUE DATE EXTENSION

If an S corporation cannot meet the Form CBT-100S filing deadline, they must file Form CBT-200-T by the original due date of the return. The S corporation must pay 100% of nonconsenting shareholders' withholding tax liability electronically or with Form CBT-100S-V by the original due date, unless previously paid, to avoid penalties.

ELECTRONIC FILING

For tax years beginning on or after January 1, 2016, all taxpayers and tax preparers must file CBT returns and make payments electronically. The mandate includes all CBT returns, estimated payments, extensions, and vouchers.

ELECTRONIC PAYMENT

Corporations with a prior year's liability of \$10,000 or more in any one tax period are required to remit all tax payments using EFT.

Effective January 1, 2016, all CBT payments must be made electronically.

Payments can be made by EFT (pre-registration required), e-check, or credit card through the Division of Taxation's Online Corporation Business Tax Service at: https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=20

WEBSITE

S Corporation Status: <http://www.nj.gov/treasury/revenue/scorp.shtml>

S Corporation Q & A: <http://www.state.nj.us/treasury/taxation/pdf/scorp.pdf>

MAILING ADDRESS

State of New Jersey
Department of the Treasury
Division of Taxation
Revenue Processing Center
P.O. Box 644
Trenton, NJ 08646-0644

COMPOSITE RETURNS FOR S

ALLOWED OR NOT ALLOWED

New Jersey allows S corporations to file a composite tax return on behalf of nonresident shareholders. Election to participate must be made each year by completing and filing Form NJ-1080E. Participants must waive the right to claim exemptions, deductions, or credits.

FORMS

Form NJ-1080C, New Jersey Nonresident Composite Return.

Form NJ-1080E, Election to Participate in a Composite Return.

Form NJ-630, Application for Extension of Time to File Gross Income Tax Return.

RATES

Rate is calculated based on the highest tax rate in effect for single taxpayers for the tax year.

DUE DATE

April 15

DUE DATE EXTENSION

An S corporation can request an extension of time to file on Form NJ-630 on or before the original due date of the return. A six-month extension will be granted if at least 80% of the actual tax liability is paid in the form of estimated or other payments by the original due date of the return.

ELECTRONIC FILING

The New Jersey Division of Taxation requires Participant and Nonparticipant Directory information (Schedules A, B, and C, Form NJ-1080-C) to be filed on diskette or re-writable CD when there are 25 or more participants. Form NJ-1080-C, (Composite Return), may not be filed on a diskette or re-writable CD, but must be filed on the paper return. A filing entity with less than 25 participants may also file on diskette or re-writable CD, but is not required to do so.

ELECTRONIC PAYMENT

Optional. However, corporations with a prior year's liability of \$10,000 or more in any one tax period are required to remit all tax payments using EFT.

Payment can be made by EFT (pre-registration required), e-check, or credit card through the Division of Taxation's online Corporation Business Tax Service at:
https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=20

WEBSITE

<http://www.state.nj.us/treasury/taxation/pdf/composit.pdf>

MAILING ADDRESS

Mail Form NJ-1080-C to:
State of New Jersey
Division of Taxation
Revenue Processing Center
P.O. Box 188
Trenton, NJ 08646-0188

ESTIMATED TAX FOR S CORPORATION

FORMS

Form CBT-150, Corporation Business Tax Statement of Estimated Tax.

Form NJ-1040-ES, Income Tax Declaration of Estimated Tax Voucher.

RATES

Taxpayers are required to make installment payments of estimated tax. The requirement for making these payments is based on the amount of the total tax liability shown on the most recent return.

If the prior year total tax liability is greater than \$375, the taxpayer must make installment payments towards the current year. If the prior year total tax liability is \$375 or less, installment payments may be made as indicated in the previous sentence or in lieu of making installment payments, and the taxpayer may make a payment of 50% of the prior year total tax liability.

If the S corporation has filed a composite return in the previous years and the amount estimated to be the total income tax liability for the composite return for the current tax year exceeds \$400, the filing entity must file a declaration of estimated tax and make quarterly estimated tax payments using Form NJ-1040-ES.

DUE DATE

Payments are due in four equal payments on or before the 15th day of the 4th, 6th, 9th, and 12th month of its tax year.

S corporations with gross receipts of \$50 million or more in the prior period must make installment payments on the following schedule: 25% in the fourth month, 50% in the sixth month, and 25% in the 12th month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

S corporations can paper file or e-file.

ELECTRONIC PAYMENT

A taxpayer can pay electronically by e-check, EFT, or credit card. Corporations with a prior year's liability of \$10,000 or more in any one tax period are required to remit all tax payments using EFT.

WEBSITE

<http://www.state.nj.us/treasury/taxation/>

MAILING ADDRESS

State of New Jersey
Division of Taxation
Revenue Processing Center
P.O. Box 193
Trenton, NJ 08646-0193

REQUIRED

Yes

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

A Division of Taxation regulation requires pass-through entities to make quarterly estimated payments. See section above on Estimated Tax for S Corporation for withholding information on nonresident S shareholders.

S CORPORATION TREATMENT

S corporations that have not elected to become New Jersey S corporations are treated as C corporations for corporate business tax purposes.

RECOGNIZE FEDERAL S ELECTION

No

STATE S ELECTION REQUIRED?

Yes. To become a New Jersey S corporation, all initial shareholders, along with the corporate entity, must consent that the State of New Jersey has the right and jurisdiction to tax and collect each shareholder's S corporation income and that the right is not affected by a change of a shareholder's residency.

INCOME TAX—PARTNERSHIPS, LLC

COMPOSITE RETURNS

Composite returns may be filed on behalf of electing full-year nonresident individuals who do not file on a fiscal year basis and do not have income from state sources other than the filing entity or other composite returns. Form NJ-1080C is due by April 15.

Election to participate must be made each year by completing and filing Form NJ-1080E. Rates are imposed at the highest rate allowed.

FORMS

Form NJ-1065, Partnership Return.

Form PART-100, Partnership Filing Fee and Tax Payment Return.

Form PART-200-T, Partnership Application for Extension of Time to File.

Additional forms can be found at:

<http://www.state.nj.us/treasury/taxation/prntpart.shtml>

RATES

Partnerships that are subject to the CBT remit tax based on nonresident corporate and nonresident non corporate partner's allocable share of New Jersey partnership income (Lines 24 and 25 of Form NJ01065).

Most entities classified as partnerships for federal income tax purposes that have income or loss derived from New Jersey sources and that have more than two owners must make a payment of a filing fee of \$150 for each owner up to a maximum of \$250,000.

DUE DATE

Calendar-year returns are due April 15. Fiscal-year returns are due the 15th day of the fourth month after the end of the tax year.

The filing fee is due on or before the 15th day of the fourth month succeeding the close of each privilege period. An installment payment equal to 50% of the current year's filing fee is also required at the same time.

DUE DATE EXTENSION

New Jersey partnerships and LLC's can get a five-month automatic extension if the federal extension is filed or federal Form 7004 is filed as state extension request by original due date of the return.

If you did not obtain a federal extension and you need more time to file your Form NJ-1065, federal Form 7004 must be submitted as your request to New Jersey on or before the original due date of the return.

In addition, any partnership that has a filing fee or tax due must file Form PART-200-T. The applicable payment must accompany Form NJ-1065. Form PART-200-T must be postmarked on or before the original due date for the return.

A five-month extension of time to file your NJ Return PART-100, may be granted if at least 80% of the total fee and/or tax reported on your NJ Return PART-100 when filed is paid in the form of a tiered partnership payment, installment payment, estimated payments, or other payments made by the original due date.

If you file Form PART-200-T, you must also file NJ Return PART-100 when you file Form NJ-1065.

ELECTRONIC FILING

New Jersey 1065 filers that do not use the services of a paid tax preparer and who have less than ten partners have the option to file/pay by paper or electronic means: https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=43

Partnerships subject to the provisions of the Corporation Business Tax Act (that is partnerships that remit tax based on any nonresident corporate and nonresident non corporate partner's allocable share of New Jersey partnership income) that utilize the services of a paid preparer must file all their returns completed by that practitioner via electronic means. Payments of the partnership liabilities along with the submission of payment related returns (PART-100 and PART-200-T) must also be made electronically either by the partnership or by a paid tax practitioner.

Partnerships with ten or more partners must also file all returns electronically regardless of whether or not they utilize the services of a paid tax preparer.

ELECTRONIC PAYMENT

See Electronic Filing section above.

WEBSITE

<http://www.state.nj.us/treasury/taxation/propart.shtml>

MAILING ADDRESS

Mailing address for New Jersey 1065:
New Jersey Division of Taxation-Revenue Processing Center
P.O. Box 194
Trenton, NJ 08646-0194

Mailing address for PART-200-T:
New Jersey Division of Taxation-Revenue Processing Center
Filing Fee and Tax on Partnerships
P.O. Box 642
Trenton, NJ 08646-0642

Mailing address for PART-100:
New Jersey Division of Taxation-Revenue Processing Center
Filing Fee and Tax on Partnerships
Return PART-100
P.O. Box 642
Trenton, NJ 08646-0642

INCOME TAX—INDIVIDUAL

FORMS

Form NJ-1040, Resident Income Tax Return.
Form NJ-1040NR, Nonresident Income Tax Return.
Form NJ-630, Application for Extension of Time to File.

RATES

Ranges from 1.4% to 10.75%.

Highest rate of 10.75% applies on New Jersey taxable income above \$5 million

DUE DATE

In general, your New Jersey income tax return is due when your federal income tax return is due. For calendar-year filers, the New Jersey income tax return is due by April 15 following the taxable calendar year. Fiscal year filers must file their New Jersey income tax return by the 15th day of the fourth month following the close of the fiscal year.

DUE DATE EXTENSION

You may receive a six-month extension of time to file your New Jersey resident income tax return. An application for an extension of time to file is accepted only if at least 80% of the tax liability computed on the taxpayer's return is paid in the form of withholdings, estimates, or other payments by the original due date, and

- Federal extension filed: A copy of your Federal Application for Automatic Extension is enclosed with your final return and the oval at the top of the NJ-1040 is filled in (or your confirmation number is entered in the space provided at the top of Form NJ-1040 if the extension application or payment was filed online or by phone); or
- No federal extension filed: You file a request for a six-month extension on Form NJ-630, Application for Extension of Time to File New Jersey Gross Income Tax Return, by the original due date of the return. Taxpayers who file Form NJ-630 will not receive an approved copy. We will notify you only if your request is denied, but not until after your return is actually filed.

NOTE: If a federal extension is filed, Form NJ-630 must still be filed by the original due date if you are required to make a payment to satisfy the 80% requirement.

ELECTRONIC FILING

Optional. Many tax preparers are required to electronically file all the returns they prepare (if they prepare more than 10 resident individual income tax returns). If you have a tax preparer complete your return, you can still choose to file by paper as long as you fill out Form NJ-1040-O, E-File Opt-Out Request Form. You must include the form with your return when you file, and your preparer must indicate that it is enclosed by filling in the oval in the section where he or she signs your return.

New Jersey WebFile or E-File: <http://njfastfile.com/>

ELECTRONIC PAYMENT

Can pay online by e-check and credit card.

Go to: https://www1.state.nj.us/TYTR_RevTaxPortal/jsp/IndTaxLoginJsp.jsp

WEBSITE

<http://www.state.nj.us/treasury/taxation/>

MAILING ADDRESS

Tax Due:

State of New Jersey
Division of Taxation
Revenue Processing Center-Payments
P.O. Box 111
Trenton, NJ 08645-0111

Refund:

State of New Jersey
Division of Taxation
Revenue Processing Center-Refunds
P.O. Box 555
Trenton, NJ 08647-0555

FED RETURN ATTACHED TO STATE RETURN

Yes.

STATE CONSTRUCTION-RELATED CREDITS

Not Applicable

IRC CONFORMITY

New Jersey adopts the current Internal Revenue Code but has decoupled from various sections. New Jersey has not decoupled from the business interest expense deduction limitations of IRC §163(j) as enacted by the Tax Cuts and Jobs Act. New Jersey does not permit a deduction for qualified business income from passthroughs.

ALTERNATIVE MINIMUM TAX

New Jersey does not impose an alternative minimum tax on individuals.

FRANCHISE TAX

The New Jersey CBT, applicable to business corporations generally and banking corporations, is a franchise tax imposed for the privilege of having or exercising a corporate franchise, or doing business, employing or owning capital or property, or maintaining an office within New Jersey. The franchise tax is also imposed when a business corporation derives receipts from sources within New Jersey or engages in contacts within New Jersey.

See Income Tax section above for information on The New Jersey Corporation Business Tax.

GROSS RECEIPTS TAX

New Jersey's AMA contains a gross receipts component. See the income tax section above for details.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, some cities, counties, and municipalities throughout New Jersey might have additional registration requirements that may affect your business.

Contact the local government office and the county assessor's office in the jurisdiction for which you want information on local/county taxes and licensing that may be needed for your business.

STATE SALES AND USE TAX

Sales and use tax applies to receipts from retail sale, rental, or use of tangible personal property or digital property; retail sale of producing, fabricating, processing, installing, maintaining, repairing, and servicing tangible personal property or digital property; and maintaining, servicing, or repairing real property, etc.

A compensating use tax is also imposed when taxable goods and services are purchased and New Jersey sales tax is either not collected or is collected at a rate less than New Jersey's sales tax rate. The use tax is due when such goods, or the goods on which taxable services are performed, come into New Jersey. If sales tax was paid to another state, the use tax is only due if the tax was paid at a rate less than New Jersey's rate.

REGISTRATION

All persons/businesses required to collect the tax must file a Business Registration Application, (NJ-REG). Each registrant's authority to collect sales tax is certified by a Certificate of Authority issued by the Division of Taxation, which must be prominently displayed at each place of business to which it applies. See the registration section above for more details.

CONTRACTORS

Sales of materials and supplies to contractors for use in constructing buildings or structures for others or otherwise improving, altering, or repairing real property of others are specifically defined as retail sales. The contractor must pay the sales tax at the time of purchase (unless he holds a direct payment permit).

In addition, a contractor's charge for servicing, repairing, or maintaining real property is taxable and the contractor collects the tax from his customer. The tax should be collected only on the service, since the contractor is responsible for paying tax on the material used in performing the service.

Taxable services purchased by a contractor are subject to tax unless such services are performed for the contractor exclusively for use in fulfilling a contract with an exempt organization. Services subject to tax include, but are not limited to the following:

- The fabrication of tangible personal property;
- Installing tangible personal property, except where such installation results in a capital improvement to real property and
- Maintaining, servicing, or repairing real or tangible personal property;
- Security services (i.e., guard services); and
- Landscaping, floor covering installation, and alarm system installation (security, burglar, fire, and carbon monoxide).

Capital improvements are exempt from tax with the exception of certain landscaping services and carpet and other floor covering installations. When a contractor performs work that results in an exempt capital improvement, no sales tax is charged on the labor portion of the bill if the property owner supplies a properly completed Certificate of Exempt Capital Improvement, Form ST-8. A capital improvement is an installation of tangible personal property that increases the capital value or useful life of real property (land or buildings). The item(s) installed must be permanently attached to the real property.

Purchases of materials by a subcontractor are subject to sales tax in the same manner as purchases made by a prime contractor. A subcontractor who performs taxable services for a prime contractor does not charge the prime contractor sales tax on the labor portion of the bill. The prime contractor is responsible for collecting any sales tax due from the property owner for work performed by the subcontractor.

For more tax information on contractors, see:
<http://www.state.nj.us/treasury/taxation/pdf/pubs/sales/su3.pdf>

FORMS

Form NJ-REG, Business Registration Application.

Form ST-50, Sales and Use Tax Quarterly Return.

Form ST-51, Sales and Use Tax Monthly Remittance Statement.

RATES

Rates are 50% of state rate in UEZs and Salem County.
State tax rate was reduced from 6.875% to 6.625% on January 1, 2018.
There are no local sales and use taxes in New Jersey. Special local taxes are authorized in certain localities.

DUE DATE

Both monthly remittance statements and quarterly returns are due by the 20th day of the month following the period covered by the filing.

Businesses that collected more than \$30,000 in New Jersey sales and use tax during the preceding calendar year must file monthly reports.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required (also available by phone):

https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=55

ELECTRONIC PAYMENT

Required. Can pay online by e-check or EFT debit, or credit card:

https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=55

WEBSITE

In general: <http://www.state.nj.us/treasury/taxation/su.shtml>

Contractors: http://www.state.nj.us/treasury/taxation/su_15.shtml

PHONE NUMBER

(609) 341-4800

GOVERNMENT PROVIDED MATERIALS

Not Applicable

TAXABLE SERVICES

New Jersey's sales tax is based on receipts from retail sales of tangible personal property and enumerated services. The state's use tax is based on purchase price. For further details, refer to the top of this section.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

The New Jersey state sales tax rate is 7%. Unlike many states, New Jersey does not allow the imposition of local sales tax – the entire state has a single rate. There are, however, 32 Urban Enterprise Zones covering 37 economically distressed cities.

In Urban Enterprise Zones, (UEZ)-impacted business districts and in both Salem and Cumberland County, sales tax may be charged at a reduced rate of 3.5% on certain items.

In addition, local sales taxes are imposed on sales of certain items in Atlantic City and Cape May County. Most of the increased taxes in these areas relate to tourism and luxury and would not apply to contractors.

RATES

See website below.

WEBSITE

Urban Enterprise Zones: http://www.state.nj.us/treasury/taxation/su_uez.shtml

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Forms NJ-927 and NJ-927W, Employer's Quarterly Reports – Online.

Form NJ-927H, Domestic Employer's Annual Return – Online.

Form WR-30, Employer Report of Wages Paid.

Form NJ-W-3, Annual Reconciliation of Gross Income Tax Withheld.

RATES

Varies depending on income and withholdings elected.

DUE DATE

Monthly/Quarterly Filers – On or before the 30th day of the month following the end of the quarter. Form WR-30 must be submitted on or before the 30th day of the month following the end of the quarter. NJ-W-3 must be filed annually.

Annual Filers (Household Employers) – Must file NJ-927-H and WR-30, and must be filed electronically on or before the January 30 next following the close of the calendar year. Annual filers are also required to file the Year-End Reconciliation of Tax Withheld, Form (NJ-W-3).

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Must be remitted electronically. Related returns must also be filed electronically.

ELECTRONIC PAYMENT

Can be made by e-check, credit card, or electronic funds transfer (ACH debit or ACH credit).

WEBSITE

https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=45

MAILING ADDRESS/PHONE NUMBER

Not applicable. Must be filed electronically.

NEW HIRE

New Jersey requires all employers to submit their report of new hire to the New Hire Directory within 20 days after the employee is hired or re-hired or returns to work. See: <http://newhire-reporting.com/NJ-Newhire/instruct.aspx> for more information on new hire reporting.

Generally, employees in New Jersey use the federal Form W-4 to determine the exemptions. However an employee can complete NJ-W4 to declare a different withholding information for state purposes.

As an employer you are required to furnish NJ-W4 to your employees, but employees are not required to complete the form.

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

All remunerated services performed by an individual are deemed to be employment, unless it is established to the satisfaction of the Department that:

- 1) The individual has and will continue to be free from control or direction over the performance of such service.
- 2) Such service is either outside the usual course of business for which such service is performed or that such service is performed outside of all the places of business of the enterprise for which such service is performed.

Such individual is customarily engaged in an independently established trade, occupation, profession, or business.

New Jersey state law requires that an independent contractor transacting business in New Jersey be reported as a new hire.

UNEMPLOYMENT

FORMS

Submitted with payroll taxes on forms listed above.

RATES

Two factors determine an employer's unemployment tax rate:

- 1) The Unemployment Trust Reserve Ratio.
- 2) The Employer's Reserve Ratio

DUE DATE

See above

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

See above

ELECTRONIC PAYMENT

See above

WEBSITE

See above

MAILING ADDRESS/PHONE NUMBER

Not Applicable

NEW HIRE

See above

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

Same as above.

PROPERTY TAX

PERSONAL PROPERTY

Personal property, in general, is not subject to tax in New Jersey.

REAL PROPERTY

Real property is subject to property tax in New Jersey unless specifically exempted by the statute. Real property subject to tax includes all land and improvements upon the land. In addition, real property includes certain personal property affixed to the land. Real property taxes are assessed and collected by cities and townships.

RATES

Assessors must determine the taxable valuations of real property as of October 1 in each year and must complete the preparation of the assessment list by January 10 of each year. In the case of a municipality located in a county where the County Board of Taxation is participating in a real property assessment demonstration program established in Ch. 15 (S.B. 1213), Laws 2013, the assessor must determine the taxable valuation of real property as of October 1 in each year and must complete the preparation of the preliminary assessment list by November 1. After determining the full value of each property, the assessors must compute the taxable value for each property at the level established for the county. Taxable value is a percentage of true value, not less than 20% and not greater than 100%, established by each County Board of Taxation.

There is no state property tax rate in New Jersey. The property tax rates are set by the municipalities.

For tax rates by county, go to:

<http://www.state.nj.us/treasury/taxation/lpt/taxrate.shtml>

DUE DATE

Generally, local property taxes are payable in quarterly installments that are due on February 1, May 1, August 1, and November 1. Municipalities may allow a grace period for payments of up to an additional ten calendar days for payments without incurring an interest penalty.

WEBSITE

<http://www.state.nj.us/treasury/taxation/lpt/localtax.shtml>

MAILING ADDRESS/PHONE NUMBER

Depends on locality.

INTANGIBLES TAX

Intangible property is not subject to property tax in New Jersey.

FUEL TAX

REGISTRATION

Fuel taxes are remitted to the state by the supplier on undyed fuels. Since the taxes are required to be charged by the supplier, the consumer will be required to file for a refund of taxes for non-taxable uses of the fuel. Credits or refunds can be claimed on a monthly basis. The state also requires copies of invoices from the supplier to be attached to the form to support the refund claims.

FORMS

Form SMF-10, Supplier of Motor Fuel Return.

Form A-3711-MF, Motor Fuel Tax Refund Claim.

RATES

Gasoline and Gas Blends – 10.5 cents per gallon.

Diesel and Diesel Blends – 13.5 cents per gallon.

Motor Fuels – 4 cents a gallon.

LPG used as a motor fuel – 5.25 cents per gallon.

DUE DATE

Monthly. The claim must be postmarked no later than the last business day of the sixth month following the month during which the fuels were purchased.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Optional

Distributors:

https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=30

Retailers:

https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=35

Suppliers:

https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=36

Terminal Operator:
https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=99

WEBSITE

<http://www.state.nj.us/treasury/taxation/motorfuels.shtml>

MAILING ADDRESS

Division of Taxation
Motor Fuels Tax Section
P.O. Box 243
Trenton, NJ 08695

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

<http://www.unclaimedproperty.nj.gov/>

All unclaimed property is presumed abandoned within 1-5 years depending on the property. Refer to Abandonment table for specifics:

<http://www.unclaimedproperty.nj.gov/pdf/abandon.pdf>

IMPACT FEES

Per unit fees as high as \$5,000. Also have linkage fees.

MINIMUM WAGE

In 2018 New Jersey's minimum wage is \$8.60 per hour and in 2019 is \$8.85 per hour.

REGISTERED AGENTS

Every New Jersey corporation and LLC must have an agent for service of process in the state. This is an individual or corporation that agrees to accept legal papers on the corporation's behalf if it is sued. The registered agent may be a New Jersey resident or a foreign or domestic corporation authorized to do business in New Jersey. The registered agent must have a physical street address in New Jersey. The agent should agree to accept service of process on your corporation's behalf prior to designation.

DAVIS BACON

New Jersey has the New Jersey Prevailing Wage Act which applies to public works contracts awarded by the state, a political subdivision of the state, or a regional school board. Some projects such as airports and highways may be subject to both the Davis Bacon Act and the New Jersey Prevailing Wage Act.

Project's total value must exceed \$15,444 for municipalities or \$2,000 for work done on any other public entity.

For more information on New Jersey Prevailing Wage laws, including contractor responsibilities, go to:

https://www.nj.gov/labor/wagehour/content/prevailing_wage_rate_faqs.html#q13

The following link contains resources to find prevailing wages for various counties/ job descriptions:

https://www.nj.gov/labor/wagehour/wagerate/wage_rates.html

DRUG TESTING FACILITIES

A list of drug testing facilities in New Jersey can be found at:
http://www.testcountry.com/drug-testing-center-facilities/new_jersey.htm

OTHER

CFMA Chapters in New Jersey:

New Jersey, Woodbridge, NJ: <http://cafe.cfma.org/NewJerseyNJ/Home/>

South Jersey, NJ: <http://cafe.cfma.org/SNJ/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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January 6, 2014

SUBJECT MATTER EXPERT

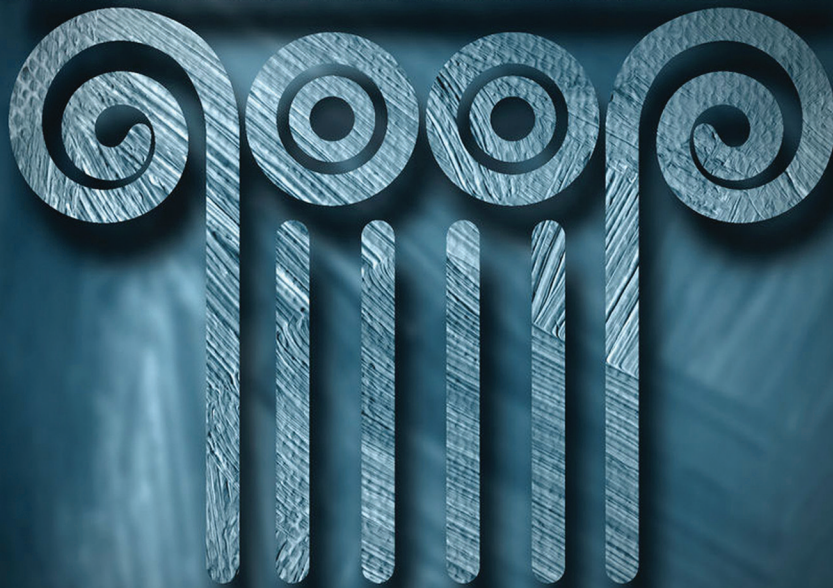
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CONSTRUCTION
FINANCIAL
MANAGER's
GUIDE TO

STATE TAX LAWS



NEW MEXICO

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes submitting Articles of Incorporation, filing the required forms, and paying any applicable fees. In addition, the exclusive right to the use of a corporate name or business name may be reserved by any domestic corporation or foreign corporation or other business entity by filing an application to reserve such name, if currently available.

FORMS

Domestic Corporations: The incorporator(s) of a corporation shall file with the Secretary of State:

- 1) The signed original of the Articles of Incorporation, together with a duplicate copy which may be either signed or photocopied; Form DPR, Articles of Incorporation.
- 2) A statement executed by the registered agent acknowledging acceptance of that appointment; Form D-Stmnt, Statement for Registered Agent.
- 3) Filing fee

Limited liability companies similarly submit articles of organization with Form DLLC, Articles of Organization, and Form DLLC-Stmnt, Statement for Registered Agent.

New Mexico Limited Liability Partnerships (NM LLP): Requirements for Filing a Statement of Qualification for New Mexico Limited Liability Partnerships (for further information, please refer to Sections 54-1A-1001 through 54-1A-1206 NMSA, 1978).

FOREIGN CORPORATIONS, LLC, PARTNERSHIPS

In order to transact business in New Mexico, corporations must procure a Certificate of Authority to transact business from the Secretary of State. A foreign LLC or partnership files a Certificate of Registration to transact business in New Mexico.

RATES, FEES, COSTS

Articles of Incorporation: \$100 (minimum) for domestic corporations and \$200 (minimum) for foreign corporations, and up to \$1,000 (maximum) (based on \$1 for each 1,000 shares of the total amount of authorized shares, but in no case will the filing fee be less than \$100 nor more than \$1,000).

Articles of Organization: Domestic LLC: \$50; foreign LLC/partnerships: \$100.

Expedite Filing Fee Schedule:

All forms for expedited filing must accompany request form. Form SOS-EXP.

- Same business day filing: (non-refundable-separate payment required) \$150.00. (Processed same business day if application is received by 2:00 pm. If received after 2:00 pm, application will be processed by the end of the next business day).
- Two business days filing: (non-refundable-separate payment required) \$100.00. (Processed within two business days upon receipt).

Statement of Qualification (NM LLP): \$50.00.

WEBSITE

<http://www.sos.state.nm.us>

MAILING ADDRESS/PHONE NUMBER

New Mexico Secretary of State
Corporations Bureau
New Mexico State Capitol Annex North Building
325 Don Gaspar, Third Floor, Suite 300
Santa Fe, NM 87501
(505) 827-4508 or toll free at: (800) 477-3632

ADDITIONAL ASSISTANCE

The New Mexico Secretary of State (SOS) website has FAQ questions as well as forms, instructions, etc.

ANNUAL RENEWALS

New Mexico Domestic and Foreign Corporations – A Biennial corporate report must be filed by the 15th day of the third month following the fiscal year in which the corporation became authorized to transact business.

New Mexico LLP's – An annual report must be filed between January 1 and April 1 of each year following the calendar year in which the limited liability partnership becomes authorized to transact business (Section 54-1A-1003).

FORMS

NM Domestic Profit Corporation – Biennial Report.

NM LLP – Annual Report.

RATES

NM Domestic & Foreign Profit Corporation – Biennial corporate report	\$25
NM LLP – Annual Report	\$50

DUE DATE

See above

DUE DATE EXTENSION

No extension is allowed. Penalty of \$200, if late.

ELECTRONIC FILING

Yes, electronic filing is available at:

<https://portal.sos.state.nm.us/BFS/online/Account>

ELECTRONIC PAYMENT

Required

WEBSITE

<http://www.sos.state.nm.us>

MAILING ADDRESS/PHONE NUMBER

Office of the New Mexico Secretary of State
Corporations Bureau
325 Don Gaspar, Suite 300
Santa Fe, NM 87501
Toll Free (800) 477-3632
(505) 827-4511
E-mail: corporations@state.nm.us

REGISTRATION WITH DEPARTMENT OF REVENUE

Anyone who engages in business in New Mexico must register with the Taxation and Revenue Department (TRD). They may make an exception if your business is exempt from gross receipts, withholding, or compensating tax by state law.

After registering you will receive a New Mexico tax identification number (CRS Identification Number). Use this number to report and pay state and local option gross receipts tax, New Mexico withholding tax and compensating tax under the Combined Reporting System (CRS). Known as a CRS Identification Number, it is used to report and pay tax collected on gross receipts from business conducted in New Mexico.

FORMS

New Mexico Taxation and Revenue offer two ways to obtain a CRS identification number. You can submit an ACD-31015, Application for Business Tax Identification Number to any local tax office. You can also apply for a CRS identification number online.

RATES

There is no fee to register or obtain a CRS identification number. You can return your forms to any district tax office or register online and receive a CRS identification number immediately. Applications submitted by mail are processed within one to two weeks. We then mail the CRS identification number to you. Applications for CRS identification numbers are also available at many city, village, and town halls around the state. Those offices can issue a CRS identification number immediately upon processing an application.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

You can apply electronically at New Mexico Taxpayer Access Point System (TAP):
[https://tap.state.nm.us/tap/ /](https://tap.state.nm.us/tap/)

ELECTRONIC PAYMENT

There is no fee to register

WEBSITE

New Mexico Taxation and Revenue Department:
<http://www.tax.newmexico.gov/Businesses/register-your-business.aspx>

MAILING ADDRESS/PHONE NUMBER

New Mexico Taxation and Revenue Department
1100 South St. Francis Drive
Santa Fe, NM 87504
(505) 827-0700

LICENSES—GC & SPECIALTY

REGISTRATION

Anyone engaged in construction-related contracting in New Mexico must be licensed. The state issues contracting licenses in approximately 100 different classifications. This includes:

- General construction work,
- Electrical,
- Mechanical,
- Plumbing, and
- LP gas.

Licensing and examination services are provided by Psychological Services, Inc. (PSI): https://public.psiexams.com/index_login.jsp

On PSI website you can find/search for:

- Public information on a contractor/LPG dealer license/journeyman or qualifying party.
- Download forms and instructional documents.
- Contact PSI concerning New Mexico construction licensing.
- Register, schedule, or download contractor examination information.

View Candidate Information Bulletins for:

- Contractor.
- Hoisting.
- Journeyman.
- LP gas.
- Manufactured housing.

To get your initial Contractor's License:

- Review Candidate Information Bulletin for appropriate classification(s) for work you intend to perform, testing requirements, work experience requirements, and fees.
- Complete "Application for Qualifying Party Certification" for each classification you would like to sit for exam, as well as the Business and Law exam/course.
- Successfully pass required exams and comply with all requirements for certification. You have six months from the date PSI approves your application and affidavit or your application fees will be forfeited and you will have to reapply.
- Once receiving Qualifying Party (QP) Certification you have 12 months to attach to a valid contractor's license. (NOTE: All QP certificates are valid indefinitely as

long as they are attached to an active license. Once detached from a license, a QP certificate will automatically cancel if not reattached to a license within two consecutive years and will have to reapply and retest).

- Apply for contractor's license – Form "Application for Contractor License." Instructions give a detailed list of requirements, but a few items to point out:
 - Be sure to clear the proposed name with PSI before registering it with the New Mexico Secretary of State or applying for a New Mexico Tax ID number (CRS number) with New Mexico Taxation and Revenue. Company name also cannot reflect a trade outside of classification scope of the license. State law prohibits the issuance of a license if the proposed name is the same as, or is substantially similar to, a name that is on a pending application of existing license.
 - You will need to provide proof of current registration with both New Mexico Taxation and Revenue and New Mexico Secretary of State (if a corporation, limited partnership, limited liability partnership, or limited liability company) issued in the exact name shown on contractor's license application.
 - Proof of financial responsibility: Bond issued in the exact name shown on application.
 - Workers compensation insurance is required of all licensees. If you are a sole proprietor with no employees, you may be exempt from worker's compensation insurance requirement.
- Can find applications and instructions on line at PSI's website, but need to walk-in or mail application.
- All submissions must include original documents. You cannot submit an application by fax or e-mail.
- Payments can be made by personal check, company check, money order, cashier's check, or credit card (Visa, MasterCard, American Express, or Discover). Cash payments only accepted for walk-in payments.
- Timeframe to receive contractor's license – if everything is complete, process time typically takes 7 to 10 days.
- Licenses are effective for three years from the month of issuance.

Contractors licensed who perform work on manufactured homes must be registered with the Manufactured Housing Division (MHD). Call MHD at (505) 476-4770.

If applying for LP gas dealer license, please see specific instructions and forms for these specific classifications.

Contact information:

PSI
2301 Yale Blvd. SE

Suite C-4
Albuquerque, NM 87106
Phone: (877) 663-9267
Fax: (505) 243-0036
https://public.psiexams.com/index_login.jsp

New Mexico Construction Industries Division
Regulation and Licensing Department
2550 Cerrillos Road
Santa Fe, NM 87505
(505) 476-4700
<http://www.rld.state.nm.us/construction>

TESTS AND EXAMS

Test and exams vary on classification(s) you would like to become a qualifying party. See various Candidate Information Bulletins (contractor, hoisting, journeyman, LP gas, and manufactured housing) for exam requirements. Candidate Information Bulletins can be found on PSI's website.

FORMS

Forms will vary dependent if you are initially applying for a contractor's license, needing to make a change on a current contractor's license, or renew a license. Please refer to PSI's website for various forms and instructions.

RATES

Fees vary based on classification(s). Please see Candidate Information Bulletins for fees charged. In addition to fees based on classification(s), there is also a contractor license application fee of \$30 and a certificate fee of \$6.

DUE DATE

Contractor's licenses are valid for three years, effective on the last day of the month in which it was issued. (Example: if your license was issued on November 4, 2018, it will expire on November 30, 2021).

Licenses not postmarked by the expiration date are suspended. Licenses not renewed within 90 days of the expiration date are cancelled. Late fees will be assessed as follows: 1-30 days = \$1.00 and 30-90 days = equivalent to one year's fee. After 90 days, the license will be cancelled. Corrected renewals re-submitted after the license expiration dates are subject to late fees, suspension, and cancellation as indicated above.

DUE DATE EXTENSION

Licenses not postmarked by the expiration date are suspended. Licenses not renewed within 90 days of the expiration date are cancelled.

ELECTRONIC FILING

Not Applicable

Can find applications and instructions on line at PSI's website, but need to walk-in or mail application. Applications cannot be submitted by fax or e-mail.

ELECTRONIC PAYMENT

Not Applicable

Payments can be made by personal check, company check, money order, cashier's check, or credit card (Visa, MasterCard, American Express, and Discover). Cash payments only accepted for walk-in payments.

WEBSITE

PSI website: https://public.psiexams.com/index_login.jsp

New Mexico Construction Industries Division website:
<http://www.rld.state.nm.us/construction>

MAILING ADDRESS/PHONE NUMBER

PSI
2301 Yale Blvd. SE
Suite C-4
Albuquerque, NM 87106
Phone: (877) 663-9267
Fax: (505) 243-0036
https://public.psiexams.com/index_login.jsp

New Mexico Construction Industries Division
Regulation and Licensing Department
2550 Cerrillos Road
Santa Fe, NM 87505
(505) 476-4700

RECIPROCITY STATES

Not Applicable

EQUITY REQUIREMENT

Not Applicable

FINANCIAL STATEMENT REQUIREMENTS

Not Applicable

However, there is a proof of financial responsibility requirement. A contractor's license bond.

LOCAL LICENSES

REGISTRATION

There are numerous municipalities as well as Indian Pueblos that may require separate registration (Business Registration) if you have a job site or business location within their boundaries. The fees vary, ranging from \$10 - \$35 for the annual registration (for the majority of municipalities it is an annual registration; however, there are a minority of municipalities that charge on a quarterly basis). Typically, you can find the forms on their websites.

As for contractor licensing, it is administered at the state level.

FORMS

Each municipality/Indian Pueblo will have their specific forms for the local license (Business Registration). Typically, you can find the forms on their websites.

RATES

The fees vary, ranging from \$10 - \$35 for the annual registration (for the majority of municipalities it is an annual registration; however, there are a minority of municipalities that charge on a quarterly basis).

DUE DATE

Typically, you must renew your business registration by the annual expiration date.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Most municipalities accept electronic filings; however, Indian Pueblos only accept hard copies.

ELECTRONIC PAYMENT

Varies by municipality.

WEBSITE

Varies by municipality.

MAILING ADDRESS/PHONE NUMBER

Varies by municipality.

INCOME TAX

INCOME TAX—C CORPORATION

Any corporation with income from the transaction of business in, into, or from New Mexico or from property or employment in the state has Nexus and is subject to corporate income tax, unless the business's activities are immune under federal Public Law (PL 86-272). Every entity with Nexus that is required to file a federal corporation income tax or equivalent return, must file a New Mexico CIT-1 return. A copy of the Federal Form 1120 (pages 1 through 5 only) is a required attachment to the New Mexico return.

Corporations that have no business activity in New Mexico other than sales, do not own or rent real estate in New Mexico, and have gross annual sales in New Mexico of \$100,000 or less qualify to compute income tax using Schedule CC. Schedule CC must be attached to the return

FORMS

- Form CIT-1, Corporate Income and Franchise Tax Return.
- Form CIT-A, Apportioned Income for Multistate Corporations.
- Form CIT-B, Allocation of Non-Business Income Schedule.
- Form CIT-C, Computation of New Mexico Percentage Schedule.
- Form CIT-D, Foreign Dividend Deduction Schedule.
- Form CIT-CR, Tax Credit Schedule.
- Form CIT-PV, Tax Payment Voucher.
- Form CIT-EXT, Extension Payment Voucher.
- Form CIT-ES, Estimated Tax Payment Voucher.

RATES

Graduated rate of 4.8% to 5.9% in New Mexico.

If net income is not over \$500,000, tax is 4.8%; if net income is over \$500,000, tax is \$24,000 plus 5.9% of excess over \$500,000.

Future rates: There is no enacted rate change at this time.

DUE DATE

The statutory due date is April 15 for calendar year taxpayers.

Payment is due on the due date regardless of extension and may be made either online or using the CIT-PV or CIT-EXT forms.

DUE DATE EXTENSION

A New Mexico extension is automatic with the federal extension (Form 7004). Use Form CIT-EXT to pay any taxes due at time of extension. Extension requests are due on the due date for the related tax return. Attach a copy of the federal extension to the CIT-1 when filed.

If an extension is needed, but a federal extension has not been obtained or an extension is needed beyond the federal extension date, a corporation may file Form RPD-41096, Extension of Time to File. The New Mexico extension request is also due on the due date for the related tax return.

ELECTRONIC FILING

New Mexico allows for electronic filing of corporate returns.

ELECTRONIC PAYMENT

Mandated (EFT or other special payment method) for combined reporting system (CRS) taxes (which includes employee withholding tax) if average CRS tax liability was \$25,000 or more per month during the previous calendar year. Electronic payments can be made through the New Mexico Taxpayer Access Point. Account set-up is recommended and can be used for personal and gross receipts taxes as well. Set up and access your account at: <https://tap.state.nm.us/tap>

There is no charge for payment by electronic check. A convenience fee of 2.40% is applied for payment using a credit card (Visa, MasterCard, American Express, or Discover Card accepted).

WEBSITE

<http://www.tax.newmexico.gov/>

MAILING ADDRESS/PHONE NUMBER

New Mexico Taxation and Revenue Department
Attn: Corporate Income and Franchise
P.O. Box 25127
Santa Fe, NM 87504-5127
In Santa Fe: (505) 827-0825
Toll Free: (866) 809-2335, option 4

ESTIMATED TAX

Estimated tax payments are required if the corporation's tax, after applicable credits, is \$5,000 or more in the current year.

Penalties and interest are calculated on the difference of estimated tax payments and the amount of estimated tax due using the lower of four methods: 1) 80% of current year's estimated tax liability; 2) 100% of prior year's tax liability if a full 12-month year; 3) 110% of the liability for the year immediately preceding the prior tax year if a full 12-month year and prior tax return has not yet been filed; 4) 80% of the estimated tax liability for each quarter calculated on a quarterly basis, not accumulative. New Mexico Taxation and Revenue Department calculates the first three methods automatically. The fourth method is calculated using Form RPD-41287, which must be attached to the CIT-1.

FORMS

If paying by check or money order, write the tax year and "CIT-ES" on your check or money order and use Form CIT-ES.

RATES

For the first three methods above, 25% of the estimated tax is due each quarter. For the fourth method, 100% of the quarter's estimated tax is due.

Penalties: 2% of tax due for each month, or partial month, from the date the return was due, not to exceed 20% if the return is not filed or tax is unpaid when due because of negligence or disregard of rules or regulations, but without intent to defraud.

Interest: Accrues daily on tax not paid on or before the due date (without extension). Interest is calculated as: Tax Due x Daily Interest Rate x Number of Days Late. The daily interest rate changes quarterly and is the established U.S. Internal Revenue Code rate for individual income tax purposes. The rate schedule can be found at: <http://www.tax.newmexico.gov/Individuals/penalty-interest-rates.aspx>

DUE DATE

Estimated tax payments are due on or before the 15th of the 4th, 6th, 9th, and 12th month. For calendar year corporations these would be April 15, June 15, September 15, and December 15.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

No

ELECTRONIC PAYMENT

Yes, electronic payments can be made through the New Mexico Taxpayer Access Point. Set up and access your account at: [https://tap.state.nm.us/tap/ /](https://tap.state.nm.us/tap/)

There is no charge for payment by electronic check. A convenience fee of 2.40% is applied for payment using a credit card (Visa, MasterCard, American Express, or Discover Card accepted).

WEBSITE

<http://www.tax.newmexico.gov/>

MAILING ADDRESS

New Mexico Taxation and Revenue Department
Attn: Corporate Income and Franchise
P.O. Box 25127
Santa Fe, NM 87504-5127

ALTERNATIVE MINIMUM TAX

New Mexico does not have an alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

A New Mexico net operating loss incurred in tax years after 1990 cannot be carried back and may only be carried forward for twenty years or until the total amount has been used.

New Mexico conforms to the current IRC and has not decoupled from the business interest expense deduction limitations of IRC § 163(j) as amended by the Tax Cuts and Jobs Act.

ALLOCATION AND APPORTIONMENT FACTORS

Evenly weighted three-factor formula.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

New Mexico normally applies the UDITPA formula consisting of three equally weighted factors of property, payroll, and sales. However, in some instances, New Mexico will require the use of a different formula.

OTHER MULTISTATE COMPACT

New Mexico is a member of the Multistate Tax Compact, Multistate Tax Commission (MTC).

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

When a construction contractor has income from sources both within and without New Mexico, the apportionment formula varies based on election of percentage of completion or completed contract methods of accounting. The property and payroll factors are computed in the same manner for all long-term contract methods of accounting and is computed for each income year even though under the completed contract method of accounting, business income is computed separately.

If the percentage of completion method is used:

The amount to be included as business income is the amount by which the gross contract price which corresponds to the percentage completed during the income year exceeds all expenditures made during the income year. Account must be taken of the material and supplies on hand at the beginning and end of the income year.

The sales factor includes only that portion of the gross contract price which corresponds to the percentage of the entire contract which was completed during the income year.

If the completed contract method is used:

The amount to be included as business income is the income derived from long-term contracts completed and accepted during the income year. A separate computation is made apportioning the contract over its life and aggregating the result.

The sales factor includes the portion of gross receipts (progress billings), attributable to each contract, received or accrued during the income year.

SPECIFIC EXCLUSION OF INCOME ITEMS

Not Applicable

SPECIFIC EXCLUSION OF COST ITEMS

Not Applicable

CREDITS AND TAX INCENTIVES

New Mexico offers business-related tax credits to corporations and individuals who meet the requirements set out in the statutes for each credit. Possible tax credits applicable to construction contractors include:

- Cultural Property Preservation Tax Credit.
- Business Facility Rehabilitation Tax Credit.
- Rural Jobs Tax Credit.

- Job Mentorship Tax Credit.
- Affordable Housing Tax Credit.
- Sustainable Building Tax Credit.
- Agricultural Water Conservation Tax Credit.
- Geothermal Ground-Coupled Heat Pump Tax Credit.
- Veterans Employment Tax Credit.

Information on the tax credits/incentives can be obtained at:
<http://www.tax.newmexico.gov/Tax-Professionals/tax-credits-overview.aspx>

INCOME TAX—S CORPORATION

Corporations and limited liability companies electing to be taxed as S corporations for federal income tax purposes, must file a New Mexico S-Corporate Income and Franchise Tax Return, if the entity is registered to do business in the state, transacts business in, into, or from the state, or derives any income from property or employment within the state. A copy of the Federal Form 1120S (pages 1 through 4 only) is a required attachment to the New Mexico return.

Corporations that have no business activity in New Mexico other than sales, do not own or rent real estate in New Mexico, and have gross annual sales in New Mexico of \$100,000 or less qualify to compute income tax using Schedule CC. Schedule CC must be attached to the return.

REGISTRATION

New Mexico recognizes the federal election. Include a copy of the approved election when filing the S corporation return.

FORMS

Form S-Corp, Sub-Chapter S Corporate Income and Franchise Tax Return.
 Form S-Corp-1, Income Taxable to Owners.
 Form S-Corp-A, New Mexico Apportionment Factors Schedule.
 Form S-Corp-B, Allocated Non-business Income Taxable to Owners.
 Form S-Corp-C, Allocated and Apportioned Income Taxed to S-Corporations.
 Form S-Corp-CR, Tax Credit Schedule.
 Form S-Corp-EXT, Extension Payment Voucher.
 Form S-Corp-PV, Tax Payment Voucher.
 Form S-Corp-ES, Estimated Tax Payment Voucher.

If filing using the S corporation form, do not file the PTE form.

Credits – Additional forms may be required when claiming credits.
See instructions for credits available and forms required.

RATES

Not Applicable

However, an S corporation with New Mexico source income subject to federal tax (i.e., built-in gains) will be subject to New Mexico income tax at New Mexico corporation tax rates.

DUE DATE

Fifteenth day of the third month following the close of the tax year (March 15 for calendar year taxpayers) with payment of taxes due.

DUE DATE EXTENSION

A New Mexico extension is automatic with the federal extension (Form 7004). Use Form S-Corp-EXT to pay any taxes due at time of extension. Extension requests are due on the due date for the related tax return. Attach a copy of the federal extension to the S-Corp-1 when filed.

If an extension is needed, but a federal extension has not been obtained or an extension is needed beyond the federal extension date, a corporation may file Form RPD-41096, Extension of Time to File. The New Mexico extension request is also due on the due date for the related tax return.

ELECTRONIC FILING

Allowed

ELECTRONIC PAYMENT

Electronic payments can be made through the New Mexico Taxpayer Access Point. Account set-up is recommended and can be used for personal and gross receipts taxes as well. Set up and access your account at: <https://tap.state.nm.us/tap/>

WEBSITE

<http://www.tax.newmexico.gov/>

MAILING ADDRESS/PHONE NUMBER

New Mexico Taxation and Revenue Department
Attn: Corporate Income and Franchise
P.O. Box 25127
Santa Fe, NM 87504-5127
In Santa Fe: (505) 827-0825
Toll Free: (866) 809-2335, option 4

ESTIMATED TAX FOR S

Generally an S corporation is not subject to tax unless subject to federal tax.

FORMS

If paying by check or money order, write the tax year and "S-Corp-ES" on your check or money order and use Form S-Corp-ES.

RATES

See estimated tax rates for corporations.

DUE DATE

See due date for corporations.

COMPOSITE RETURNS FOR S

Composite returns are not authorized under New Mexico law.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

A pass-through entity who is subject to withholding tax from its owners, partners, or members must annually report each owner's share of net income allocable to New Mexico and remit the tax withheld for each non-resident owner.

Except for personal service businesses, withholding may be waived for each non-resident owner if the pass-through entity has a Form RPD-41353, Owner's or Remittee's Agreement to Pay Withholding on Behalf of a Pass-through Entity or Remitter on file.

FORMS

Form RPD-41367, Annual Withholding of Net Income from a Pass-Through Entity Detail Report is used to report New Mexico net income allocable to non-residents. The same form is used for both S corporations and partnerships.

Form PTW-PV, Annual Withholding of Net Income From a Pass-Through Entity Detail Report Payment Voucher.

RATES

The withholding rate is 4.9% for non-corporations; 5.9% for corporations.

DUE DATE

Form RPD-41367 is due on or before the due date of the entity's federal return for the taxable year. If the pass-through entity is not required to file a federal income tax return for the tax year, the entity must file Form RPD-41367 no later than 105 days after the end of its taxable year.

DUE DATE EXTENSION

A federal automatic extension or New Mexico extension also extends the filing of RPD-41367. The extension waives penalties through the extension date, but does not waive interest.

ELECTRONIC FILING

Electronic filing of the RPD-41367 is required if a pass-through entity (PTE) has more than 50 payees who receive New Mexico net income. Account set-up is required. Set up and access your account at: [https://tap.state.nm.us/Tap/ /](https://tap.state.nm.us/Tap/)

ELECTRONIC PAYMENT

Electronic payments can be made through the New Mexico Webfile Unified Logon Service. Account set-up is required. Set up and access your account at: [https://tap.state.nm.us/Tap/ /](https://tap.state.nm.us/Tap/)

WEBSITE

[https://tap.state.nm.us/Tap/ /](https://tap.state.nm.us/Tap/)

MAILING ADDRESS

New Mexico Taxation and Revenue Department
P.O. Box 25127
Santa Fe, NM 87504-5127

PAYMENT ON INCOME OR DISTRIBUTIONS

Withholding is made on the owner's share of allocable New Mexico net income.

S CORPORATION TREATMENT

Withholding required for nonresident individuals.

C TREATMENT

Not Applicable

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Any entity required to file a federal partnership return that is registered to do business in the state; transacting business in, into, or from the state, or receiving any income from property or employment within the state must file a New Mexico Information Return for Pass-Through Entities. A copy of the Federal Form 1065 (pages 1 through 5 only) is a required attachment to the New Mexico return.

COMPOSITE RETURNS

Composite returns are not authorized under New Mexico law.

FORMS

Form PTE, New Mexico Information Return for Pass-Through Entities.

Form PTE-A, New Mexico Apportionment Factors Schedule.

Form PTE-B, Allocated Non-business Income Taxable to Owners.

Form PTE-PV, Pass-Through Entity Penalty Payment Voucher.

RATES

All income is passed to partners/owners. There is no tax on partnership income.

DUE DATE

Fifteenth day of the third month following the close of the tax year.

DUE DATE EXTENSION

A New Mexico extension is automatic with the federal extension (Form 7004). Extension requests are due on the due date for the related tax return. Attach a copy of the federal extension to Form PTE when filed.

If an extension is needed, but a federal extension has not been obtained or an extension is needed beyond the federal extension date, a partnership may file Form RPD-41096, Extension of Time to File. The New Mexico extension request is also due on the due date for the related tax return.

ELECTRONIC FILING

Allowed

ELECTRONIC PAYMENT

Electronic payments can be made through the New Mexico Taxpayer Access Point. Account set-up is recommended and can be used for personal and gross receipts taxes as well. Set up and access your account at: <https://tap.state.nm.us/tap/>

WEBSITE

<https://tap.state.nm.us/tap/>

MAILING ADDRESS/PHONE NUMBER

New Mexico Taxation and Revenue Department
Attn: Corporate Income and Franchise
P.O. Box 25127
Santa Fe, NM 87504-5127
In Santa Fe: (505) 827-0825
Toll Free: (866) 809-2335, option 4

INCOME TAX—INDIVIDUAL

An individual who is a New Mexico resident or has New Mexico source income and is required to file a federal income tax return must file a New Mexico PIT-1 return.

New Mexico full-year residents and part-year residents physically in New Mexico 185 days or more must report and pay taxes on wages; interest and dividends, except certain New Mexico nontaxable interest; and pensions, annuities, social security, and lump-sum distributions regardless of source. Rents and royalties; gains or losses from the sale or exchange of property; and income or losses from pass-through entities may be allocated out of New Mexico taxable income.

New Mexico nonresidents and part-year residents physically in New Mexico for less than 185 days must report and pay taxes on New Mexico source income.

FORMS

Form PIT-1, Personal Income Tax Return.

Form PIT-PV, Payment Voucher.

Form PIT-S, Supplemental Schedule for Dependent Exemptions in Excess of Five.

Form PIT-ADJ, Schedule of Additions and Deductions and Exemptions.

Form PIT-RC, Rebate & Credit Schedule.

Form PIT-B, Allocation and Apportionment of Income Schedule.

Form PIT-CR, Non-Refundable Tax Credit Schedule.

Form PIT-D, Voluntary Contributions Schedule.

Form PIT-ES, Estimated Payment Voucher.

Form PIT-EXT, Extension Payment Voucher.

Form PIT-X, Amended Return.

Net Operating Loss – Must flow from a federal net operating loss, but can be increased by any income from U.S. government obligations less related expenses. Cannot be carried back. Attach Form RPD-41369, Net Operating Loss Carryforward Schedule to Form PIT-1 to show the tax year each loss occurred and how it was used.

Credits – Additional forms may be required when claiming credits. See Form PIT-CR and Form PIT-RC instructions for credits available and forms required.

RATES

Ranges from 1.7% to 4.9%.

DUE DATE

Form PIT-1 is due on or before April 15.

If Form PIT-1 is filed electronically and any taxes due are paid electronically the filing deadline is moved to April 30.

DUE DATE EXTENSION

A New Mexico extension is automatic with the federal extension (Form 4868). Use Form PIT-EXT to pay any taxes due at time of extension. Extension requests are due on the due date for the related tax return. Attach a copy of the federal extension to the PIT-1 when filed.

If an extension is needed, but a federal extension has not been obtained or an extension is needed beyond the federal extension date, a corporation may file Form RPD-41096, Extension of Time to File. The New Mexico extension request is also due on the due date for the related tax return.

ELECTRONIC FILING

Electronic filing is available and encouraged, but not required.

ELECTRONIC PAYMENT

Electronic payments can be made through the New Mexico Taxpayer Access Point. Account set-up is recommended and can be used for entity and gross receipts taxes as well. Set up and access your account at: <https://tap.state.nm.us/tap/>

WEBSITE

Primary website: <http://www.tax.newmexico.gov/>

Forms & Publications: <http://www.tax.newmexico.gov/>

MAILING ADDRESS/PHONE NUMBER

Refund returns and returns without a payment attached:

Taxation and Revenue Department
P.O. Box 25122
Santa Fe, NM 87504-5122

Returns with a payment attached:

Taxation and Revenue Department
P.O. Box 8390
Santa Fe, NM 87504-8390
In Santa Fe: (505) 827-0825
Toll Free: (866) 809-2335, option 3

IRC CONFORMITY

New Mexico's personal income tax calculation starts with federal adjusted gross income. In addition, while New Mexico permits individual taxpayers to take itemized deductions as defined in IRC § 63, the IRC § 199A deduction is not an itemized deduction.

ALTERNATIVE MINIMUM TAX

New Mexico does not have an alternative minimum tax.

NET WORTH (FRANCHISE) OR STOCK TAX

TAXABLE BASIS

All domestic or foreign entities taxed as a corporation, including S corporation, is subject to New Mexico franchise tax if it transacts business in, into, or from New Mexico; derives income from any property or employment within New Mexico; or has or exercises its corporate franchise in New Mexico, whether engages in active business or not.

A single-member LLC or similar organization who is required to or elects to file a federal Form 1040 Schedule C will file a New Mexico PIT-1 return and no franchise tax is due.

FORMS

Included on Form CIT-1 and Form S-Corp.

RATES

New Mexico has a flat \$50 franchise fee.

DUE DATE

The franchise tax is included on the CIT-1 or S-Corp returns and due on or before the 15th day of the third month following the close of the tax year.

DUE DATE EXTENSION

No extension is allowed for taxes due.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Electronic payments can be made through the New Mexico Taxpayer Access Point. Account set-up required and can be used for personal and gross receipts taxes as well. Set up and access your account at: <https://tap.state.nm.us/tap/> /

GROSS RECEIPTS TAX/COMPENSATING TAX

New Mexico has a gross receipts tax in lieu of a sales tax and a compensating tax in lieu of a use tax.

REGISTRATION

Registration is required for contractors.

Registration can be completed online using New Mexico Taxpayer Access Point (TAP) to obtain a Combined Reporting System (CRS) ID number.

Items needed for registration are as follows:

- A valid e-mail address.
- A valid federal ID number such as FEIN, SSN or ITIN.
- Business owner/partners/shareholders information.
- Public regulation commission number is required for corporations, S corporations, and limited liability corporations.
- Liquor and contractor license information may be required.

TAXABLE BASIS

Tax is assessed on persons engaged in business in New Mexico for the privilege of doing business in New Mexico. All receipts from the sale of tangibles and services are subject to gross receipts tax unless a statutory exemption or deduction applies to a transaction. Services include construction activities and all construction materials that will become part of a construction project.

Receipts from construction activities to a government entity are subject to gross receipts tax.

Receipts from construction activities to an IRC Sec. 501(c)(3) organization are subject to gross receipts tax.

Receipts from construction activities to Indian nations, tribes, pueblos, or their agencies, or members, when on the tribe's territory, are not subject to gross receipts tax.

Deductions from gross receipts are provided by statute, but the law does not require a seller or lessor to take any deduction. If the seller or lessor chooses to take a deduction, the statute offering the deduction may require the buyer or lessee to give the seller or lessor a Non-Taxable Transaction Certificate (NTTC). NTTCs are issued by the Taxation & Revenue Department and may be executed using the NM TAP system online.

Receipts from selling construction material may be deducted from gross receipts if the sale is made to a person engaged in the construction business who delivers a Type 6 NTTC to the seller.

The buyer delivering the Type 6 NTTC must incorporate the construction materials as:

- An ingredient or component part of a construction project that is subject to the gross receipts tax upon completion or upon completion of the overall construction project;
- An ingredient or component part of a construction project that is subject to the gross receipts tax upon the sale in the ordinary course of business of the real property upon which it was constructed; or
- An ingredient or component part of a construction project that is located on tribal territory or an Indian nation, tribe, or pueblo.

Receipts from selling a construction service or construction-related service may be deducted from gross receipts if the sale is made to a person engaged in the construction business who delivers a Type 6 NTTC to the person performing the construction service or construction-related service.

The buyer delivering the Type 6 NTTC for construction services or construction-related services must be directly contracted or billed to:

- A construction project that is subject to the gross receipts tax upon completion or upon completion of the overall construction project;
- A construction project that is subject to the gross receipts tax upon the sale in the ordinary course of business of the real property upon which it was constructed; or
- A construction project that is located on tribal territory or an Indian nation, tribe, or pueblo.

The gross receipts tax is imposed on businesses; however, it is common for a business to pass the gross receipts tax on to the purchaser either by way of separately stating it on the invoice or by combining the tax with the selling price.

FORMS

Electronically file Form CRS-1 via NM TAP.

RATES

The gross receipts tax rates vary throughout the state from 5.5000% to 9.2500% depending upon the jurisdiction.

Gross receipts tax rates for construction projects are determined by the location of each construction project.

DUE DATE

The 25th of the month following the reporting period.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is required for all taxpayers.

ELECTRONIC PAYMENT

Electronic payment required.

WEBSITE

<https://tap.state.nm.us/tap/#3>

MAILING ADDRESS/PHONE NUMBER

Electronic filing is now required:
Taxation and Revenue Department
P.O. Box 25128
Santa Fe, NM 87504-5128
(505) 827-0700

COMPENSATING TAX

Compensating tax (Section 7-9-7 NMSA 1978) is an excise tax imposed on persons using property or services in New Mexico. This tax is also called “use tax,” or “buyer pays.” The application of the use tax to property and services follow that of the gross receipts tax.

RATES

The compensating tax is imposed at a rate of 5.125% on certain property used in New Mexico and 5% on certain services used in New Mexico.

FORMS AND DUE DATE

Compensating tax is reported on a CRS form and is due on or before the 25th day of the month following the report period in which the taxable transaction occurs.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

New Mexico has a gross receipts tax in lieu of a sales tax and a compensating tax in lieu of a use tax. Please see Section 6 above.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

Not Applicable

EMPLOYMENT TAXES

WITHHOLDING

FORMS

New Mexico has a personal income tax with a top rate of 4.9%.

Form CRS-1 is used for monthly or quarterly or semiannual withholding.

Form RPD-41072 can be used to file an annual summary of withholding but is not required to be filed.

New Mexico has an annual publication titled "New Mexico Withholding Tax," available on their website. The current edition is effective January 1, 2015.

RATES

The maximum withholding tax rate is 4.9%. Tables provide the proper amount of withholding.

DUE DATE

Monthly filer's forms are due the 25th of the following month. Quarterly reports are due the 25th of the month following the quarter.

DUE DATE EXTENSION

There is no extension for withholding filing or payment. Penalty may be abated for reasonable cause.

ELECTRONIC FILING

Taxpayers who are required to submit funds electronically are also required to submit forms electronically. Businesses who paid an average of \$1,000 or more per month in their previous calendar year, are required to e-file.

ELECTRONIC PAYMENT

Taxpayers required to e-file their CRS-1 form, can choose their method of payment. They can pay electronically at the time they file their return using the CRS web file option, they can pay separately through the TAP program or they can pay by Automated Clearing House (ACH) or fed wire.

WEBSITE

www.tax.newmexico.gov

MAILING ADDRESS/PHONE NUMBER

New Mexico Taxation and Revenue Department
1100 South St. Francis Drive
Santa Fe, NM 87504
(505) 827-0700

NEW HIRE

New Mexico generally follows federal withholding guidelines.

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

Not Applicable

UNEMPLOYMENT

FORMS

New employers subject to unemployment insurance taxes must register with the New Mexico Department of Workforce Solutions (NMDWS) on their Unemployment Insurance Tax Self-Service System.

Form ES-802, The Status Report, Report to Determine Liability must be filed within 30 days from the commencement of business in New Mexico.

Form ES-903A, Quarterly Report.

Form ES-952, Notice of Employer Contribution Rate.

RATES

New contributing employers have a rate that is the greater of their industry average unemployment insurance contribution rate or 1%. The construction new employer industry rate is 1.36%.

DUE DATE

The wage report and payment are due on or before the end of the month following the close of each calendar quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Employers may file quarterly contributions reports electronically through the NMWebFile Services at: <https://efile.state.nm.us>

ELECTRONIC PAYMENT

NMDWS can accept contribution payments

WEBSITE

[https://tap.state.nm.us/tap/ /](https://tap.state.nm.us/tap/)
www.dws.state.nm.us

MAILING ADDRESS/PHONE NUMBER

New Mexico Department of Workforce Solutions
401 Broadway NE
Albuquerque, NM 87102
(505) 841-8576

PROPERTY TAX

PERSONAL PROPERTY

New Mexico counties have responsibility for business personal property tax and real property tax on property that is not centrally assessed.

REGISTRATION

There is no registration. Filing requirements are determined based on ownership of property as of January 1 of the tax year.

FORMS

Each county has their own forms. Refer to the property tax assessor in the county where property is located.

RATES

The rates are set annually by the taxing jurisdictions.

There is special valuation percentage tables for contractors found on the New Mexico Taxation and Revenue Department website: Property Tax Forms – Percent Good Table for Construction Company.

DUE DATE

Last day of February for business property.

DUE DATE EXTENSION

Extensions are available if requested from the property tax division director.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Electronic payment is determined by each county.

WEBSITE

Varies by county.

MAILING ADDRESS/PHONE NUMBER

Varies by county.

REAL PROPERTY

Real property is subject to an annual property tax. The county is required to assess and notify of value by April 1, with the right to appeal by the property owner. The property is assessed on the market value as of January 1. The Taxation and Revenue Department is responsible for valuing property used by railroads, airlines, public utilities, and mining operations.

REGISTRATION

Not Applicable

FORMS

Not Applicable

RATES

The rates are set annually by the taxing jurisdictions.

DUE DATE

Last day of February for centrally assessed property.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Electronic Payment is determined by each county.

WEBSITE

Varies by county.

MAILING ADDRESS/PHONE NUMBER

Varies by county.

INTANGIBLES TAX

REGISTRATION

New Mexico does not have an intangibles tax.

FUEL TAX

REGISTRATION

The State of New Mexico, Taxation and Revenue Department – Motor Vehicle Division – Commercial Vehicle Bureau administers the Weight Distance Tax Program.

Registrants, owners and operators of all motor vehicles having a declared gross weight or gross vehicle weight in excess of 26,000 pounds and who are using highways in New Mexico are subject to the weight distance tax for the use of the highways of New Mexico and must file and pay the tax due.

In addition, companies must register and apply each year for a New Mexico Weight Distance Tax Electronic Permit for each vehicle.

FORMS

File and pay the tax due using Form MVD 10964, New Mexico Weight Distance Tax Return-Long Form. (You also have the option to electronically file – see below).

RATES

The rates are based on the gross vehicle weight and the haul rate, either the full haul rate or the one-way haul rate and the total miles traveled in New Mexico during the report period.

Form MVD 10964, New Mexico Weight Distance Tax Return-Long Form has a table listing rates that apply to each corresponding weight class code.

DUE DATE

Returns are due the last day of the month following the end of the calendar quarter. (Example: April 30 for the quarter January 1 thru March 31).

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

You can electronically file your return through the New Mexico Taxpayer Access Point (TAP) system. Set up and access your account at: <https://tap.state.nm.us/tap/> /
ELECTRONIC PAYMENT

You can electronically pay your return through the New Mexico Taxpayer Access Point (TAP) system. Set up and access your account at: <https://tap.state.nm.us/tap/> /

WEBSITE

New Mexico Taxation and Revenue: <http://tax.newmexico.gov>

New Mexico TAP system: [https://tap.state.nm.us/tap/ /](https://tap.state.nm.us/tap/)

MAILING ADDRESS/PHONE NUMBER

New Mexico Taxation and Revenue Department
Motor Vehicle Division
P.O. Box 5188
Santa Fe, NM 87504-5118
(505) 827-0392

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

New Mexico Taxation and Revenue Department (TRD) oversees unclaimed property.

To find out more information on your responsibilities as holders of unclaimed property, review RPD-41200, Unclaimed Property Report, Holder's Filing Kit.

DUE DATE

On or before November 1 of each year for the 12 months next preceding July 1 of that year.

Forms for Holders of Unclaimed Property:

- RPD-41201, New Mexico Report of Unclaimed Property (Report).
- RPD-41202, List of Owners of Unclaimed Property (Form).
- RPD-41203, List of Owners of Unclaimed Stocks and Other Securities (Form).
- RPD-41204, List of Owners of Unclaimed Contents of Safe Deposit Boxes or Other Safekeeping Repositories (Form).
- RPD-41205, Holders Negative Report (Form).
- RPD-41206, Affidavit and Claim for Reimbursement by Holder for Property Returned to Owner (Form).

ELECTRONIC REPORTING

All holders reporting 25 or more individual accounts must report via electronic media, following the NAUPA format specifications, and also must provide a hardcopy printout. Reports not received according to the prescribed format will be returned for correction.

MANUAL REPORTING

A holder with fewer than 25 records to report may file using the paper form provided. When reporting on paper form, type or print all information clearly in ink.

METHOD OF PAYMENT

Make all checks payable to "New Mexico Taxation and Revenue Department, Unclaimed Property Office" for the total amount listed on the Unclaimed Property Report. Your remittance must be in U.S. currency. Foreign currency cannot be accepted.

RETENTION OF RECORDS

All holders are required to retain records of unclaimed property for ten (10) years.

NOTICE TO OWNERS (DUE DILIGENCE)

You are required to send written notice to the apparent owner at the owner's last known address not more than 120 days before filing the report.

NEGATIVE REPORTS

Negative reports are required. Use Form RPD-41205, Holder's Negative Report, due on November 1.

To report securities, mutual funds, firearms and controlled substances, please see their website for directions.

Contact information:

New Mexico Taxation and Revenue Department
Unclaimed Property Office
P.O. Box 25123
Santa Fe, New Mexico 87504-5123
(505) 827-0767 or 0668 or 0762

<http://tax.newmexico.gov/Individuals/unclaimed-property.aspx>

Minimum Wage

The minimum wage in New Mexico in 2018 – 2019 years is \$7.50 per hour. However, there are currently three cities/counties with a minimum wage higher than the State of New Mexico: Albuquerque, \$8.60, Santa Fe, \$9.92, and Bernalillo County, \$8.50.

On the New Mexico Department of Workforce Solutions website, they list the current minimum wages for the federal, state, and other cities/counties (see additional wage rates section) and their effective dates. Go to Labor Relations/Resources/Minimum Wage Information.

New Mexico Department of Workforce Solutions
Labor Relations Division
121 Tijeras NE, Suite 3000
Albuquerque, NM 87102
Phone: (505) 841-4400
Fax: (505) 841-4424
<http://www.dws.state.nm.us>

Impact Fees

The larger municipalities in New Mexico tend to have impact fees. Over the recent years, some have agreed to moratoriums or have lowered the rates. To find out if a municipality has imposed an impact fee, check their website or contact the State Home Builders Association. Below are websites for some of the larger municipalities which can provide additional information too.

City of Albuquerque

<http://www.cabq.gov/planning/development-review-services/developer-how-to-guide/>

Section Manager, Impact Fee Administrator:

Tony Loyd, Transportation Engineer: (505) 924-3934

Impact Fee Coordinators:

Ron Vonderhaar, MA, CZO: (505) 924-3984

Rudy Rael (Alternate): (505) 924-3977

City of Las Cruces

www.las-cruces.org

City of Rio Rancho

<http://www.ci.rio-rancho.nm.us/index.aspx?NID=1085>

Contact the Development Services Department at (505) 891-5005 if you have any questions.

Santa Fe County

<http://www.santafecountynm.gov/>

Town of Taos – Planning & Zoning Department

<https://www.taosgov.com/>

New Mexico Home Builders Association

<http://www.nmhba.org/>

Workers' Compensation and Uninsured Employers Fees

Employers required or electing to be covered by the Workers' Compensation Act are required to pay a fee equal to \$4.30 multiplied by the number of covered

employees covered by the Workers' Compensation Act on the last working day of each calendar quarter.

ADMINISTRATION

This fee is administered by the New Mexico Taxation and Revenue Department.

FORM

Form WC-1

Website: <http://www.tax.newmexico.gov/Businesses/workers-compensation.aspx>

DUE DATE

The fees shall be remitted by the last day of the month following the end of the calendar quarter for which they are due.

ELECTRONIC FILING

Yes, Required.

ELECTRONIC PAYMENT

Yes, Optional.

Website: <https://tap.state.nm.us/tap/>

Registered Agents

New Mexico Secretary of State defines a registered agent as "An individual or corporation, which may be a domestic corporation or a foreign corporation authorized to transact business in New Mexico that is authorized to accept service of process on behalf of the entity." During the initial set up, a registered agent must be designated and confirmation they accept this role. (See Section 1 – Registration for more information on the requirements and how to register with the Secretary of State). Additionally, any changes must be reported to the Secretary of State.

Davis Bacon

Oversight of New Mexico's prevailing wages is administered by the New Mexico Department of Workforce Solutions, Labor Relations Division.

Every contract or project in excess of sixty thousand dollars (\$60,000) that the State of New Mexico or any political subdivision thereof is a party to for construction, alteration, demolition, or repair requires a wage decision.

Contractors are required to register The Labor Enforcement Fund (LEF) registration prior to submitting a bid on a project with a wage decision. The LEF registration is for two (2) years at a cost of \$400. Contractors can register on line at: <http://www.dws.state.nm.us/LaborRelations/LaborInformation/PublicWorks>, look for Contractor Registration section which provides a link for the online registration.

Projects will be assigned a prevailing wage rate of either:

- Type A: Street, Highway, Utility, or Light Engineering.
- Type B: General Building.
- Type C: Residential Construction.
- Type H: Heavy Engineering.

If a project has more than 20% of work performed in a different wage type (75% Type B – General Building and 25% of Type A – Street, Highway, Utility, or Light Engineering) you could see a wage decision with both wage types assigned.

There are four components to the prevailing wage rates: base rate, fringe rate, apprenticeship, and subsistence and incentive rate. Each prevailing wage type will vary which of the components are attached to them.

New Mexico Public Works Prevailing Wage Rates are calculated annually, becoming effective at the beginning of each calendar year. You can find the current rate for each prevailing wage rate type (Types A, B, C, & H) on their website. (See contact information below for website address).

Online you can confirm which prevailing wage rate has been assigned to a project you are on. On their website, look for the “Search Public Works Project” link, and select the county the project is located.

Additionally, on their website you can find other forms that need to be submitted to comply with prevailing wage requirements; (option to submit forms online not available).

- Intent to Pay Prevailing Wages.
- Affidavit of Wages Paid at Completion of Project.
- Payroll Statement of Compliance.
- Weekly Payroll Form (similar format to U.S. Department of Labor Form WH-347).
- Form A: Public Works Apprenticeship & Training Contribution Compliance Statement (if your project is assigned a wage type with the apprenticeship component attached).
- Form B: Apprenticeship & Training Contribution Compliance Statement for Approved Programs (if your project is assigned a wage type with the apprenticeship component attached).

Miscellaneous note: Certain agencies or larger contracting owners may require you to report your certified payrolls using proprietary software; (example, NMDOT requires certified payrolls to be submitted thru LCP Tracker; Sandia National Laboratories has a proprietary software too).

Contact information:

New Mexico Department of Workforce Solutions
Labor Relations Division
121 Tijeras NE, Suite 3000
Albuquerque, NM 87102

Public Works and Apprenticeship contribution phone inquiries:

Phone: (505) 841-4400

Fax: (505) 841-4424

E-mail: public.works@state.nm.us

<http://www.dws.state.nm.us/LaborRelations/LaborInformation/PublicWorks>

Drug Testing Facilities

Quest Diagnostics:

5150 Journal Center

Albuquerque, NM 87109

Customer Service (800) 877-7484

<http://www.questdiagnostics.com>

Concentra:

3811 Commons Avenue

Albuquerque, NM 87109-5832

Phone: (505) 345-9599

Fax: (505) 998-4207

<https://contact.concentra.com>

Communications

CFMA chapters in New Mexico:

Albuquerque, NM: <http://cafe.cfma.org/Albuquerque/Home/>

In-State Contractor and Veteran Preference Certification

New Mexico Taxation and Revenue administers the In-State Contractor and Veteran Preference Certification. You can find the forms and more information at: <http://www.tax.newmexico.gov/Businesses/in-state-veteran-preference-certification.aspx>

Resident Business/Contractor Preference Certification

New Mexico companies or contractors who wish to obtain a bidding advantage on state contracts are required to obtain a valid resident business certificate or resident contractor certificate issued by the State Taxation and Revenue Department starting January 1, 2012. This preference doesn't apply to contracts that use federal funding.

Under the new law, in-state companies and contractors will receive:

- Five percent of the total weight of all the factors used in evaluating the proposals; and
- The equivalent of five percent of total points if the state contract is awarded on a point-based system.

Residential and tax information must be certified by certified public accountant.

For details on how to qualify for certification, select the appropriate application link below.

For questions concerning the application process for obtaining certification, please call: (505) 827-0951.

Veterans' Preference Certification

Beginning July 1, 2012, but not after June 30, 2022, New Mexico veteran-owned businesses who wish to obtain either a resident veteran business preference or a resident veteran contractor preference must first apply for and obtain certification from the New Mexico Taxation and Revenue Department (TRD). As long as a business initially meets and continues to meet the necessary requirements, a certification issued by TRD is valid for three years from the date of issuance.

A business that has been certified by TRD may obtain a bidding preference when participating in a formal bid process or formal request for proposal process for the sale of goods or services to a New Mexico state or local public body.

For details on how to qualify for certification, please select the appropriate application link below.

For questions concerning the application process for obtaining certification, please call (505) 827-0951.

NEW MEXICO RESIDENT AND VETERAN PREFERENCE BUSINESS/CONTRACTOR CERTIFICATE VALIDATION

To verify the validity of a New Mexico Resident Business/Contractor or Veteran Business/Contractor Certificate, there is a link on their website. You will need the name of the vendor, exactly as it appears on the certificate, and the certificate number.

<http://www.tax.newmexico.gov/Businesses/in-state-veteran-preference-certification.aspx>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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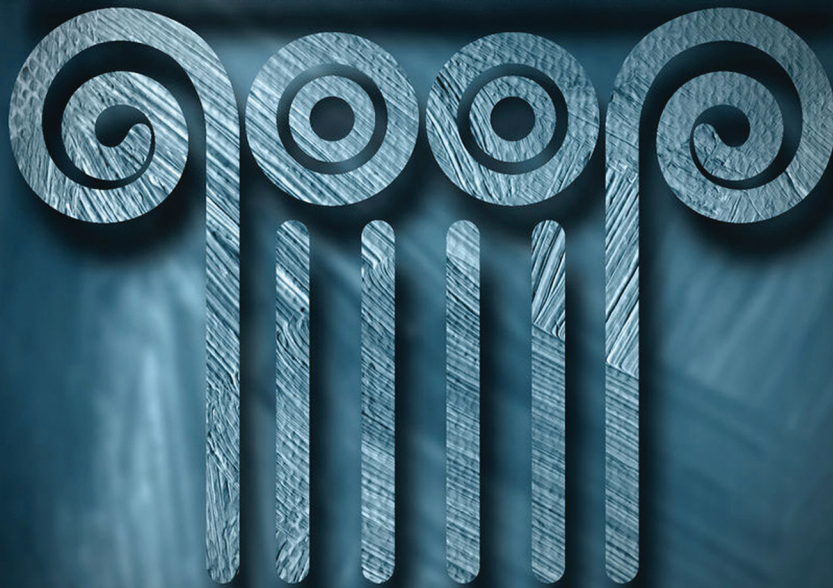
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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



NEW YORK

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

In order to lawfully conduct business in the State of New York, corporations must register with New York Secretary of State. Partnerships and sole proprietorships operating under a name other than the proprietor's must register with the County Clerk's Office where the business is conducted.

FORMS

New York State registration forms and information can be found at:
http://www.dos.ny.gov/corps/forms_listing.html

Domestic

Business Corporation – File a Certificate of Incorporation with the Department of State.

Limited Liability Company – File Articles of Organization and Certificate of Publication with the Department of State.

Limited Liability Partnership – File a Certificate of Limited Liability Partnership and Certificate of Publication with the Department of State.

General Partnership – File an Assumed Name Certificate (following an agreement of the partners) with the clerk of the county(s) in which the business is conducted.

Limited Partnership – File a Certificate of Limited Partnership (following an agreement of the partners) and Certificate of Publication with the Department of State.

Sole Proprietorship – File an Assumed Name Certificate with the clerk of the county(s) in which the business is conducted only if you are operating under a name other than the proprietor's (no formation document is required).

Foreign

All foreign corporations, limited liability companies, and limited partnerships may apply for authority to do business in the State of New York by filing an appropriate Application for Authority form. A Certificate of Existence from the official – generally the Secretary of State – who files and maintains corporate records in the jurisdiction of the entity must be attached to the Application for Authority. Please note that many jurisdictions refer to a Certificate of Existence as a Certificate of Good Standing.

A foreign limited liability partnership may register to conduct or transact business in New York State by filing a Notice of Registration with the Secretary of State. The Notice of Registration must be accompanied by a copy of last registration or renewal (or similar filing), if any, filed by the foreign limited liability partnership in the jurisdiction where it is registered as a limited liability partnership or a certificate, issued by the jurisdiction where it registered as a limited liability partnership.

Within 120 days of the effectiveness of the notice of registration, a limited liability company, limited partnership, and limited liability partnership must publish in two newspapers a copy of the notice of registration and file Certificate of Publication with the Secretary of State. A fillable copy of Certificate of Publication and detail instructions are available on the Secretary of State website listed below.

RATES, FEES, COSTS

All fees must be paid by cash, check, money order, MasterCard, Visa, or American Express. Checks and money orders should be made payable to the "Department of State." Do not send cash through the mail. All checks over \$500 must be certified.

In addition to the information provided below, registration fees for various entity types can be found at: <http://www.dos.ny.gov/corps/fees.html>

Domestic

Business Corporation – Certificate of Incorporation	\$125
Limited Liability Company – Articles of Organization	\$200
Certificate of Publication	\$ 50
Limited Liability Partnership, Certificate of Limited Liability Partnership	\$200
Certificate of Publication	\$ 50
Limited Partnership – Certificate of Limited Partnership	\$200
Certificate of Publication	\$ 50

Foreign

Business Corporation – Application for Authority	\$225
Limited Liability Company – Application for Authority	\$250
Certificate of Publication	\$ 50
Limited Liability Partnership – Notice of Registration	\$250
Certificate of Publication	\$ 50
Limited Partnership – Application for Authority	\$200
Certificate of Publication	\$ 50

WEBSITE

www.dos.ny.gov/corps

MAILING ADDRESS

New York Department of State
Division of Corporations
One Commerce Plaza
99 Washington Avenue
Albany, NY 12231

ADDITIONAL ASSISTANCE

Additional assistance can be obtained using New York's Business Wizard, which provides Secretary of State registration requirements based on the legal structure of the business and licensing requirements based on the industry and the location of business: <https://www.businessexpress.ny.gov/>

Assistance is available Monday through Friday 8:30 a.m. to 4:30 p.m.

E-mail Address: corporations@dos.ny.gov

Phone: (518) 473-2492

ANNUAL RENEWALS

Corporations and limited liability companies are required to file a Biennial Statement.

FORMS

Biennial Statement forms are automatically mailed to business corporations by the New York Department of State to the address of principal executive officer or, if none is listed, to the address for the service of process.

For LLCs, the Biennial Statement is automatically mailed by the New York Department of State to the address for service of process.

RATES

The fee for filing a Biennial Statement for a business corporation or LLC is \$9.00.

DUE DATE

The filing period for a business corporation or LLC is the calendar month in which its original Certificate of Incorporation, Articles of Organization, or Application for

Authority was filed with the New York Department of State. The Biennial Statement must be filed every two years.

Biennial Statement is mailed to business corporations and LLCs at the beginning of the calendar month in which it is due. If the Biennial Statement is not received by the business corporation or LLC by the end of the month, the entity must contact the Statement Unit of the New York Department of State's Division of Corporations (Division). Please refer to the website listed below for complete instructions on requesting a Biennial Statement.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. Most business corporations and LLCs may file their Biennial Statement online using the Department of State's e-Statement Filing Service:

https://appext20.dos.ny.gov/corp_ebiennial_public/corp_app.e_biennial.main_page

ELECTRONIC PAYMENT

The \$9.00 fee can be paid using a credit or debit card.

WEBSITE

www.dos.ny.gov/corps

http://www.dos.ny.gov/corps/bus_llc_faq_statements.asp

MAILING ADDRESS

New York Department of State
Division of Corporations
Statement Unit
One Commerce Plaza
99 Washington Avenue
Albany, NY 12231-0002

REGISTRATION WITH DEPARTMENT OF REVENUE

If you will be making taxable sales, you must be registered for sales tax purposes before you begin making sales of taxable goods and services. Contractors are required to obtain Sales Tax Certificate of Authority by registering with New York Department of Taxation and Finance.

FORMS

You must have a Certificate of Authority for each business location. It must be filed electronically. To register for an additional location, you can send a letter or Form DTF-17-ATT, Schedule of Business Locations for a Consolidated Filer, containing the information.

RATES

There is no fee for Sales Tax Certificate of Authority.

DUE DATE

You must apply for your certificate at least 20 days before you begin operating your business.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Application for Sales Tax Certificate of Authority must be filed electronically using the New York State License Center: <http://licensecenter.ny.gov/>

ELECTRONIC PAYMENT

There is no fee for Sales Tax Certificate of Authority.

WEBSITE

www.tax.ny.gov

MAILING ADDRESS/PHONE NUMBER

Department of Taxation and Finance
Sales Tax Registration Unit
W.A. Harriman State Campus
Albany, NY 12227
(518) 485-2889
Website: <http://www.tax.ny.gov>

LICENSES—GC & SPECIALTY

Except for asbestos abatement work, all construction work in New York is regulated at the local level. Many counties and other local jurisdictions require contractors to obtain proper licensing prior to beginning of work. Refer to the Local Licensing section below and contact local the jurisdictions where the project is located in order to ensure compliance with licensing requirements.

Outlined below are New York State, New York City, and federal general contractor and specialty licensing requirements. Contact local officials for additional requirements.

REGISTRATION

Except for asbestos abatement work, all construction work in New York is regulated at the local level. Most of the cities in the State of New York require general contractors to obtain a license or permit before engaging in the construction, addition, repair, or remodeling of any commercial or residential building or structure. It is important that general contractors check the regulations set forth by the city in which a project will be located before beginning any work.

Residential projects located within five boroughs of New York City require general contractor licensing by NYC Department of Buildings and Home Improvement License issued by NYC Department of Consumer Affairs.

New York State License Center website listed below has an excellent tool that helps contractors to determine licensing requirements based on the type of specific work they do as well as on the location of the project:

<https://aca.licensecenter.ny.gov/aca/>

Contractors interested in doing business with the State of New York may obtain a New York State Vendor Identification Number and register with Design and Construction Group of the Office of General Services (OGS). The registration will allow contractors access to weekly notification of construction and consulting opportunities. OGS publication *The Empire State Builder* publication provides information on: construction contracts with plans and specifications currently available for purchase; a listing of plans purchasers for contracts to bid; bid results; future construction contracting opportunities; and other relevant OGS contracting notices.

Doing business with New York publication (see link below) provides general guidance on qualifying to do business with the state and provides listing of additional resources available to businesses.

<https://www.ny.gov/services/business>

Asbestos Abatement

Contractors involved in asbestos abatement projects must get licensed by the Department of Labor and Industry (DLI). Licensing is required for both the company (Asbestos License) and its employees (Asbestos Handler Certificate). Applicants for Asbestos Handler Certificate must complete a training course approved by the New York State Department of Health. There are nine types of asbestos certifications ranging from handler to project designer. In order for a contractor to receive an Asbestos License, at least one of the employees or principals of the company must hold a Supervisor Certificate. The complete listing of licensing requirements and fees is available at the DLI website listed below:

<https://www.labor.ny.gov/home/>

Carpentry/Siding

There are no specific licensing requirements for carpentry contractors. However, contractors involved in residential projects must obtain Home Improvement Contractor License (see Tests and Exams below).

HVAC Contractors

HVAC contractors are required to be certified by EPA. Contractors involved in residential projects must obtain Home Improvement Contractor license (see Tests and Exams below).

Masonry and Stonework Contractors

The Occupational Safety & Health Administration (OSHA) has requirements for concrete and masonry construction safety standards including limited access zones, fall protection, and respiratory protection. The Safety and Health Regulations for Construction: gases, vapors, fumes, dusts and mists, sets out to limit exposure of employees to airborne contaminants. OSHA has established permissible exposure limits for crystalline silica. Crystalline silica containing dust may be produced during abrasive blasting, tuck-pointing, cutting of concrete or masonry products, demolition and repair of concrete or masonry structures, and dry sweeping or pressurized air blowing of concrete, rock, or sand dust. Respirators, which must be approved by the National Institute of Safety and Health (NIOSH), provide varying levels of protection against silica dust. Other protections include employee training and medical surveillance. For more information on OSHA requirements, visit their website at: www.osha.gov

Plumbing Contractors

Licensing of plumbing contractors is regulated by local government entities as outlined in NYS General City Law, Article 4. Plumbers are required to pass an exam in order to obtain a certificate of competency to conduct the trade or business of plumbing. Contact local plumbing board for the licensing requirements in the area where project is located.

New York City requires that only licensed master plumbers and their employees perform work on plumbing projects located in the city. It also requires plumbers to obtain

a plumbing permit prior to beginning of any work. The NYC Building Code defines plumbing work as “the installation, maintenance, repair, modification extension or alteration of any waste, domestic water, gas, or fire standpipes in any building or piping system.”

Master Plumber licenses are issued by New York City Department of Buildings after applicants have passed the examination and have cleared a background check. For more information regarding the requirements, applications, and test scheduling, contractors may contact NYC Department of Citywide Administrative Services at (212) 669-1357 to request additional information regarding the requirements, applications, and test date scheduling. To apply for master plumber license, contact:

New York City Department of Buildings
Licensing Unit
280 Broadway, 6th Floor
New York, NY 10007
(212) 566-4100
www.nyc.gov

Roofing Contractors

There are no specific licensing requirements for roofing contractors. However, if a roofing contractor will come in contact with asbestos containing asphalt/bituminous products and asbestos cement shingles/panels, the contractor must get an Asbestos License. Also, roofing contractors involved in residential projects must obtain a Home Improvement Contractor License.

TESTS AND EXAMS

Asbestos Abatement

You must have passed an approved asbestos training course for any certificate (see Rates section below) no more than one year before you apply for the certificate. An individual certificate is good for one year but it expires on the last day of your birth month.

Home Improvement Contractors

In order to obtain Home Improvement Contractor License, a sole proprietor, general partner, corporate officer, member, or shareholder owning 10% or more of company stock must pass Home Improvement Contractor Exam. The exam requirement is waived if a sole proprietor, general partner, corporate officer, member or shareholder owning 10% or more of company stock currently holds a Home Improvement Salesperson License. The Home Improvement Contractor License exam is administered by local Departments of Consumer Affairs.

HVAC Contractors

HVAC contractors are required to be certified under Section 608 of the Federal Clean Air Act. Technicians performing maintenance, repair, or service of stationary HVAC equipment must pass a test demonstrating proper handling of ozone depleting refrigerants and knowledge of EPA refrigerant regulations. There are four areas of certification: Type I – small appliances, Type II – high pressure refrigerants, Type III – low pressure refrigerants, and Universal certification. Universal certification involves issues to all three specific types of equipment. Exams are administered by organizations approved by the U.S. EPA. A list of approved testing programs that provide technician certification is available from the EPA's Ozone Hotline at (866) 411-4372 (indicate whether you are calling about ozone, air and radiation (OAR)) on their website at:

www.epa.gov/ozone

Plumbing Contractors

Plumbers are required to pass an exam in order to obtain a certificate of competency to conduct the trade or business of plumbing. Contact local plumbing board for the licensing requirements in the area where project is located.

FORMS

Contact appropriate government agencies for forms and instructions:

1. Department of Labor and Industry:
<https://www.labor.ny.gov/formsdocs/wp/shformsandpublications.shtm>
2. New York State License Center:
<https://licensecenter.ny.gov/>
3. U.S. EPA:
www.epa.gov/ozone

RATES

Asbestos Abatement

For companies working with asbestos, to get a license you must certify that all your employees are certified to do asbestos work. You must also have workers' compensation and disability insurance. It will cost you \$500 to get an asbestos abatement contractor's license. The license is good for one year. The renewal fee is \$300. New York doesn't have any reciprocity agreements with other states for this license.

The Division also issues individual certificates. Here's a list of them and the cost of each:

<u>Certificate type</u>	<u>Fee</u>
Handler	\$ 50
Restricted handler	\$ 50
Operations and maintenance	\$ 50
Air sampling technician	\$ 75
Inspector	\$100
Management planner	\$150
Supervisor	\$ 75
Project designer	\$150
Project monitor	\$150

DUE DATE

Prior to beginning of work.

WEBSITE

<http://www.ogs.ny.gov>

MAILING ADDRESS/PHONE NUMBER

New York State Procurement: Customer Services
 38th Floor, Corning Tower
 Empire State Plaza
 Albany, NY 12242
 (518) 474-6717
customer.services@ogs.ny.gov

RECIPROCITY STATES

Refer to Local Licenses section below.

EQUITY REQUIREMENT

Contact the local officials in the city in which you intend on operating for equity requirements.

FINANCIAL STATEMENT REQUIREMENTS

Contact the local officials in the city in which you intend on operating for financial statement requirements.

LOCAL LICENSES

Except for asbestos abatement work, all construction work in New York is regulated at the local level. Many counties and other local jurisdictions require contractors to obtain proper licensing prior to beginning of work. Contact local the jurisdictions where the project is located in order to ensure compliance with licensing requirements.

Licensing requirements for certain cities are outlined below.

REGISTRATION

New York City Department of Buildings handles licensing of general contractors and New York City Department of Consumer Affairs handles licensing of home improvement contractors.

The Department of Economic Development regulates general contractors in the City of Buffalo.

General contractors in the City of Rochester, NY must prove that their construction project stands up to safety codes and guidelines set forth by the city before they begin work. In some cases, general contractors also need to apply for a zoning permit.

Yonkers Consumer Protection Bureau handles licensing of home improvement contractors in the City of Yonkers.

The City of Syracuse requires general contractors to undergo two separate reviews prior to starting a residential or commercial construction project.

FORMS

New York City

LIC6: General Contractor Registration Form.

Basic License Application (Home Improvement Contractor).

Home Improvement Salesperson License is required if the contractor solicits, negotiates, or offers to negotiate a home improvement contract with property owner. Check Department of Consumer Affairs website listed below for additional licenses and permits required.

Buffalo

Contractor Application.

Rochester

Applications may be made by an owner or someone with a contractual interest in the property. Select from the following links:

- [Building Permit](#)
- [Electrical Permit](#)
- [Plumbing Permit](#)
- [Zoning Application Forms](#)

Yonkers

Home Improvement License Application.

RATES

New York City:
General Contractor –\$330 Background Fee

Home Improvement Contractor – \$25 to \$125 based on month and year of application plus \$200 trust fund fee.

Buffalo:
\$250 to \$750 based on type of work performed.

Rochester:
The fee is based on the cost of the project's labor and materials. The fee schedule is available at: <https://www.cityofrochester.gov/permits/>

Yonkers:
Home Improvement Contractor fee is \$300.

DUE DATE

Prior to beginning of the work.

WEBSITE

New York City:
<https://www1.nyc.gov/site/buildings/business/business.page>
<https://www1.nyc.gov/site/dca/index.page>

Buffalo:
http://www.ci.buffalo.ny.us/Home/City_Departments/EDPIS/Licenses/LicenseApplicationsCodeRequirements

Rochester:
<http://www.cityofrochester.gov/article.aspx?id=8589936563>

Yonkers:

<https://www.yonkersny.gov/>

MAILING ADDRESS/PHONE NUMBER

NYC General Contractor Registration
Licensing Unit
NYC Department of Buildings
280 Broadway, 6th Floor
New York, NY 10007
(212) 566-4100

NYC Home Improvement Contractor
DCA Licensing Center
42 Broadway, 5th Floor
New York, NY 10004
(212) NEW-YORK

Buffalo Contractor Registration
Office of Licenses
65 Niagara Sq., Room 301
Buffalo, NY 14202
(716) 851-4078

Rochester Bureau of Planning & Zoning
Bureau of Planning & Zoning
City Hall, Room 125B
Rochester, NY 14614
(585) 428-6526

Yonkers Home Improvement Contractor
Consumer Protection Bureau
87 Nepperhan Ave., Room 212
Yonkers, NY 10701
(914) 377-6808

INCOME TAX

INCOME TAX—C CORPORATION

All domestic corporations, and all foreign corporations doing business, or employing capital, or owning or leasing property, or maintaining an office in New York are subject to the corporation franchise (income) tax.

FORMS

Most general business corporations file either:

- Form CT-3, General Business Corporation Franchise Tax Return,
- Form CT-4, General Business Corporation Franchise Tax Return Short Form,

In addition to the forms listed above, a C Corporation may file:

- Form CT-3-A, General Business Corporation Combined Franchise Tax Return,
- Form CT-3M/4M, General Business Corporation MTA Surcharge Return.

RATES

The corporate tax rate for the 2018 tax year is 6.5% in New York. Taxpayers pay the highest tax computed on three alternate bases. The tax rate on business income base for qualified New York manufacturers is 0%.

Future rates: There is no enacted rate change at this time.

DUE DATE

The statutory due date is April 15 for calendar year taxpayers and the 15th day of the 4th month after the close of the tax year for fiscal year taxpayers.

DUE DATE EXTENSION

To get an automatic six-month extension to file the annual return, a corporation must file Form CT-5 before the due date of the return and it must have paid the proper amount of estimated tax (90% of the actual tax liability or the tax liability for the preceding year).

Taxpayers must file Form CT-5 and pay 100% of the prior year's tax or 90% of the current year's tax.

ELECTRONIC FILING

Electronic filing is required for corporations that do not use a tax preparer to prepare Article 9-A general business corporation, use tax preparation software approved by the state, and have broadband Internet access:

http://www.tax.ny.gov/tp/efile/mandate_options.htm

ELECTRONIC PAYMENT

Amount due on software prepared, electronically filed corporation tax returns can be paid by ACH debit, ACH credit, or check. To pay by check, a corporation must use Form CT-200-V, Payment Voucher for E-filed Corporation Tax Returns and Extensions.

WEBSITE

www.tax.ny.gov/bus

MAILING ADDRESS

Form CT-3:

With payment:

NYS Corporation Tax
Processing Unit
P.O. Box 1909
Albany, NY 12201-1909

Without payment:

NYS Corporation Tax
Processing Unit
P.O. Box 22095
Albany, NY 12201-2095

Form CT-4:

With payment:

NYS Corporation Tax
Processing Unit
P.O. Box 22093
Albany, NY 12201-2093

Without payment:

NYS Corporation Tax
Processing Unit
P.O. Box 22101
Albany, NY 12201-2101

ESTIMATED TAX

All general business corporations whose franchise, excise, or gross receipts tax, for the current tax year, can reasonably be expected to exceed \$1,000, must file a declaration of estimated franchise, excise, or gross receipts tax and make installment payments.

Any corporation subject to the Metropolitan Transit Authority business tax (MTA surcharge) that is required to make a declaration of estimated franchise, excise, or gross receipts tax must also make a declaration of estimated MTA surcharge and make installment payments.

Estimated tax is the amount estimated to be the franchise, excise, or gross receipts tax and MTA surcharge for the current tax year minus the amount of estimated allowable tax credits for the current tax year.

FORMS

Form CT-400, Estimated Tax for Corporations.

RATES

The estimated tax threshold in New York exceeds \$1,000.

The amount is 40% if the prior tax liability is over \$100,000, and 25% if the prior tax liability is between \$1,000 and \$100,000.

DUE DATE

Declarations of estimated tax are due on or before June 15 for calendar-year taxpayers. However, if the requirements (that is, expected tax liability exceeding \$1,000) are first met after May 31 and before September 1, the declaration is due on or before September 15; if requirements are first met after August 31 and before December 1, the declaration is due on or before December 15. Instead of the declaration due on December 15, the taxpayer may elect to file a completed report, with payment of any unpaid balance of tax by February 15. Corresponding dates apply to fiscal-year taxpayers.

The amount of estimated tax due as shown on a declaration of estimated tax may be paid in installments or, at the election of the taxpayer, may be paid in full at the time of filing the declaration. If the estimated tax is paid in installments, the first payment must accompany the declaration.

First installment – If the tax liability for the preceding year is more than \$1,000, the first installment of estimated tax for the current year is due at the time of filing the franchise tax return for that preceding taxable year (or when filing an extension of time for filing that return).

Other installments – For calendar-year taxpayers filing declarations on or before June 15, the amount of estimated tax is paid in three equal installments (after deducting the amount of any first installment based on the preceding year's tax liability) on June 15, September 15, and December 15. If the declaration is required to be filed on or before September 15, any estimated tax due (after deducting the amount of the first installment) is paid in two equal installments on September 15 and December 15. If the declaration is not required to be filed before September 15, any estimated tax due (after deducting the first installment) is paid at the time of filing the declaration. Corresponding dates apply to fiscal-year taxpayers.

DUE DATE EXTENSION

The commissioner may grant an extension of time of up to three months for the filing of a declaration of estimated tax. A taxpayer must request an extension in writing, and give complete information as to its inability to file on time. The delayed payment is subject to interest at the underpayment rate.

ELECTRONIC FILING

C Corporations are required to file estimated tax electronically through tax preparation software or Department of Taxation and Finance website:

http://www.tax.ny.gov/tp/efile/mandate_options.htm

ELECTRONIC PAYMENT

Available payment methods are direct debit from bank account or ACH credit initiated by a corporation.

WEBSITE

http://www.tax.ny.gov/forms/current_estimated_tax.htm

MAILING ADDRESS

NYS Estimated Corporation Tax
P.O. Box 4136
Binghamton, NY 13902-4136

ALTERNATIVE MINIMUM TAX

New York does not impose alternative minimum tax on corporations.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

The starting point for computation of C Corporation's entire net income is federal taxable income, subject to state specific additions, subtractions, and modifications. New York conforms to the business interest deduction limitation under IRC § 163(j).

ALLOCATION AND APPORTIONMENT FACTORS

New York uses one-factor receipts formula.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

New York has not adopted UDITPA provisions.

OTHER MULTISTATE COMPACT

New York is an associate and project member of the Multistate Tax Commission (Commission or MTC). As an associate member, New York may participate in Commission meetings and consult and cooperate with the Commission and its other

member states; as a project member, New York may participate in Commission programs or projects. New York does not participate in the MTC's joint audit, Nexus, or tax shelter voluntary compliance programs.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

New York does have an industry-specific apportionment formula for contractors.

CREDITS AND TAX INCENTIVES

New York provides the following credits and incentives:

1. Investment tax credit (ITC).
2. Empire zone (EZ) investment tax credit.
3. EZ employment incentive tax credit.
4. EZ capital tax credit.
5. EZ wage tax credit.
6. Economic zone equivalent area (ZEA) wage tax credit.
7. Qualified empire zone enterprise (QEZE) credit for real property tax paid.
8. QEZE tax reduction credit.
9. Employment incentive tax credit (EIC).
10. Employing qualified disabled persons.
11. Excelsior Jobs Program.
12. Economic Transformation and Facility Redevelopment Program.
13. Empire State Jobs Retention Program.
14. Hire a Veteran Credit.
15. Minimum Wage Reimbursement Credit.
16. Investment in alternative-fuel vehicle property.
17. Green buildings credit.
18. Brownfield credits.
19. Biofuel production credit.
20. Clean heating fuel credit.
21. Empire state film production credit.
22. Qualified emerging technology company (QETC) employment credit.
23. QETC capital tax credit.
24. QETC facilities, operations, and training credit.
25. Empire state commercial production credit.
26. START-UP NY.
27. Historic barn renovation credit.
28. Historic property rehabilitation credit.
29. Low-income housing credit.
30. Automated external defibrillator credit.
31. Long-term care insurance credit.
32. Youth Works Program.
33. Special additional mortgage recording tax credit.
34. Credit for servicing SONYMA mortgages.
35. Minimum tax credit.
36. Agricultural property tax credit.

- 37. Annual maintenance fee credit.
- 38. Industrial and manufacturing businesses (IMB) credit for energy taxes.
- 39. Security training tax credit.
- 40. Conservation easement tax credit.
- 41. Handicapped accessible vehicle credit.
- 42. Beer producer credit.

INCOME TAX—S CORPORATION

New York generally follows the federal income tax treatment of an S Corporation and its shareholders. However, New York City does not recognize S Corporations. Rather, S Corporations are taxed like C Corporations for purpose of New York City.

REGISTRATION

A federal S Corporation may elect to be taxed as New York S Corporation by filing Form CT-6, Election by a Federal S Corporation to be treated as a New York S Corporation. To be effective for the tax year, Form CT-6 must be filed at any time during the preceding tax year, or on or before the fifteenth day of the third month of the tax year to which the election will apply.

FORMS

Form CT-3-S, New York S Corporation Franchise Tax Return.

RATES

Under the corporation franchise tax (Article 9-A), an S Corporation pays a fixed dollar minimum tax based on New York receipts.

<u>NY Gross Receipts</u>	<u>Fixed Dollar Minimum Tax</u>
<\$100,000	\$ 25 *
\$100,001 to \$250,000	\$ 50 *
\$250,001 to \$500,000	\$ 175 *
\$500,001 to \$1,000,000	\$ 300
\$1,000,001 to \$5,000,000	\$ 1,000
\$5,000,001 to \$25,000,000	\$ 3,000
>\$25,000,000	\$ 4,500

*Foreign authorized corporations: If the total of your tax is less than \$300, you must increase your payment accordingly to satisfy the \$300 maintenance fee requirement.

DUE DATE

Calendar year returns are due on or before March 15.

DUE DATE EXTENSION

To get an automatic six-month extension to file the annual return, an S corporation must file Form CT-5.4 before the due date of the return and it must have paid the proper amount of estimated tax (90% of the actual tax liability or the tax liability for the preceding year).

ELECTRONIC FILING

Electronic filing is required for corporations that do not use a tax preparer to prepare S Corporation tax returns, use tax preparation software approved by the state, and have broadband Internet access:

http://www.tax.ny.gov/tp/efile/mandate_options.htm

ELECTRONIC PAYMENT

Available payment methods are direct debit from bank account or ACH credit initiated by a corporation. Mandated (EFT or other special payment method) for combined reporting system (CRS) taxes (which includes employee withholding tax) if average CRS tax liability was \$25,000 or more per month during the previous calendar year.

WEBSITE

www.tax.ny.gov/bus

MAILING ADDRESS

Mailing addresses for Form CT-3-S are as follows:

With payment

NYS Corporation Tax
Processing Unit
P.O. Box 22092
Albany, NY 12201-2092

Without payment

NYS Corporation Tax
Processing Unit
P.O. Box 22096
Albany, NY 12201-2096

COMPOSITE RETURNS FOR S

A New York S Corporation that has any income derived from or connected with New York sources may be granted approval to file a group return.

ALLOWED OR NOT ALLOWED

Group returns are allowed for S Corporations with 11 or more qualified nonresident shareholders.

An S Corporation that wishes to file a group return on behalf of its qualified electing shareholders must request permission to do so by submitting an application on Form TR-99, Application for Permission to File a Group Return. Form TR-99 must be submitted to: NYS Tax Department, Taxpayer Contact Center, W A Harriman Campus, Albany, NY 12227. Form TR-99 must be submitted no later than 30 days following the close of the initial tax year for which a group return is requested.

FORMS

Form IT-203-S, Group Return for Nonresident Shareholders of New York S Corporations.

RATES

The tax rate is 8.82%.

DUE DATE

March 15

DUE DATE EXTENSION

An S Corporation that cannot meet the filing deadline can request a six-month extension by filing Form IT-370, Application for Automatic Six-Month Extension of Time to File for Individuals, by the original due date of the return.

ELECTRONIC FILING

Form IT-203-S is not supported for electronic filing.

ELECTRONIC PAYMENT

Payments are submitted by check or money order payable to New York State Income Tax.

WEBSITE

www.tax.ny.gov/forms/income_group_team_forms.htm

MAILING ADDRESS

Mail the group return to:
New York State Income Tax
W A Harriman Campus
Albany, NY 12227

ESTIMATED TAX FOR S

A declaration of estimated tax is required for an S Corporation if it reasonably expects its liability for MTA to exceed \$1,000. S Corporations that have income from New York sources are required to pay estimated taxes on behalf of nonresident individual or C Corporation shareholders on their distributive or pro rata share of such income.

These provisions do not apply with respect to a partner, member, or shareholder if the estimated tax required to be paid by the entity for that partner, member, or shareholder does not exceed \$300 for the taxable year or if the partner, member, or shareholder has elected to be included in an authorized group return.

Further, estimated tax payments are not required for partners and shareholders who are resident S Corporations.

FORMS

Form CT-400, Estimated Tax for Corporations.

Form IT-2658, Report of Estimated Tax for Nonresident Individual Partners and Shareholders.

Form IT-2658-ATT, Attachment to Report of Estimated Tax for Nonresident Individual Partners and Shareholders.

Form CT-2658, Report of Estimated Tax for Corporate Partners.

Form CT-2658-ATT, Attachment to Report of Estimated Tax for Corporate Partners.

RATES

First installment – If the franchise, excise, or gross receipts tax on your previous year's return or the properly estimated tax on your application for extension of time for filing that return exceeds \$1,000, but does not exceed \$100,000, you must pay 25% of the tax with the return or extension. If the tax on your previous year's return or the properly estimated tax on your application for extension of time for filing that return exceeds \$100,000, you must pay 40% of the tax with the return or extension. Form CT-186 filers always use 25%.

Second, third, and fourth installments – To determine the estimated tax amount due in these installments, subtract the amount of the first installment payment from the estimated tax due and divide the result by three.

If you file a request for extension to file your previous year's tax return, the MFI entered on that form will be the MFI used to compute your second, third, and fourth installments.

Safe Harbor requirement for MTA is the lesser of:

1. 91% of current year's tax liability;
2. 91% of current year's tax liability computed on annualized income or adjusted seasonal income basis;
3. 100% of tax liability shown on preceding year's return; or
4. 100% of tax liability applying current year's tax rate to tax base shown on preceding year's return.

The estimated tax rate for nonresident shareholders is as follows:

1. Individuals – 8.82%.
2. C Corporations – 6.5%.

DUE DATE

The first installment of 25% of estimated MTA liability must be paid with return or extension filing. The remaining installments are due June 15, September 15, and December 15.

The S Corporation estimated tax payments are due on April 15, June 15, September 15, and January 15. The payments must be made by these dates whether the S Corporation, nonresident individual, or C Corporation shareholder files its returns on a calendar-year basis or a fiscal-year basis. The S Corporation can pay the entire amount due for the year with the first payment, or pay in four equal installments.

With respect to the payments on behalf of C Corporation shareholders due April 15 and January 15, the S Corporation may send its Forms CT-2658 and payments on March 15 and December 15, rather than on April 15 and January 15. The corporate shareholder can then take the S Corporation payments into account when they compute the corporation's March 15 and December 16 installments.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Form CT-400 is required to be filed electronically.
Form IT-2658 is not supported for electronic filing.
Form CT-2658 is not supported for electronic filing.

ELECTRONIC PAYMENT

Electronic payment is required for estimated MTA.

Electronic payments are not required for estimated payments on behalf of nonresident shareholders.

WEBSITE

http://www.tax.ny.gov/forms/current_estimated_tax.htm

MAILING ADDRESS

Taxpayers who cannot file electronically can mail Form CT-400 and payment to:
NYS Estimated Corporation Tax
P.O. Box 4136
Binghamton, NY 13902-4136

Mail Form IT-2658, any Form(s) IT-2658-ATT, and a single payment to:
NYS Estimated Income Tax
Processing Center
P.O. Box 4123
Binghamton, NY 13902-4123

Mail Form CT-2658, Form(s) CT-2658-ATT, and payment to:
NYS Estimated Corporation Tax
Processing Unit
P.O. Box 4136
Binghamton, NY 13902-4136

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

New York does not impose withholding requirements on distributions made by S Corporations to their nonresident partners, members or shareholders, but every S Corporation that has partners, members, or shareholders who are nonresident individuals, or C Corporations, and that has any income derived from New York sources is required to pay estimated tax on the New York source income on behalf of the nonresident partners, members, or shareholders.

An S Corporation may be granted approval by the Department of Taxation and Finance to file a New York State nonresident personal income tax group return on

behalf of its nonresident partners, members, or shareholders, if more than 10 qualified nonresident partners, members, or shareholders elect to have the S Corporation file on their behalf. An entity that wants to file a group return must request permission by submitting an application on Form TR-99, Application for Permission to File a Group Return, to the Division of Taxation and Finance.

See above sections on Composite Returns for S Corporations and Estimated Taxes for S Corporations for more information.

PAYMENT ON INCOME OR DISTRIBUTIONS

S Corporations that have income from New York sources are required to pay estimated taxes on behalf of nonresident individual or C Corporation shareholders on their distributive or pro rata share of such income.

These provisions do not apply with respect to a partner, member, or shareholder if the estimated tax required to be paid by the entity for that partner, member, or shareholder does not exceed \$300 for the taxable year or if the partner, member, or shareholder has elected to be included in an authorized group return.

S CORPORATION TREATMENT

Shareholders of eligible federal S Corporations that have not made the election to be treated as a New York S Corporation for the current tax year will be deemed to have made that election if the corporation's investment income is more than 50% of its federal gross income for that year. For purposes of the mandated New York State S election, investment income means the sum of an eligible S Corporation's gross income from interest, dividends, royalties, annuities, rents, and gains derived from dealings in property, including the corporation's share of such items from a partnership, estate, or trust, to the extent such items would be includable in the corporation's federal gross income for the tax year. In this case, the taxpayer must file Form CT-3-S.

RECOGNIZE FEDERAL S ELECTION

New York does not recognize federal S Corporation election.

STATE S ELECTION REQUIRED?

Yes. File Form CT-6, Election by a Federal S Corporation to be treated as a New York S Corporation.

INCOME TAX—PARTNERSHIPS, LLC

Every partnership having at least one resident partner who is an individual, estate, or trust or having income derived from New York sources must file a New York Return.

COMPOSITE RETURNS

Group returns are allowed for partnerships, including a limited liability partnerships and limited liability companies, with 11 or more qualified nonresident shareholders.

A partnership that wishes to file a group return on behalf of its qualified electing partners must request permission to do so by submitting an application on Form TR-99, Application for Permission to File a Group Return. Form TR-99 must be submitted to: NYS Tax Department, Taxpayer Contact Center, W A Harriman Campus, Albany, NY 12227. Form TR-99 must be submitted no later than 30 days following the close of the initial tax year for which a group return is requested.

FORMS

IT-204, Partnership Return.

IT-204-LL, Partnership, Limited Liability Company, and Limited Liability Partnership Filing Fee Payment Form.

IT-203-GR, Group Return for Nonresident Partners.

IT-370-PF, Application for Automatic Extension of Time to File for Partnerships and Fiduciaries.

Form IT-204-LL must be filed by:

1. Every LLC that is a disregarded entity for federal income tax purposes that has income, gain, loss, or deduction from New York State sources (see the [instructions for Form IT-204](#)); and
2. Every domestic or foreign LLC (including a limited liability investment company (LLIC) or a limited liability trust company (LLTC)), or LLP that is required to file [Form IT-204 Partnership Return](#) and that has income, gain, loss, or deduction from New York State sources; and
3. Every regular partnership (those that are not an LLC or LLP) that is required to file Form IT-204 that has income, gain, loss, or deduction from New York sources, and had New York source gross income for the preceding tax year of at least \$1 million.

RATES

Regular partnership filing fee:

<u>New York Source Gross Income</u>	<u>Filing Fee</u>
\$1,000,000	\$ 500
\$1,000,001 to \$5,000,000	\$1,500
\$5,000,001 to \$25,000,000	\$3,000

>\$25,000,000

\$4,500

LLC or LLP filing fee:

<u>New York Source Gross Income</u>	<u>Filing Fee</u>
\$0 to \$100,000	\$ 25
\$100,001 to \$250,000	\$ 50
\$250,001 to \$500,000	\$ 175
\$500,001 to \$1,000,000	\$ 500
\$1,000,001 to \$5,000,000	\$1,500
\$5,000,001 to \$25,000,000	\$3,000
>\$25,000,000	\$4,500

DUE DATE

Form IT-204: March 15 for calendar year taxpayers.

DUE DATE EXTENSION

If you can't file your partnership return by the due date, you can apply for an [automatic five-month extension](#) of time to file by the original return's due date. Fiscal-year filers must contact New York Department of Taxation.

There is no extension of time to file Form IT-204-LL or pay the fee.

ELECTRONIC FILING

Partnerships that prepare their own returns and extensions using tax software that supports e-file as well as those using paid preparers who are required to e-file, must file their returns and extensions electronically:
http://www.tax.ny.gov/tp/efile/mandate_options.htm

Extensions can also be filed using New York Department of Taxation and Finance online services.

ELECTRONIC PAYMENT

Payments for electronically filed returns and extensions can be made by direct debit from a bank account.

Payments on extensions filed via Department of Taxation and Finance online services can be made by a credit card. A convenience fee will be charged for all credit card payments.

WEBSITE

<http://www.tax.ny.gov/pit/efile/partneridx.htm>

MAILING ADDRESS

Mail Form IT-204 to:
State Processing Center
P.O. Box 4149
Binghamton, NY 13902-4149

Mail Form IT-204-LL and your remittance to:
State Processing Center
P.O. Box 4148
Binghamton, NY 13902-4148

Mail IT-370-PF, Application for Automatic Extension of Time to File for Partnerships and Fiduciaries, to:

Payment:
Extension Request
P.O. Box 4125
Binghamton, NY 13902-4125

No Payment:
Extension Request – NR
P.O. Box 4126
Binghamton, NY 13902-4126

INCOME TAX—INDIVIDUAL

New York income tax is imposed on the taxable income of resident individuals, estates, and trusts. Nonresident individuals, estates, and trusts are taxed only on the taxable income attributable to New York sources.

FORMS

IT-201, Resident Income Tax Return.

IT-203, Nonresident and Part-Year Resident Income Tax Return.

IT-370, Application for Automatic Six-Month Extension of Time to File for Individuals.

RATES

The tax is imposed at graduated rates ranging from 4% to 8.82%.

DUE DATE

April 15

DUE DATE EXTENSION

October 15

ELECTRONIC FILING

Electronic filing is required for individuals who do not use a tax preparer, but instead prepare their own income tax returns using software:

http://www.tax.ny.gov/tp/efile/mandate_options.htm

ELECTRONIC PAYMENT

Electronic payment via direct debit from bank account is required for tax returns prepared using tax preparation software or FreeFile service.

Available payment methods include: direct debit from bank account, IT-201-V voucher and check, and credit card.

WEBSITE

www.tax.ny.gov

MAILING ADDRESS

If enclosing a payment (check or money order with Form IT-201-V), mail your return to:

State Processing Center
P.O. Box 15555
Albany, NY 12212-5555

If not enclosing a payment, mail your return to:

State Processing Center
P.O. Box 61000
Albany, NY 12261-0001

FED RETURN ATTACHED TO STATE RETURN

Not required

STATE CONSTRUCTION-RELATED CREDITS

Alternative Fuels:

1. Alternative Fuels and Electric Vehicle Recharging Property.
2. Brownfield.

3. Economic Transformation and Facility Redevelopment Program Credit.
4. Empire State Jobs Retention Program.
5. Empire Zone (EZ) Capital.
6. EZ Employment Incentive.
7. EZ Investment.
8. EZ Wage.
9. Employment Incentive.
10. Employment of Persons with Disabilities.
11. Excelsior Jobs.
12. Fuel Cell Electric Generating Equipment.
13. Green Building.
14. Historic Barn Rehabilitation Program.
15. Investment.
16. Long-term Care Insurance.
17. Low Income Housing.
18. New York Youth Works.
19. QEZE Employment.
20. QEZE Real Property Taxes.
21. QEZE Tax Reduction.
22. Rehabilitation of Historic Properties.
23. Unincorporated Business Tax.

IRC CONFORMITY

New York's personal income tax calculation starts with federal adjusted gross income. In addition, under N.Y. Tax Law § 615(a) (as amended by NY Budget Bill, L. 2018, S7509), resident individuals that itemize federal deductions may take a New York itemized deduction equal to "the total amount of ... deductions from federal adjusted gross income ... as provided in the laws of the U.S. . . as such deductions existed immediately prior to the enactment of Public Law 115-97." Because New York allows only the deductions permitted under U.S. law prior to the enactment of TCJA, no IRC § 199A deduction is permitted under NY law.

ALTERNATIVE MINIMUM TAX

New York does not impose an alternative minimum tax.

NET WORTH OR STOCK TAX

New York imposes an annual franchise tax on every domestic or foreign corporation for the privilege of exercising its corporate franchise, doing business, employing capital, owning or leasing property in New York in a corporate or organized capacity, or maintaining an office in New York.

See information provided below and the Income Tax – C Corporation section above for details.

BASIS OF TAX

The taxpayer is required to calculate the tax computed on four alternative bases (entire net income, capital, minimum taxable income, and fixed dollar minimum), and to pay the highest of the alternative amounts, plus a tax on subsidiary capital.

CAPITAL BASE TAX COMPUTATION

To determine the value of your assets for the capital base computations, you must include real property and marketable securities at fair market value. You must include all other property at the value shown on your books in accordance with generally accepted accounting principles (GAAP). The capital base is multiplied by the tax rate of .0015.

PHASE OUT

Effective for tax years beginning on or after January 1, 2015, corporation franchise taxpayers will no longer be required to pay the highest tax computed under four alternative bases, as the minimum taxable income base is eliminated and the capital base tax will be phased out over a period of six years (starting in 2016). In addition, “entire net income base” is replaced by “business income base,” relevant definitions have been modified, and the tax on subsidiary capital is eliminated.

GROSS RECEIPTS TAX

New York does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, many cities, counties, and municipalities throughout New York might have additional registration requirements that may affect your business. Contact the local government office and the county assessor's office in the location in which you have an interest for information on local or county taxes and licensing that may be needed for your business.

To obtain more information about business license taxes by county, visit:
<http://www.ny.gov/counties>

STATE SALES AND USE TAX

REGISTRATION

As a general rule, a contractor must pay sales tax to its supplier when it purchases tangible personal property. It does not matter whether the tangible personal property will be used in performing a capital improvement or a repair, maintenance, or installation service.

A contractor is required to register for sales tax if it performs repair and maintenance services to real property, including but not limited to interior or exterior painting of an existing house or structure, plumbing repairs, and electrical repairs.

You must register with the Tax Department and get a Certificate of Authority (visit the NYS License Center Website provided below) if you plan to do any of the following in New York State: 1) Sell tangible personal property or provide certain taxable services; 2) Collect state and local sales tax; 3) Issue or receive New York State sales tax exemption documents; or 4) Operate a hotel or motel or receive amusement charges.

You must apply for a Certificate of Authority at least 20 days before you: 1) Make taxable sales; 2) Provide taxable services within New York State; or 3) Issue or accept New York State exemption documents.

If a contractor does a capital improvement for a customer and the customer provides the contractor with a properly completed Form ST-124, Certificate of Capital Improvement, no sales tax is required to be collected from the customer. On the other hand, when a contractor performs a job that constitutes a repair, maintenance, or installation service to real property, sales tax must be collected from the customer, unless the contractor receives a properly completed Form ST-119.1, Exempt Organization Certification, or other applicable exemption document.

More information on what constitutes capital improvement versus repair, maintenance, or installation service is available in Publication 862.

<http://www.tax.ny.gov/pdf/publications/sales/pub862.pdf>

To register for New York State sales tax Certificate of Authority use NYS License Center website at: <https://aca.licensecenter.ny.gov/Aca/default.aspx>

If you cannot register online, contact New York Department of Taxation Sales Tax Information Center at (518) 485-2829.

FORMS

ST-809, New York State and Local Sales and Use Tax Return for Part-Quarterly (Monthly) Filers.

ST-810, New York State and Local Sales and Use Tax Return for Part-Quarterly (Monthly) Filers.

ST-100, New York State and Local Quarterly Sales and Use Tax Return.

ST-101, New York State and Local Annual Sales and Use Tax Return.

RATES

The combined sales and use tax rate equals the state rate (currently 4%) plus any local tax rate imposed by a city, county, or school district. An additional sales tax rate of 0.375% applies to taxable sales made within the Metropolitan Commuter Transportation District (MCTD). The combined rates vary in each county and in cities that impose sales tax.

For rates by local taxing jurisdictions go to Department of Taxation and Finance website listed below:

http://www.tax.ny.gov/pubs_and_bulls/publications/sales/rates_by_local_jurisdiction.htm

DUE DATE

Filing due dates are as follows:

1. Annual returns are due on or before March 20 of each year, covering the period from March 1 of the previous year through February 28 or 29 of the current year.
2. Quarterly returns are due on or before the 20th day following the end of the quarterly period for which they are filed. Quarterly period ending dates are the last day of February, May, August, and November.
3. Monthly returns are due on or before the 20th day of the succeeding month.

DUE DATE EXTENSION

None

ELECTRONIC FILING

Required for monthly and quarterly sales tax filers who meet these three conditions: (1) do not use a tax preparer to prepare the required filings; (2) use a computer to prepare, document, or calculate the required filings or related schedules, or is subject to the corporation tax e-file mandate; and (3) have broadband Internet access: http://www.tax.ny.gov/tp/efile/mandate_options.htm

PromptTax is an electronic filing and payment program that's mandatory for certain businesses. The Tax Department notifies you by mail if you're required to participate.

ELECTRONIC PAYMENT

Electronic payment via direct debit from bank account is required for all sales tax payments.

WEBSITE

<http://www.tax.ny.gov/bus/st/stdix.htm>

MAILING ADDRESS/PHONE NUMBER

If you are not required to Web File, mail your sales tax return and attachments to:

Monthly/Quarterly Filers

NYS Sales Tax Processing
P.O. Box 15168
Albany, NY 12212-5168

Annual Filers

NYS Sales Tax Processing
P.O. Box 15169
Albany, NY 12221-5169

- Sales Tax Certificate of Authority Renewal Information Center: (518) 457-0260. Learn about renewing a Certificate of Authority.
- Sales Tax Information Center: (518) 485-2889. Find out about registering as a sales tax vendor, filing, and paying.

GOVERNMENT PROVIDED MATERIALS

Tangible personal property incorporated into real property owned by a governmental entity is exempt from tax, regardless of whether the contract is on a lump sum, time and material, cost-plus, or other basis. Charges for maintaining, installing, repairing, and servicing tangible personal property and real property are not subject to tax, provided that the exempt entity is the payer of record. However, where such charges are billed to and paid by a tenant which does not qualify as an exempt entity, the charges are taxable on the full invoice price.

Sales of tangible personal property to a contractor, subcontractor, or repairman for use in erecting, repairing, adding to or altering a structure or building owned by an exempt organization are not subject to tax, where they are to become an integral component part of the structure or building. Moreover, tangible personal property purchased by a contractor and which remains tangible personal property after installation is not taxable, if purchased for and sold to an exempt entity.

The tax is imposed, however, upon a contractor's purchases of construction supplies which do not become part of an exempt entity's real property and are used or consumed by the contractor and upon taxable services (such as electricity) used by the contractor.

TAXABLE SERVICES

When the services provided consist of a combination of renderings or plans followed by later physical implementation of the plans, the person providing the services is considered to be a construction contractor. As a result, the sale will not be treated as the sale of interior decorating or design services but will instead be treated as a service to tangible personal property, real property, or both.

If the work to be performed constitutes the installation, repair, maintenance, or servicing of tangible personal property, or the repair, maintenance, or servicing of real property, the transaction is subject to sales tax if the property is located in New York. A construction contractor must pay sales tax at the time of purchase on materials that are transferred to its customer as part of a taxable repair, maintenance, or installation service. However, the tax paid on these materials qualifies for a sales tax credit.

If the work to be performed constitutes the installation of tangible personal property that, when installed, constitutes a capital improvement to real property, the transaction is not taxable. A construction contractor must pay sales tax on any materials and other tangible personal property to be installed as part of the capital improvement and no sales tax credit is available. If decorating or design services are delivered to a New York resident outside of New York (e.g., a design plan is delivered to the purchaser outside New York), but the purchaser later uses the plan in New York, the purchaser will owe New York state use tax. The place of use determines the use tax rate.

LOCAL SALES AND USE TAX (City/County/Special)

Cities and counties in New York (except counties wholly within a city) acting through the local legislative body, as well as certain school districts, are authorized to impose local sales and use taxes. See information provided below and State Sales and Use Tax section above for details.

REGISTRATION

No separate registration is required for local sales and use tax.

FORMS

Local sales and use returns are filed on state forms.

RATES

For rates by local taxing jurisdictions go to Department of Taxation and Finance website listed below:

http://www.tax.ny.gov/pubs_and_bulls/publications/sales/rates_by_local_jurisdiction.htm

EMPLOYMENT TAXES

WITHHOLDING

If you are an employer and you maintain an office or transact business within New York State, whether or not a paying agency is maintained within the state, you must withhold personal income tax.

Out-of-state employers who are not incorporated or licensed under New York State law and do not maintain an office or transact business in New York State are not required to withhold New York State, New York City, or Yonkers income taxes on employees who reside in New York State.

If an out-of-state employer agrees to withhold New York State, New York City, or Yonkers income taxes for the convenience of the employee, then the employer is subject to New York State withholding requirements.

FORMS

NYS-1, Return of Tax Withheld.

NYS-45, Quarterly Combined Withholding Tax, Wage Reporting, and Unemployment Insurance Return.

Additional forms can be found at:
http://www.tax.ny.gov/forms/withholding_cur_f0orms.htm

RATES

The withholding tax rate depends on employee's marital status and the number of exemptions claimed.

Publication NYS-50-T-NYS, *New York State Withholding Tax Tables and Methods*, contains the wage bracket tables and exact calculation method for New York State withholding.

Publication NYS-50-T-NYC, *New York City Withholding Tax Tables and Methods*, contains the wage bracket tables and exact calculation method for New York City withholding.

Publication NYS-50-T-Y, *Yonkers Withholding Tax Tables and Methods*, contains the wage bracket tables and exact calculation method for Yonkers withholding.

DUE DATE

Form NYS-1:

Filing due dates are based on amounts withheld in prior years. If you were required to withhold \$15,000 or more for the calendar year that precedes the previous calendar year, you must file Form NYS-1 and remit the tax you withheld within three business days following the payroll that caused the total accumulated tax withheld to equal or exceed \$700. If you were required to withhold less than \$15,000 during that year, you must file Form NYS-1 and remit the tax withheld within five business days.

The Tax Department will notify you of any change to your filing due date (three or five business days after the payroll) based on our record of your total tax withheld. New employers will be permitted to file within five business days until notified otherwise by the Tax Department.

Form NYS-45:

Due the last day of the month following the end of the quarter as follows:

<u>Quarter:</u>	<u>Due date:</u>
January 1 to March 31	April 30
April 1 to June 30	July 31
July 1 to September 30	October 31
October 1 to December 31	January 31

When the due date falls on a Saturday, Sunday, or legal holiday, you are permitted to file on the next business day.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

For withholding tax returns due on or after April 30, 2015, you must electronically file and pay your withholding tax returns. Filers of paper returns may be subject to penalties and delays in processing.

The Department of Taxation and Finance offers three methods for electronically filing withholding tax returns:

- Tax Department Web File – You can make withholding payments, file withholding tax returns, and report wage and unemployment insurance (UI) information: http://www.tax.ny.gov/bus/wt/file_methods.htm
- Tax Department Web upload – The fastest and easiest way to make withholding payments, file returns, and report withholding tax, wage, and UI information: http://www.tax.ny.gov/bus/wt/file_methods.htm

- Federal/State Employment Taxes (FSET) compatible software – Some commercially available software allows you to use the FSET program to file withholding returns and report wage and UI information:

http://www.tax.ny.gov/bus/efile/fset_approved_vendors.htm

ELECTRONIC PAYMENT

Electronic payment via direct debit from bank account is required.

WEBSITE

<http://www.tax.ny.gov/bus/wt/wtidx.htm>

MAILING ADDRESS

If you are not required to file electronically, mail Form NYS-1 to:

NYS Tax Department
Processing Unit
P.O. Box 4111
Binghamton, NY 13902-4111

If you are a PromptTax participant and you are filing a paper form NYS-1, mail your return and payment to:

PROMPTAX
NYS Tax Department
P.O. Box 4131
Binghamton, NY 13902-4131.

If you are not required to file electronically, mail Form NYS-45 to:

NYS Employment
Contributions and Taxes
P.O. Box 4119
Binghamton, NY 13902-4119

NEW HIRE

Employers are required to report newly hired or rehired employees employed in New York State within 20 calendar days from the hiring date. The hiring date is the first day the employee performs services for which he/she will be paid compensation or is eligible to earn commissions. If you report electronically, you must submit two monthly reports (if needed) between 12 and 16 days apart.

Employers who are required to report to New York State (and multistate employers who designate New York as their reporting state) should use one of the methods below to submit the new hire information:

1. Online via the Website at www.nynewhire.com
2. Submit a copy of the employee's Form IT-2104, Employee's Withholding Allowance Certificate, in place of, or in addition to, the federal Form W-4, Employees Withholding Allowance Certificate. Mail new hire reporting information to:

New York State Dept. of Taxation and Finance
New Hire Notification
P.O. Box 15119
Albany, NY 12212-5119
Fax: (518) 320-1080
3. Electronic filers may obtain current specifications by contacting Employer Outreach at (518) 320-1079.

The following information must be reported:

1. Employee name (first, middle initial, last),
2. Employee address (street, city, state, and zip code),
3. Employee social security number,
4. Employee hire date,
5. Employer name,
6. Employer address (street, city, state, and zip code),
7. Employer identification number (assigned by the Internal Revenue Service),
8. If dependent health insurance benefits are available to the employee and if so, the date the employee qualifies for the benefits.

TERMINATION

Employers must notify any employee terminated from employment, in writing, of the exact date of such termination as well as the exact date of cancellation of employee benefits connected with such termination. In no case shall notice of such termination be provided more than five working days after the date of such termination. Failure to notify an employee of cancellation of accident or health insurance subjects an employer to an additional penalty.

To notify the New York Office of Temporary and Disability Assistance when an employee with a child support obligation leaves your employ, please complete the section [NOTIFICATION OF EMPLOYMENT TERMINATION](#) on the third page of the [New York State income withholding order](#) (PDF).

INDEPENDENT CONTRACTOR TREATMENT

New York's Unemployment Insurance Law excludes independent contractors from coverage.

The New York State Construction Industry Fair Play Act (Chapter 418 of the Laws of 2010) became effective on October 26, 2010. This law creates a new standard for determining whether a worker is an employee or independent contractor in the construction industry and provides new penalties for employers who fail to properly classify their employees.

New standard: Individuals working for an employer in the construction industry will be presumed to be employees unless they meet all three criteria below. The individual must be:

1. Free from control and direction in performing the job, both under contract and in fact;
2. Performing services outside of the usual course of business for the company; and
3. Engaged in an independently established trade, occupation, or business that is similar to the service they perform.

UNEMPLOYMENT

REGISTRATION

New York requires all employers to register for UI when they meet the conditions for UI liability. The conditions for liability differ for the following types of businesses:
<https://labor.ny.gov/ui/employerinfo/registering-for-unemployment-insurance.shtm>

FORMS

NYS-45, Quarterly Combined Withholding Tax, Wage Reporting, and Unemployment Insurance Return.

Additional unemployment insurance forms can be found at:
<https://labor.ny.gov/formsdocs/ui/employer-forms-publications.shtm>

RATES

The New York State UI tax paid by a liable employer comprises a normal tax and a subsidiary tax. In addition, all liable employers, with the exception of nonprofit, governmental, and Indian tribe employers who have elected the benefit reimbursement option, are required to contribute to a separate re-employment service fund.

For more information on employer unemployment insurance, refer to the table below or go to: <https://labor.ny.gov/ui/bpta/contributiontable.shtm>

Current Employer UI Contribution Rates

For 2018, the size of fund index column in effect is the column labeled “2.0 but less than 2.5%.” The range of the normal portion of the rates is 0.3% to 7.3%. The range of rates with the normal, subsidiary, and reemployment taxes is 0.9% to 8.3%. The subsidiary tax rate schedule in effect is the column labeled “less than 0%.” New employers pay a rate of 3.6%, including a subsidiary tax rate of 0.625% and the reemployment tax of 0.075% (DOL Communication).

For 2019 the range of New York State UI contribution rates is as follows:

NYS Unemployment Insurance Total UI Contribution Rates

	<u>UI Rate</u> *	<u>RSF</u> **	<u>Total</u>
Lowest rate:	0.525%	0.075%	0.6%
New employer rate:	3.125%	0.075%	3.2%
Highest rate:	7.825%	0.075%	7.9%

* The UI contribution rate is the normal rate PLUS the subsidiary rate. Use this rate to calculate line #4 on the Form NYS-45, Quarterly Combined Withholding Tax, Wage Reporting, and Unemployment Insurance Return.

** Re-employment Services Fund rate is 0.075% and applies to all contributory accounts. Use this to calculate line #5 on the Form NYS-45.

UI Rate Notices:

The New York Department of Labor mails UI rate notices in March every year.

DUE DATE

See withholding section above.

DUE DATE EXTENSION

See withholding section above.

ELECTRONIC FILING

The New York State Department of Taxation and Finance has mandated the electronic filing of the Quarterly Combined Withholding Tax, Wage Reporting, and Unemployment Insurance Return, Form NYS-45. For returns due on or after April 30, 2015, you must electronically file and pay your NYS-45 return. Filers of paper returns may be subject to penalties and delays in processing. See the information about electronic filing below: <https://labor.ny.gov/ui/Authentication/index.shtm?id=0>

ELECTRONIC PAYMENT

Electronic payment via direct debit from bank account is required.

WEBSITE

<https://labor.ny.gov/ui/employer.shtm>

MAILING ADDRESS

If you are not required to file electronically, mail Form NYS-45 to:
NYS Employment
Contributions and Taxes
P.O. Box 4119
Binghamton, NY 13902-4119

NEW HIRE

See withholding section above.

TERMINATION

See withholding section above.

INDEPENDENT CONTRACTOR TREATMENT

See withholding section above.

PROPERTY TAX

PERSONAL PROPERTY

New York does not impose tax on personal property.

REAL PROPERTY

All real property in the state is subject to tax unless specifically exempt. Buildings and structures can be subject to the real property tax even if they are not permanently attached to the land. The determining factor is whether the structure is intended to remain a permanent structure on land.

Property taxation is governed primarily by Chapter 50-a, Real Property Tax Law, The New York Constitution, and by various county laws, and city and charters and ordinances.

REGISTRATION

Registration and collection is administered at the municipal level.

FORMS

For a listing of property tax forms, visit:
http://www.tax.ny.gov/forms/orpts_cur_forms.htm

RATES

Tax rates are calculated by local jurisdictions. To learn how they are calculated, go to: <http://www.tax.ny.gov/pit/property/learn/proptaxcalc.htm>

DUE DATE

Generally by January 31, or within 30 days of the date of receipt of the tax roll and warrant.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is not required.

ELECTRONIC PAYMENT

Real property taxes may be paid via the internet under the terms and conditions of the General Municipal Law. Visit specific municipality's website for links to electronic payment systems approved by that municipality.

WEBSITE

For general information on property taxes and assessments visit Department of Taxation and Finance website listed below.

www.tax.ny.gov/pit/property

MAILING ADDRESS/PHONE NUMBER

Varies by tax collector.

INTANGIBLES TAX

All intangible property is exempt from New York property taxation because ad valorem taxation of intangible property is prohibited by the New York State Constitution.

FUEL TAX

REGISTRATION

You must apply to your base jurisdiction for an International Fuel Tax Agreement (IFTA) license and decals for each qualified motor vehicle that you operate in more than one IFTA member jurisdiction. New York State is your base jurisdiction for the IFTA licensing of your fleet if you meet all of these conditions:

- You register your qualified motor vehicles in New York State.
- You maintain the operational control and operational records for those qualified motor vehicles in New York State or can make those records available in New York State.
- Some of the qualified motor vehicles in your fleet actually travel within New York State.

Follow the steps below to get your initial IFTA license and decals when New York State is your base jurisdiction:

1. File [Form IFTA-21, New York State International Fuel Tax Agreement \(IFTA\) Application](#). After we approve your application, we'll issue one IFTA license for your fleet of vehicles. No fees apply to the IFTA license which is valid from January 1 through December 31.
2. Buy a set of two decals for each qualified motor vehicle you operate under your IFTA license. If you already have an IFTA license, you may buy IFTA decals online at: [One Stop Credentialing and Registration \(OSCAR\)](#) or, you may use Form IFTA-21 to order decals.

FORMS

IFTA-100-MN, IFTA Quarterly Fuel Use Tax Return.

Additional forms can be found at:

http://www.tax.ny.gov/forms/highway_use_fuel_use_tax.htm

RATES

The rates are published quarterly in IFTA-105, *Rate Sheet for IFTA Packet*.

DUE DATE

Form IFTA-100-MN is due by the last day of the month following each calendar quarter: April 30, July 31, October 31, and January 31.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is required for most taxpayers:
<http://www.tax.ny.gov/bus/ads/webifta.htm>

ELECTRONIC PAYMENT

Electronic payment via direct debit from bank account is required for most taxpayers.

WEBSITE

<http://www.tax.ny.gov/bus/ifta/fuel.htm>

MAILING ADDRESS

NYS Department of Taxation and Finance
P.O. Box 22056
Albany, NY 12201-2056

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

New York's Abandoned Property Law requires that organizations holding unclaimed property report such property to the New York State Comptroller's Office of Unclaimed Funds (OUF). Banks, insurance companies, corporations, and courts are among the many organizations New York State requires to report such property. The law requires organizations to review their records annually and transfer accounts that have reached specified dormancy thresholds to the Office of State Comptroller, who serves as custodian of the funds until the rightful owners claim them.

Office of Unclaimed Funds administers reporting of abandoned property. The reporters of abandoned property can access Handbook for Reporters of Unclaimed Funds at the website of the Office of State Comptroller listed below.

<http://www.osc.state.ny.us/ouf/oufhandbook/index.htm>

IMPACT FEES

- Services funded with impact fees: subdivision plans, site plans, land development, water, sewer, roads, parks and recreation, open space, and drainage.
- Per unit fee: A wide range depending on the service and the consulting fees associated with it.
- State-enabling legislation for impact fees: No. New York State has case law in favor of limiting impact fees, including consulting fees.

MINIMUM WAGE

\$11.10 per hour statewide.

REGISTERED AGENTS

Every corporation and LLC must appoint the New York Department of State (Department) as its registered agent for service of process in the state. The Department will accept and forward legal papers on the LLC's behalf if it is sued.

DAVIS BACON

Prevailing Wage Schedules are issued separately for "General Construction Projects" and "Residential Construction Projects" on a county-by-county basis.

General construction rates apply to projects such as: buildings, heavy and highway, tunnel, and water and sewer rates.

Residential construction rates generally apply to construction, reconstruction, repair, alteration, or demolition of one family, two family, row housing, or rental type units intended for residential use. Some rates listed in the Residential Construction Rate Schedule have a very limited applicability listed along with the rate. Rates for occupations or locations not shown on the residential schedule must be obtained from the General Construction Rate Schedule. Please contact the local Bureau of Public Work office before using these Residential Rate Schedules, to ensure that the project meets the required criteria.

For more information on Prevailing Wage Schedules, visit:
<http://wpp.labor.state.ny.us/wpp/publicViewPWChanges.do?method=showIt>

DRUG TESTING FACILITIES

A list of drug testing centers throughout New York can be found at:
http://www.testcountry.com/drug-testing-center-facilities/new_york.htm

OTHER

CFMA Chapters in New York:

Central NY, Syracuse, NY:	http://cafe.cfma.org/CentralNY/Home/
Long Island, Farmingdale, NY:	http://cafe.cfma.org/LongIslandNY/Home/
Niagara Frontier, Buffalo, NY:	http://cafe.cfma.org/NiagaraNY/Home/
NY Capital Region, Albany, NY:	http://cafe.cfma.org/NYCapRegion/Home/
Greater Rochester, Rochester, NY:	http://cafe.cfma.org/RochesterNY/Home/
New York City, NY:	http://cafe.cfma.org/NewYorkNY/Home/

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 21, 2019

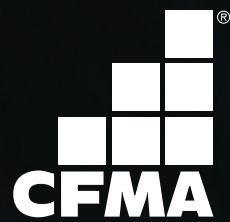
DATE OF LAST UPDATE

February 10, 2014

SUBJECT MATTER EXPERT

John P. Eardley, CPA, MST
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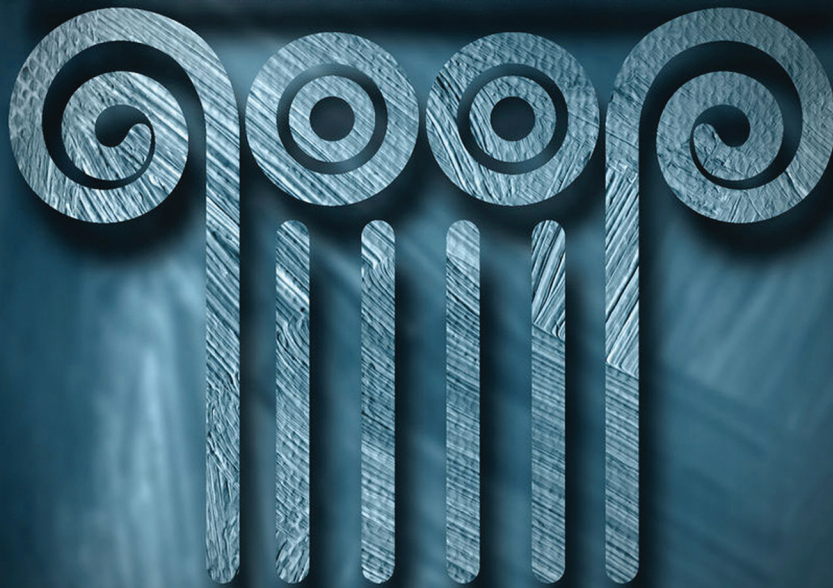
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



NORTH CAROLINA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes submitting fully executed Articles of Incorporation with a cover sheet and the initial filing fee to the Secretary of State.

For foreign companies attempting to do business in the state, a Certificate of Authority must be obtained.

FORMS

Form BN-01, Cover Sheet.	
Form B-01, Article of Incorporation for Business – Foreign Corporation	\$125
Form B-09, Application for Certificate of Authority – Foreign Corporation	\$250
Form L-01, Application of Organization – Foreign LLC	\$125
Form L-09 – Application for Certificate of Authority – Foreign LLC	\$125
Form BE-13, Application to Register an Entity Name by a Foreign Entity – Foreign LLC	\$ 50
Form LP-04, Application for Registration as a Foreign Limited Partnership – Foreign Limited Partnerships	\$ 50
Form LLP-02, Application for Registration of a Foreign Limited Liability Partnership – Foreign Limited Liability Partnership	\$125
Form LLLP-01, Registration as a Limited Liability Limited Partnership – Limited Liability Limited Partnerships	\$125

RATES, FEES, COSTS

See above

WEBSITE

<http://www.sosnc.com/>

MAILING ADDRESS/PHONE NUMBER

North Carolina Department of the Secretary of State
P.O. Box 29622
Raleigh, NC 27626-0622
Phone: (919) 807-2225
Fax: (919) 807-2039

ADDITIONAL ASSISTANCE

Initial registration can now be completed online by registering for an account through the North Carolina Secretary of State (NCSOS) website. Articles of Organization can be uploaded in PDF format and applicable fees can be paid through

the NCSOS website.

ANNUAL RENEWALS

Annual renewals are required to be filed every year. An online option is available. If choosing to file a paper copy, the annual report and fee can be submitted to the North Carolina Department of Revenue with the entities tax return.

FORMS

Prepopulated forms with information currently on file with the Secretary of State can be found by searching for a corporation using the website listed below.

RATES

Corporations	\$ 25
Limited Liability Companies	\$200

DUE DATE

The annual report is due on the same date as the entities income and franchise tax returns.

DUE DATE EXTENSION

An extension of time filed for income and franchise tax returns is an automatic extension of time to file an annual report.

ELECTRONIC FILING

Online reporting is available. An account is needed in order to file or pay online. If changing anything on file with the Secretary of State, you must print a prepopulated form and mail the form with changes to the Secretary of State.

ELECTRONIC PAYMENT

Yes

WEBSITE

<https://www.sosnc.gov/home/>

MAILING ADDRESS

Secretary of State

Corporations Division
P.O. Box 29525
Raleigh, NC 27626-0525

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is only necessary for:

- Income Tax Withholding.
- Sales and Use Tax.
- Machinery and Equipment Tax (M&E tax is only applicable to the manufacturing industry or contractors or subcontractors who perform contracts with a manufacturing plant).

FORMS

Form NC-BR, Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery and Equipment Tax.

RATES

Free

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

No payment is required.

WEBSITE

<http://www.dornrc.com/electronic/registration/index.html>

MAILING ADDRESS/PHONE NUMBER

North Carolina Department of Revenue
P.O. Box 25000
Raleigh, NC 27640-0100
(877) 252-3052

LICENSES—GC & SPECIALTY

REGISTRATION

General contracting registration begins by obtaining a license application package. All projects costing more than \$30,000 require a license prior to submitting a bid. The application package will include an application form, information for all exams and a copy of laws and regulations applicable to contracting.

A set of financials must be included in your application. The Licensing Board for General Contractors (Board) issues licenses based upon working capital requirements. See “Equity Requirements” below. Three references must be furnished with the application and renewal.

Plumbing, heating, fire sprinkler contractors, electrical contractors and those who contract in North Carolina Department of Transportation (DOT) projects must apply with the separate boards listed below.

Generally, a subcontractor working underneath the supervision of a prime or general contractor does not need to be licensed by the Board.

A person may only hold two contracting licenses.

- Building.
- Residential.
- Highway.
- Public utilities.
 - Water and sewer
 - Water and wastewater treatment facilities
 - Electrical power transmission
 - Public communication distribution facilities
 - Natural gas and petroleum distribution facilities
- Specialty – Various.

TESTS AND EXAMS

General Contracting exams may not be taken until a person or company has applied for a license. An exam must be passed for each type of license.

The NASCLA Accredited Building Exam is accepted by North Carolina, but an application must be completed and submitted with the NASCLA result letter and proof that a transcript was ordered for the Board.

RATES

Initial Application Package	\$ 15
Exams (each)	\$ 50
<u>Initial Application and Renewal</u>	
Unlimited License	\$125
Intermediate License	\$100
Limited License	\$ 75

DUE DATE

Licenses expire every year on December 31.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

GC & Specialty: <http://www.nclbgc.org/>
Plumbing, Heating, and Fire Sprinkler: <http://www.nclicensing.org>
Electrical Contractors: <http://www.ncbeec.org>
NC DOT: <http://www.ncdot.org/>

MAILING ADDRESS/PHONE NUMBER

Licensing Board for General Contractors
P. O. Box 17187
Raleigh, NC 27619

State Board of Examiners of Plumbing, Heating, and Fire Sprinkler Contractors
1109 Dresser Court
Raleigh, NC 27609
(919) 875-3612

State Board of Examiners of Electrical Contractors
1200 Front St., Suite 105
P.O. Box 18727
Raleigh, NC 27619
(919) 733-9042

North Carolina Department of Transportation
Construction Unit
1543 Mail Service Center (Mail)
Raleigh, NC 27699-1543
(919) 707-2400

RECIPROCITY STATES

The Board recognizes passing exam scores from South Carolina and Tennessee, but all fees will still need to be paid.

EQUITY REQUIREMENT

	Minimum required	
<u>License limitation</u>	<u>working capital</u>	<u>Cost per project</u>
Limited	\$17,000	less than \$350,000
Intermediate	\$75,000	less than \$700,000
Unlimited	\$150,000	no limit

FINANCIAL STATEMENT REQUIREMENTS

An audited set of financial statements with an unqualified opinion acquired by a CPA or independent accountant must be furnished for an intermediate or unlimited license.

LOCAL LICENSES

REGISTRATION

North Carolina has no single general business license. The 100 counties of North Carolina and individual cities require and issue various licenses.

FORMS

Varies by jurisdiction.

RATES

Varies by jurisdiction.

DUE DATE

Varies by jurisdiction.

DUE DATE EXTENSION

Varies by jurisdiction.

ELECTRONIC FILING

Varies by jurisdiction.

ELECTRONIC PAYMENT

Varies by jurisdiction.

WEBSITE

Varies by jurisdiction, for example:

Charlotte: <http://charmeck.org/city/charlotte/Utilities/CustomerService/layouts/15/WopiFrame.aspx?sourcedoc=/city/charlotte/Utilities/CustomerService/Bid%20Documents/00423-General%20Contractor%20Qualifications%20Statement.doc&action=default&DefaultItemOpen=1>

Raleigh: <http://www.raleighnc.gov/business/content/PlanDev/Articles/DevServ/DevelopmentServices.html>

Greensboro: <http://www.greensboro-nc.gov/index.aspx?page=312>

Winston-Salem: <http://www.cityofws.org/development>

Durham: <https://durhamnc.gov/3774/Careers>

MAILING ADDRESS/PHONE NUMBER

Varies by jurisdiction.

INCOME TAX

INCOME TAX—C CORPORATION

Every corporation doing business in North Carolina and every inactive corporation chartered or domesticated in North Carolina must file an annual franchise and income tax return using the name reflected on the corporate charter if incorporated in the state, or on the Certificate of Authority if incorporated outside North Carolina. The income and franchise tax are both reported on the corporate tax return.

FORMS

Form CD-405, Corporate Tax Return.

RATES

Income Tax:

- 2.5% for tax years beginning on or after January 1, 2019.

Franchise Tax:

- \$1.50 per \$1,000 of a corporation's apportioned amount of issued and outstanding capital stock, surplus, and undivided profits. This franchise tax base cannot be less than:
 - The corporation's actual investment in tangible property in North Carolina, or
 - 55% of the appraised property tax value of all the corporation's tangible property in North Carolina.

\$200 flat annual minimum tax.

DUE DATE

The return must be filed on or before the 15th day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

Effective for tax years beginning on or after January 1, 2019, taxpayers who are granted an automatic extension to file a federal income tax return are granted an automatic extension to file a North Carolina income tax return. For tax years beginning before January 1, 2019, North Carolina did not accept the federal extension. To obtain an extension of time to file the North Carolina C corporation tax return, 100% of tax amount must be paid by the original due date of return to avoid penalties or interest. Taxpayers must submit Form CD-419 with payment.

ELECTRONIC FILING

Allowed.

Extension – allowed through the North Carolina Department of Revenue (NC DOR) website.

ELECTRONIC PAYMENT

Payments can be made online through the NC DOR website. Mandated for taxpayers with average tax liability of at least \$20,000 per month during a 12-month period. Also required for corporation estimated income tax if required to pay federal estimated income tax by EFT. Mandated for payment of employee withholding tax if liability averages \$20,000 or more monthly.

WEBSITE

<http://www.dornrc.com/electronic/index.html#businessesM>

MAILING ADDRESS

North Carolina Department of Revenue
P.O. Box 25000
Raleigh, NC 27640-0530

ESTIMATED TAX

C corporations that expect to have an income tax liability of \$500 or more are required to file and pay estimated tax payments.

FORMS

CD-429, Corporate Estimated Income Tax.

RATES

See rate in the C Corporation section above.

DUE DATE

The 15th day of the 4th, 6th, 9th, and 12th month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

www.dornco.com

MAILING ADDRESS

North Carolina Department of Revenue
P.O. Box 25000
Raleigh, NC 27640-0640

ALTERNATIVE MINIMUM TAX

Not Applicable

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

North Carolina conforms to the Internal Revenue Code as of February 9, 2018, and has not decoupled from the business interest deduction limitations of IRC §163(j) as enacted by the Tax Cuts and Jobs Act.

ALLOCATION AND APPORTIONMENT FACTORS

One-factor sales formula.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Not conforming, but many of the same provisions.

OTHER MULTISTATE COMPACT

Not Applicable

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Multistate building and construction companies are excluded from using the three-factor formula. Excluded companies must use the single sales factor.

SPECIFIC EXCLUSION OF INCOME ITEMS

See above

SPECIFIC EXCLUSION OF COST ITEMS

See above

CREDITS AND TAX INCENTIVES

Most credit expired January 1, 2014. Taxpayers may continue to take the remaining installments and carryforwards of prior year credits, including:

- Creating jobs.
- Research and development.
- Central office or aircraft facility property.
- Investing in business property.
- Investing in renewable energy property.
- Low income housing.
- Technology commercialization.
- Renewable fuel facility.
- Small business health insurance.
- Work opportunity.
- Constructing a railroad intermodal facility.
- Investing in real property.
- Biodiesel producers.
- Renewable energy property facility.
- Interactive digital media.

INCOME TAX—S CORPORATION

Every S corporation doing business in North Carolina and every inactive S corporation chartered or domesticated in North Carolina must file an annual franchise and income tax return using the name reflected on the corporate charter if incorporated in the state, or on the Certificate of Authority if incorporated outside North Carolina. The income and franchise tax are both reported on the corporate tax return.

REGISTRATION

No registration or separate S-election is required for North Carolina purposes. An S corporation's federal identification number is used for North Carolina return.

FORMS

Form CD-401S

RATES

Income – Not applicable.

Franchise – same as C corporation (see above).

DUE DATE

The return must be filed on or before the 15th day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

For tax years beginning before January 1, 2019, North Carolina does not accept a copy of the federal extension in lieu of the North Carolina extension. Effective for tax years beginning on or after January 1, 2019, taxpayers who are granted an automatic extension to file a federal income tax return are granted an automatic extension to file a North Carolina income tax return.

ELECTRONIC FILING

Allowed

ELECTRONIC PAYMENT

Payments can be made through the NC DOR website.

WEBSITE

www.ncdor.com

MAILING ADDRESS

North Carolina Department of Revenue
P.O. Box 25000
Raleigh, NC 27640-0640

COMPOSITE RETURNS FOR S

An S corporation may file composite returns and make composite payments of tax on behalf of some or all nonresident shareholders. An S corporation must file Form NC-NA with the Department of Revenue by the 15th day of the fourth month following the first taxable period in which the S Corporation becomes subject to North Carolina

income tax. Such form for a nonresident who becomes a shareholder of the S Corporation after the initial due date must be filed by the due date of CD-401S for the year in which the nonresident became a shareholder.

ALLOWED OR NOT ALLOWED

Allowed

FORMS

Form CD-401S

RATES

For post-2018 tax years – 5.25%

DUE DATE

Fifteenth day of fourth month after end of taxable year.

DUE DATE EXTENSION

A six-month extension if Form CD-419 is filed by the original due date of the return.

ELECTRONIC FILING

Return – Yes.

Extension – Yes, only through the NC DOR website.

ELECTRONIC PAYMENT

Yes – through the NC DOR website.

WEBSITE

www.dorncc.com

MAILING ADDRESS

North Carolina Department of Revenue
P.O. Box 25000
Raleigh, NC 27640-0640

ESTIMATED TAX FOR S

Estimated tax payments are not required on behalf of nonresident shareholders filing a composite return; however, if the S corporation makes any prepayment for nonresidents, the entity must claim these prepayments on Schedule B, Line 24b.

S corporations must file the agreements of nonresident shareholders to file and pay individual income taxes to North Carolina. If any such agreement is not timely filed, the S corporation must pay to the Department an estimated tax for that shareholder. The S corporation can recover the money from the shareholder.

FORMS

CD-429

RATES

Tax year 2019 – 5.25%.

DUE DATE

Fifteenth day of the fourth month following the end of the taxable year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Allowed

ELECTRONIC PAYMENT

Yes

WEBSITE

www.dorncc.com

MAILING ADDRESS

North Carolina Department of Revenue
P.O. Box 25000
Raleigh, NC 27640-0640

REQUIRED

This is only if the nonresident shareholder fails to file shareholder agreement.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Withholding on nonresident shareholders is not required. The payment of tax for a nonresident shareholder who does not file Form NC-NA is the responsibility of the S corporation and should be reported and paid on its annual return.

FORMS

CD-429, Corporate Estimated Income Tax.

RATES

Tax year 2019 – 5.25%.

DUE DATE

Fifteenth day of the fourth month following the end of the taxable year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Allowed

ELECTRONIC PAYMENT

Yes

WEBSITE

www.ncdor.com

MAILING ADDRESS

North Carolina Department of Revenue
P.O. Box 25000
Raleigh, NC 27640-0640

PAYMENT ON INCOME OR DISTRIBUTIONS

Share of North Carolina income.

S CORPORATION TREATMENT

See above

C TREATMENT

See above

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Every partnership doing business in North Carolina must file a partnership income tax return for the taxable year if a federal partnership return was required to be filed.

COMPOSITE RETURNS

Not required if nonresident partners file Form NC-NPA, Nonresident Partner Affirmation. Form NC-NPA must be attached to the partnership return when it is filed. If the Form NC-NPA is not filed by a partner, then the partnership is responsible for the payment of the estimated tax.

FORMS

Form D-403, North Carolina Partnership Return.

RATES

There is no income tax at the partnership level for residents or those who file Form NC-NPA. For others, the tax rate is the same as the rate for single individuals.

DUE DATE

Fifteenth day of fourth month after end of taxable year.

DUE DATE EXTENSION

A six-month extension if Form D-410P is filed by the original due date of the return.

ELECTRONIC FILING

Return – Allowed.

Extension – Yes, through the NC DOR website.

ELECTRONIC PAYMENT

Yes

WEBSITE

www.dornc.com

MAILING ADDRESS

North Carolina Department of Revenue
P.O. Box 25000
Raleigh, NC 27640-0640

INCOME TAX—INDIVIDUAL

Every resident of North Carolina whose income for the taxable year exceeds the amount for his filing status shown in the Filing Requirements Chart.

Every part-year resident who received income while a resident of North Carolina or who received income while a nonresident attributable to the ownership of any interest in real or tangible personal property in North Carolina or derived from a business, trade, profession, or occupation carried on in North Carolina, or is derived from gambling activities in North Carolina and whose total income for the taxable year exceeds the amount for his filing status in the Filing Requirements Chart.

A return is required if federal gross income in tax year 2018 exceeds:

- | | |
|--|----------|
| 1) Single | \$ 8,750 |
| 2) Married - Filing Joint Return | \$17,500 |
| 3) Married - Filing Separate Return | \$ 8,750 |
| 4) Head of Household | \$14,000 |
| 5) Qualifying Widow(er) with dependent child | \$17,500 |
| 6) Nonresident alien | \$ 0 |

Every nonresident who received income for the taxable year from North Carolina sources that was attributable to the ownership of any interest in real or tangible personal property in North Carolina or derived from a business, trade, profession, or occupation carried on in North Carolina, or is derived from gambling activities in North Carolina and whose total income from all sources both inside and outside of North Carolina equals or exceeds the amount for his filing status shown in the filing requirements.

FORMS

D-400, Individual Income Tax Return.

RATES

For tax year 2018 – 5.5%.

For tax year 2019 – 5.25%.

DUE DATE

Fifteenth day of the fourth month following the end of the tax year.

DUE DATE EXTENSION

N/A

ELECTRONIC FILING

Yes. North Carolina participates with the federal/state e-file program for individuals.

ELECTRONIC PAYMENT

Yes

WEBSITE

www.ncdor.com

MAILING ADDRESS

North Carolina Department of Revenue
P.O. Box 25000
Raleigh, NC 27640-0640

FED RETURN ATTACHED TO STATE RETURN

Yes

STATE CONSTRUCTION-RELATED CREDITS

Handicapped Dwelling Units – \$550 credit per dwelling completed.

IRC CONFORMITY

On March 20, 2019, North Carolina Governor Cooper signed legislation that updated the Internal Revenue Code (IRC) conformity date to January 1, 2019 (formerly February 9, 2018), for purposes of the personal income tax.

North Carolina's personal income tax calculation starts with federal adjusted gross income as determined under the IRC. North Carolina individual taxpayers are permitted to deduct either the standard deduction or the itemized deduction amount that

the taxpayer claimed under the IRC. Because the IRC § 199A deduction is not an itemized deduction, it is not allowed by North Carolina.

ALTERNATIVE MINIMUM TAX

Not Applicable

NET WORTH OR STOCK TAX

REGISTRATION

Franchise tax is included on the corporate tax returns – please see above.

GROSS RECEIPTS TAX

REGISTRATION

North Carolina does not have a gross receipts tax. Some cities levy a tax on businesses that is calculated on the gross receipts of the business in the local city. Please review the location where you are performing work.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

Tangible goods that will become part of a project must have their sales and use tax remitted to the county in which they will be completed. Consider a Direct Pay Permit (Form E-595E) to ensure that goods purchased for projects have their sales tax sourced to the appropriate county.

Construction Contracts

Construction materials (examples are provided in Sales and Use Tax Technical Bulletin Section 31-10B.1.) subject to the general state rate of sales and use tax and purchased by a contractor or subcontractor in conjunction with a lump-sum or unit-price contract entered into or awarded to a general contractor on or after the date of the local rate of sales and use tax increase are subject to the increased local rate of sales and use tax.

Construction materials subject to the general state rate of sales and use tax purchased by a contractor or subcontractor on or after the effective date of the local rate of sales and use tax increase to fulfill a lump-sum or unit-price contract (sourced to the county in which the increase occurred) entered into before the effective date of the local rate of sales and use tax increase, or entered into or awarded pursuant to a bid made before the effective date of the local rate of sales and use tax increase, are subject to the local rate of sales and use tax in effect prior to the local rate increase.

The applicable Form E-589 affidavit should be issued to a retailer by a contractor or subcontractor to purchase construction materials on or after the date of the local sales and use tax rate increase for use in performing contracts entered into, awarded, or awarded August 2014, Page 2, pursuant to a bid made before the effective date of the local rate of sales and use tax increase. For purchases of construction materials by a subcontractor for use in a contract entered into or awarded to a general contractor before the effective date of the local rate of sales and use tax increase, or entered into or awarded pursuant to a bid made by a general contractor before the effective date of the local rate of sales and use tax increase, the subcontractor should obtain written documentation from the general contractor and attach a copy of such to each Form E-589 issued to a retailer. A contractor, a subcontractor, and the retailer should retain a copy of each Form E-589 and other documentation to substantiate that construction materials purchased or sold on or after the effective date of the local rate of sales and use tax increase are subject to the local rate of sales and use tax in effect prior to the effective date of the local rate of sales and use tax increase.

REGISTRATION

Submit a completed Business Registration Application, Form NC-BR, to the NC DOR.

FORMS

Form E-500, Sales and Use Tax Return.

RATES

The North Carolina state sales tax rate is currently 4.75%. Depending on local municipalities, the total tax rate can be as high as 7.5%.

See the following link for the sales and use tax rates effective October 1, 2018:
<https://www.ncdor.gov/sales-and-use-tax-rates-effective-october-1-2018>

DUE DATE

If tax liability is consistently:

- Less than \$100 – file quarterly with returns due the last day of January, April, July, and October for the preceding three-month period.
- \$100 - \$20,000 – file monthly with returns and payments due on or before the 20th of month following the end of the month.
- Greater than \$20,000 – file monthly with returns due on or before the 20th of the month following the end of the month. A prepayment for the following month's tax liability should be remitted with the return. A prepayment must equal at least 65% of either the tax due for the current month, the same month in the preceding year, or the average monthly amount from the preceding year.

DUE DATE EXTENSION

If the 20th of the month falls on a Saturday, Sunday, or a holiday, the return is due the following business day.

ELECTRONIC FILING

Electronic filing is available through Electronic Services on the NC DOR website.

ELECTRONIC PAYMENT

Payment can be remitted through electronic services on the NC DOR website.

WEBSITE

<http://www.dornc.com/electronic/index.html>

MAILING ADDRESS/PHONE NUMBER

North Carolina Department of Revenue
Sales and Use Tax Division
P.O. Box 871
Raleigh, NC 27640-0640

(877) 252-3052

GRANDFATHERING OF RATE CHANGES

Newly enacted tax rates do not apply to construction materials purchased to fulfill a lump-sum or unit-price contract entered into or awarded before the effective date of the increase or awarded pursuant to a bid made before the effective date of a tax increase.

Purchases in connection to a change order received after the effective date of the tax increase are subject to the new tax rates.

GOVERNMENT PROVIDED MATERIALS

See the North Carolina Sales and Use Tax Technical Bulletins – Section 31 – Contractors and Building Materials:

<http://www.dornco.com/practitioner/sales/bulletins/section31.pdf>

TAXABLE SERVICES

Admission to entertainment events, dry cleaning, and laundry services are taxed at the applicable county rate.

Telecommunications are taxed at a state wide 7% rate.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

County sales and use tax is reported to and collected by the NC DOR.
No individual county sales tax returns are required. See the prior State Sales and Use Tax section.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form NC-3, Annual withholding reconciliation.
Form NC-5Q, Quarterly withholding reconciliation.
Form NC-5P, Withholding Payment Voucher.

North Carolina filing depends on the amount of employee withholding:

Less than \$250 per month: Quarterly payment with Form NC-3M.

\$250 - \$2,000: Monthly payment with Form NC-3.

Greater than \$2,000: Federal withholding payment requirement (semiweekly) and Form NC-5Q must be filed quarterly and Form NC-3 filed annually.

RATES

Varies

DUE DATE

NC-3 is due the last day of February.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

No. NC-5Q and NC-3 must be paper filed.

ELECTRONIC PAYMENT

Employers who remit more than \$240,000 in North Carolina withholding taxes are required. Others may voluntarily participate.

Paying electronically removes the requirement of filing NC-5P. However, NC-5Q and NC-3 must continue to be filed timely.

WEBSITE

<https://www.ncdor.gov/taxes-forms>

MAILING ADDRESS/PHONE NUMBER

North Carolina Department of Revenue

P.O. Box 25000
Raleigh, NC 27640
1-(877) 252-3052

NEW HIRE

North Carolina law requires employers to report newly hired and re-hired employees in North Carolina to the North Carolina Division of New Hires. See: <http://newhire-reporting.com/NC-Newhire/default.aspx>

Reporting is required within 20 days of their start date. [North Carolina State Law, G.S. 110-129.2].

North Carolina Department of Labor
Wage and Hour Bureau
1101 Mail Service Center
Raleigh, NC 27699-1101

TERMINATION

North Carolina is an “employment-at-will state,” which means an employer or employee can generally terminate the employment relationship at any time for any reason, unless a law or other private agreement/contract provides otherwise.

INDEPENDENT CONTRACTOR TREATMENT

See: <http://www.nclabor.com/wh/fact%20sheets/erfs.htm>

UNEMPLOYMENT

FORMS

NCUI 604, Employers Status Report – initial application.

NCUI 100, Employers Quarterly Tax and Wage Report.

RATES

Ranging from 1% to 6% of payroll wages and determined by a number of experience rate factors.

DUE DATE

April 30, July 31, October 31, and January 31.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

Yes

WEBSITE

www.ncesc.com

MAILING ADDRESS

North Carolina Department of Commerce
Division of Employment Security
P.O. Box 26504
Raleigh, NC 27611-6504

NEW HIRE

See Employment Taxes section above.

TERMINATION

See Employment Taxes section above

INDEPENDENT CONTRACTOR TREATMENT

See Employment Taxes section above.

PROPERTY TAX

PERSONAL PROPERTY

Personal property is reported to and taxed at the county level.

REGISTRATION

Various, generally not applicable.

FORMS

Various

RATES

Various – fixed by cities and counties to meet local budgets, based on the true cash value of tangible personal property.

DUE DATE

Various

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Various

ELECTRONIC PAYMENT

Various

WEBSITE

<http://www.dor.state.nc.us/downloads/av14a.pdf>

MAILING ADDRESS/PHONE NUMBER

North Carolina Department of Revenue
Property Tax Section
P.O. Box 871
Raleigh, NC 27602
1-(877) 308-9103

REAL PROPERTY

Real property is reported to and taxed at the county level.

REGISTRATION

Various, generally not applicable.

FORMS

Various

RATES

Various – fixed by cities and counties to meet local budgets, based on the true cash value of real property.

DUE DATE

Various

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Various

ELECTRONIC PAYMENT

Various

WEBSITE

See tangible personal property section above.

MAILING ADDRESS/PHONE NUMBER

See tangible personal property section above.

INTANGIBLES TAX

REGISTRATION

Not applicable – North Carolina does not impose an intangibles tax.

FUEL TAX

REGISTRATION

Registration, by filing Gas-1274, Motor Carrier License & Decal Application, is required for any business that operates a vehicle with a registered gross weight exceeding 26,000 pounds or three axles regardless of weight.

FORMS

Gas-1272 IFTA, IFTA Tax Return – must be filed online after October 31, 2012.

RATES

Varies by jurisdiction and fuel type.

DUE DATE

April 30, July 31, October 31, and January 31.

DUE DATE EXTENSION

Not applicable – \$50 dollar fee for each offense.

ELECTRONIC FILING

Required – the NC DOR will issue an access code via letter after registration Form Gas-1274 is submitted.

ELECTRONIC PAYMENT

Required

WEBSITE

<http://www.dor.state.nc.us/downloads/ifta.html>

MAILING ADDRESS/PHONE NUMBER

North Carolina Department of Revenue
Excise Tax Division
P.O. Box 25000
Raleigh, NC 27640-0950
(919) 707-7500

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

North Carolina requires business owners to examine their records to determine whether they are in possession of dormant unclaimed property. Property is considered dormant after a period of one to fifteen years, depending on the type of property. The dormancy period of salaries and wages is one year.

Once identified, the business should attempt to locate the owners. If unable to locate the owner, the business must file Form ASD-159, along with the additional forms depending on the type of property being held and remit funds to the Department of the Treasurer. If no unclaimed property is being held, then a negative report, Form ASD-NEG, must be filed with ASD-159.

For more information visit: www.nctreasurer.com

IMPACT FEES

Not Applicable

MINIMUM WAGE

\$7.25/hour

REGISTERED AGENTS

There are few requirements of registered agents. They must be listed in the Articles of Incorporation. They can be any individual or entity located and available at a street address in North Carolina who can accept legal documents and notifications on behalf of a corporate entity.

DAVIS BACON

All public works projects require that laborers and mechanics receive predetermined local prevailing wages. These wages amounts are issued by the U.S. Department of Labor and are county and skill specific.

Current prevailing wages can be viewed at:
<http://www.wdol.gov/wdol/scafiles/davisbacon/nc.html>

DRUG TESTING FACILITIES

Various

COMMUNICATIONS

There are three CFMA chapters in North Carolina:

- 1) Charlotte, NC: <http://cafe.cfma.org/CharlotteNC/Home/>
- 2) Piedmont, Greensboro, NC: <http://cafe.cfma.org/PiedmontNC/Home/>
- 3) Triangle, Raleigh, NC: <http://cafe.cfma.org/TriangleNC/Home/>

OTHER

Effective on 4/18/2018 North Carolina issued SD-18-1: guidance on application of sales, use tax to real property repair, maintenance services

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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March 33, 2019

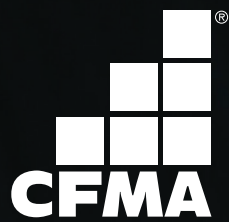
DATE OF LAST UPDATE

May 30, 2015

SUBJECT MATTER EXPERT

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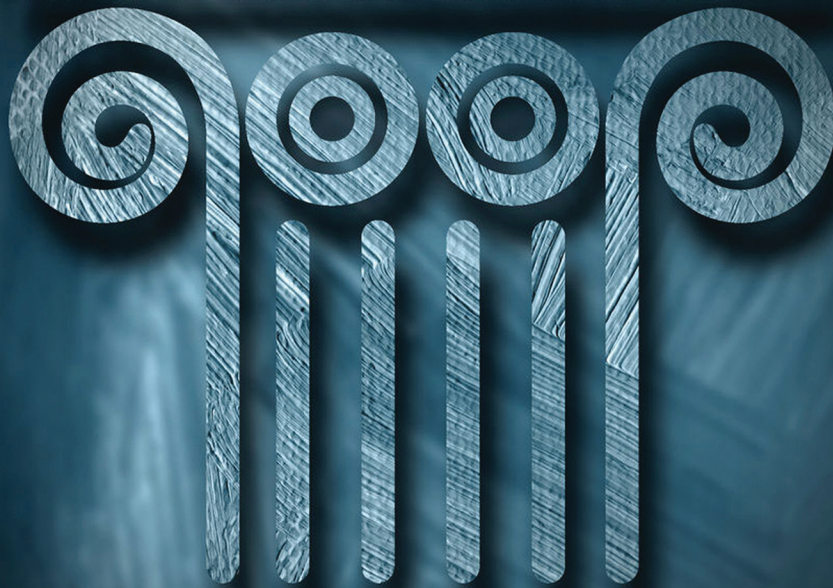
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



NORTH DAKOTA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration requires submission of the Articles of Incorporation, filing of all required forms, and paying all applicable fees.

FORMS

Any entity in need of an Employer Identification Number (EIN) needs to complete the Internal Revenue Service SS-4 Employer Identification Number Forms:

<http://www.irs.gov/pub/irs-pdf/fss4.pdf>

Reserve Name Application forms can be mailed or faxed to the office of the Secretary of State. The reservation of the name is good for 12 months and is renewable for successive 12-month periods if the business has not formed in the initial 12-month period. Availability of a name may be checked online. The Form SFN 13015 (03-2012) is used to reserve a name: <http://www.nd.gov/eforms/Doc/sfn13015.pdf>

In some instances where names are similar to, or the same as a currently registered business in North Dakota, a Consent to Use Business Name form may be necessary. The form used in this case is SFN 59250 (03-2012):

<http://www.nd.gov/eforms/Doc/sfn59250.pdf>

Domestic business corporations are formed according to North Dakota Century Code (N.D.C.C) Chapter 10-19.1, while farm corporations are allowed under North Dakota Century Code (N.D.C.C) 10-06.1. Both instances use Form SFN 16812 (7-2013) to file the Articles of Incorporation with the Secretary of State:

<http://www.nd.gov/eforms/Doc/sfn16812.pdf>

Foreign (out-of-state) corporations may NOT conduct business in North Dakota until the corporation has obtained a Certificate of Authority from the Secretary of State. Foreign entities must also include a current “certificate of good standing” or “certificate of existence” verifying corporate existence, and certified by the incorporating officer of the state or country of the incorporation. These entities will use Form SFN 13100 (7-2012): <http://www.nd.gov/eforms/Doc/sfn13100.pdf>

Domestic LLC’s file the North Dakota Business or Farming Limited Liability Company Articles of Incorporation with the Secretary of State. These entities use Form SFN 58701 (2-2013): <http://www.nd.gov/eforms/Doc/sfn58701.pdf>

Foreign (out-of-state) LLC’s will file the Certificate of Authority Foreign Limited Liability Company Application with the Secretary of State. These entities use Form SFN 19381 (10-2012): <http://www.nd.gov/eforms/Doc/sfn19381.pdf>

Other entity types (i.e., Limited Liability Partnership, Farm Limited Liability Corporations, etc.) not listed above require forms other than those listed here.

Forms are available online, but currently may not be submitted via the internet. Mail and fax submissions are the authorized methods of document transmittal.

RATES, FEES, COSTS

Standard fees for all entities:

Reserve Name Application	\$10.00
Consent to Use of Name	\$10.00
Search of Records	\$ 5.00
Document Pre-Approval	50% of document filing fee

Domestic Corporations:

Articles of Incorporation	\$100.00
---------------------------	----------

Foreign (Out-of-State) Corporations:

Certificate of Authority	\$145.00
Non-Profit Corporation	\$ 50.00
Certificate of Good Standing (+Search of Records fee)	\$15.00 + \$5.00

Domestic LLC's:

Articles of Organization	\$135.00
--------------------------	----------

Foreign (Out-of-State) LLC's:

Certificate of Authority	\$135.00
Consent to Use Business Name	\$ 10.00
Trade Name Registration	\$ 25.00

WEBSITE

<http://www.nd.gov/sos/businessserv/registrations/index.html>

MAILING ADDRESS/PHONE NUMBER

Business Registration Unit
Secretary of State
State of North Dakota
600 E. Boulevard Ave., Dept. 108
Bismarck, ND 58505-0500
Phone: (701) 328-2904
Toll-free: (800) 352-0867 (ext. 328-2904)
Fax: (701) 328-2992

ADDITIONAL ASSISTANCE

The North Dakota Secretary of State website has a good FAQ section, additional phone numbers, and instructions for all forms:

<http://www.nd.gov/businessreg/build/index.html>

ANNUAL RENEWALS

Renewals are required annually with the exception of sole proprietorship and general partnership entities.

FORMS

Form SFN 13016, Domestic Business Corporation Annual Report.

Form SFN 17156, Foreign Business Corporation Annual Report.

Form SFN 50060, Domestic and Foreign LLC Annual Report.

RATES

Domestic Business Corporation -	Postmarked on or before August 1	\$25.00
	Postmarked on or before November 1	\$45.00
	Postmarked after November 1	\$85.00
Foreign Business Corporation -	Postmarked on or before May 15	\$25.00
	Postmarked on or before August 15	\$45.00
	Postmarked after August 15	\$85.00
Domestic and Foreign LLC -	Postmarked on or before November 15	\$50.00
	Postmarked after November 15	\$100.00

DUE DATE

Domestic Business Corporation Annual Report due on August 1.

Foreign Business Corporation Annual Report due on May 15.

Domestic and Foreign LLC Annual Report due on November 15.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Payments may be made by check, or with Visa, MasterCard, or Discover by filling out the credit card payment form and submitting it with your report. Online payments are not currently supported.

WEBSITE

<http://www.nd.gov/sos/businessserv/annualforms/index.html>

MAILING ADDRESS/PHONE NUMBER

Annual Report Processing Center
Secretary of State
State of North Dakota
P.O. Box 5513
Bismarck, ND 58506-5513

Reports may also be faxed to (701) 328-2992. When faxing reports the credit card payment authorization form must be included.

REGISTRATION WITH DEPARTMENT OF REVENUE

Any business or institution making taxable retail sales of tangible personal property or services is required to hold a North Dakota sales, use, and gross receipts tax permit. Entities must submit an Application for Income Tax Withholding and Sales and Use Tax Permit to the North Dakota Office of State Tax Commissioner (Tax Commissioner) using Form SFN 59507 (9-2013).

FORMS

Form SFN 59507 (9-2013), Application for Income Tax Withholding and Sales and Use Tax Permit:

<https://www.nd.gov/tax/salesanduse/forms/>

RATES

Not Applicable

DUE DATE

Various

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not currently supported.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://www.nd.gov/tax/>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
Business Registration
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
(701) 328-1241

LICENSES—GC & SPECIALTY

REGISTRATION

Contractors working on any project where the cost, value, or price per job or contract exceeds \$4,000.00 must hold a North Dakota Contractors License.

If a sole proprietor or partnership is applying for the license, the applicant must have their business name registered with the Secretary of State. Any other entity applying for a license must be registered with the Secretary of State.

In addition to a contractor's license, you may need to obtain other licenses or permits as required by law. For example, licenses issued by the State Electrical Board, P.O. Box 7335, Bismarck, ND 58507, (701) 328-9522; State Plumbing Board, 204 West Thayer Avenue, Bismarck, ND 58501, (701) 328-9977; an Asbestos Abatement License issued by the North Dakota Department of Health, or a Transient Merchant License issued by the Attorney General.

TESTS AND EXAMS

Not currently required for general contractors license.

Specialty trades (i.e., electricians, plumbers, etc.) most likely have exam or testing requirements for state licensure.

FORMS

Form SFN 12012 (10-2011), Contractor License Application.

<http://www.nd.gov/eforms/Doc/sfn12012.pdf>

RATES

Class A for contracts over \$500,000 per job	\$450.00
Class B for contracts up to \$500,000 per job	\$300.00
Class C for contracts up to \$300,000 per job	\$225.00
Class D for contracts up to \$100,000 per job	\$100.00

DUE DATE

Varies

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

In addition to the above, North Dakota provides a list of Agency Licensing contacts. To view this list visit: <https://www.nd.gov/tax/>

MAILING ADDRESS/PHONE NUMBER

Secretary of State, State Building
600 E. Boulevard Ave., Dept. 108
Bismarck, ND 58505
Phone: (701) 328-3665
Fax: (701) 328-1690

RECIPROCITY STATES

None

EQUITY REQUIREMENT

Not Applicable

FINANCIAL STATEMENT REQUIREMENTS

Contractors desiring to bid on highway construction work must be prequalified by the North Dakota Department of Transportation Construction Services Division (Department) in order to be eligible to submit bids, except when this provision is specifically waived by the contract provisions.

Part of the prequalification statement includes financial information. The application shall furnish financial details in accordance with either paragraph A or B as described below:

- A. Certification of Surety – The application shall furnish a certified statement from a bonding firm authorized to do business in the State of North Dakota.
- B. Contractors Statement of Financial Position – If the applicant desires prequalification to perform work for the Department in excess of \$250,000 (including uncompleted work on hand), the applicant shall submit a separate current statement of financial position audited by an independent certified or licensed public accountant.

See: <https://www.dot.nd.gov/forms/sfn09384.pdf>

LOCAL LICENSES

REGISTRATION

The local governing body (i.e., city or county) where you intend to conduct business may have additional licensing or permit requirements. Please check with the local governing body to determine if there are any additional requirements for you to work or conduct business in the area.

FORMS

Various

RATES

Various

DUE DATE

Various

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Various, for Bismarck, North Dakota:

<http://www.bismarcknd.gov/index.aspx?nid=312>

MAILING ADDRESS/PHONE NUMBER

Various, for Bismarck, North Dakota:

Bismarck Engineering Department
221 North Fifth Street
P.O. Box 5503
Bismarck, ND 58506-5503
(701) 355-1505

INCOME TAX

INCOME TAX—C CORPORATION

Every corporation engaged in business in North Dakota or having sources of income in North Dakota must file a North Dakota corporation income tax return. If a corporation elects to use the water's edge method to apportion its income, the corporation will be subject to an additional 3.5% surtax on its North Dakota taxable income.

FORMS

Form 40: Corporation Income Tax Return:

<https://www.nd.gov/tax/business/forms/>

Form 40-EXT: Corporation Extension Payment:

https://apps.nd.gov/tax/tap/_/

RATES

Graduated rate of 1.41% to 4.31%.

Water's edge filers must pay an additional 3.5% tax.

DUE DATE

A calendar-year corporation filing Form 40 must file on or before April 15 following the close of the calendar year.

A corporation reporting on a fiscal-year basis must file on or before the 15th day of the fourth month following the close of the fiscal year.

DUE DATE EXTENSION

An extension of time to file a federal return is automatically accepted by North Dakota as an extension of time to file the state return. The state extension is for the same number of additional months as the federal extension. Attach a copy of the federal extension (Form 7004), to the state tax return to avoid having your return processed as a delinquent return.

If a federal extension is not obtained, or if an extension of time beyond the time period covered by a federal extension is needed, a North Dakota extension may be obtained by completing and filing North Dakota Form 101. You must contact the Tax Commissioner's office to obtain this form.

ELECTRONIC FILING

North Dakota, in conjunction with the Internal Revenue Service (IRS), now offers electronic filing of corporate income tax returns. Using the Modernized E-File (MeF) platform, taxpayers are able to submit their state and federal tax returns simultaneously. When filing electronically, an acknowledgement will be sent back verifying that the Tax Commissioner has received the return. Amended returns must be filed on paper.

ELECTRONIC PAYMENT

Electronic payment is currently supported. Detailed instructions can be found at the following webpage:

<https://www.nd.gov/tax/business/elecpayment/>

WEBSITE

<http://www.nd.gov/tax/business/>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
(701) 328-1249

ESTIMATED TAX

If a corporation's estimated state income tax liability exceeds five thousand dollars (\$5,000) AND previous year's state income tax liability exceeded five thousand dollars (\$5,000), the corporation is required to make an estimated tax payment of at least one-fourth (25%) of the amount due on each of the four prescribed dates.

FORMS

Form 40-ES, Estimated Tax Payment Voucher – Corporation.
<https://www.nd.gov/tax/business/forms/>

DUE DATE

The first estimated income tax payment is due no later than April 15 following the close of the calendar year. Corporations reporting on a fiscal-year basis must pay the first estimated tax installment no later than the 15th day of the fourth month following the close of their fiscal year. At least one-fourth (25%) of the estimated income tax must be paid with the first installment and with each of the three remaining installments on the 15th day of the sixth and ninth months of the taxable year and the first month of the following year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Electronic payment is currently supported. Detailed instructions can be found at the following webpage:

<https://apps.nd.gov/tax/tap/> /

WEBSITE

<http://www.nd.gov/tax/business/>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
(701) 328-1249

ALTERNATIVE MINIMUM TAX

North Dakota does not currently impose an alternative minimum tax.

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

North Dakota conforms to the current IRC and has not decoupled from the business interest deduction limitations under IRC § 163(j) as enacted by the Tax Cuts and Jobs Act.

ALLOCATION AND APPORTIONMENT FACTORS

The business income of a corporation with activities both within and without North Dakota is apportioned by multiplying the income by a three-factor formula consisting of a fraction, the numerator of which is a property factor, a payroll factor and a sales factor, and the denominator of which is three.

Elective single sales factor formula for tax years after 2018.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

North Dakota has adopted the Uniform Division of Income for Tax Purposes Act (UDITPA) as a basis for determining the portion of the income of multistate or multinational corporations that may reasonably be attributable to the state for corporate income tax purposes.

Under the provisions of UDITPA, corporate entities, which have income from business activity that is taxable by more than one state are required to allocate nonbusiness income, defined as income unrelated to the entity's regular course of business to the particular state in which the income-producing property is derived or in which the recipient resides, and to apportion business income between states using a three-factor formula. [UDITPA, §2, §9.]. The UDITPA apportionment formula takes a corporate entity's business income and multiplies it by a fraction, the numerator of which is the tangible property, payroll/wages, and sales/receipts factors, and the denominator of which is the number of factors, three.

OTHER MULTISTATE COMPACT

North Dakota has adopted the Multistate Tax Compact (MTC) and the corresponding MTC allocation and apportionment regulations with only minor exceptions, along with the UDITPA. MTC Article IV, (Division of Income), incorporates provisions of UDITPA. Although Article III of the Multistate Tax Compact allows member states to elect to follow either established state law with respect to allocation and apportionment or the Compact allocation and apportionment provisions which are based on the UDITPA model, North Dakota has not adopted separate state statutory provisions. Consequently, no election is required.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

North Dakota has not adopted the MTC regulations for construction contractors.

CREDITS AND TAX INCENTIVES

- Angel Fund Investment Credit.
- Automation Manufacturing Equipment Purchase Tax Credit.
- Biodiesel Tax Credits.
- Biomass, Geothermal, Solar, or Wind Energy Credit.
- Certified Nonprofit Development Corporation Investment Credit.
- Internship Employment Credit.
- Microbusiness Investment and Employment Credit.
- Research Expense Credit.
- Rural Leadership North Dakota Program Tax Credit.
- Seed Capital Investment Tax Credit.
- Wage and Salary Credit.
- Workforce Recruitment Credit.
- Exemption from income tax for certain nonresident individuals working in North Dakota.

- Renaissance Zone Income Exemption.
- Personal Property Tax Exemption [*Reference: N.D.C.C. §§ 57-02-04 and 57-02-08*].

INCOME TAX—S CORPORATION

S corporations: A corporation that files federal Form 1120S as a small business corporation must file a North Dakota Small Business Corporation Income Tax Return.

There is no entity-level tax measured by income or net worth/capital value.

REGISTRATION

See Section 1, Qualification/Registration.

FORMS

Form 60: S Corporation Income Tax Return:

<https://www.nd.gov/tax/data/upfiles/media/form-60.pdf?20190314135353>

Form 60-PV: S Corporation Return Payment Voucher:

<https://www.nd.gov/tax/data/upfiles/media/2018-form-60-pv.pdf?20190314135443>

Form 60: Schedule K-1:

<https://www.nd.gov/tax/data/upfiles/media/schedule-k-1-form-60.pdf?20190314135513>

Form 60-EXT: S Corporation Extension Payment:

<https://www.nd.gov/tax/data/upfiles/media/2018-form-60-ext.pdf?20190314135542>

RATES

North Dakota follows the federal election as to S corporations. Thus, corporations electing to be taxed under Subchapter S of the Internal Revenue Code are exempt from the corporate income tax. [N.D. Cent. Code §57-38-01.1; N.D. Cent. Code §57-38-01.4.].

The income of an S corporation that is subject to entity-level tax for federal income tax purposes, is also subject to state income tax at the corporate income tax rates.

DUE DATE

Form 60 is due on the 15th day of the fourth month following the close of the tax year.

DUE DATE EXTENSION

An extension of time to file a federal return is automatically accepted by North Dakota as an extension of time to file the state return. The state extension is for the same number of additional months as the federal extension. Attach a copy of the federal

extension (Form 7004) to the state tax return to avoid having your return processed as a delinquent return.

If a federal extension is not obtained, or if an extension of time beyond the time period covered by a federal extension is needed, a North Dakota extension may be obtained by completing and filing North Dakota Form 101. You must contact the office of the Tax Commissioner to obtain this form.

ELECTRONIC FILING

The Tax Commissioner, in conjunction with the IRS, now offers electronic filing of partnership and S corporation income tax returns. Using the MeF platform, taxpayers are able to submit their state and federal tax returns simultaneously. When filing electronically, an acknowledgement will be sent back verifying our office has received the return. Amended returns must be filed on paper.

ELECTRONIC PAYMENT

The Tax Commissioner has adopted an Automated Clearing House (ACH) credit procedure to accept EFT payments for S corporation income tax.

WEBSITE

<http://www.nd.gov/tax/>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
(701) 328-1249

COMPOSITE RETURNS FOR S

A pass-through entity shall withhold income tax, at the highest tax rate provided in Section 57-38-30.3, on the share of income of the entity distributed to each nonresident member and pay the withheld amount in the manner prescribed by the Tax Commissioner.

ALLOWED OR NOT ALLOWED

Allowed for S corporations with one or more eligible nonresident shareholders.

FORMS

Form 60-ES: S Corporation Estimated Tax Payment:

<https://www.nd.gov/tax/data/upfiles/media/2019-form-60-es.pdf?20190314135610>

RATES

North Dakota's highest individual rate is 2.90% for the 2018 tax year.

DUE DATE

Fifteenth day of fourth month after end of entity's tax year.

DUE DATE EXTENSION

If an extension of time to file the federal corporation return is obtained, it is automatically accepted as an extension of time to file Form 60. If this applies, a separate North Dakota extension does not have to be applied for, nor does the Tax Commissioner have to be notified that a federal extension has been obtained prior to filing Form 60.

ELECTRONIC FILING

The Tax Commissioner, in conjunction with the IRS, now offers electronic filing of partnership and S corporation income tax returns. Using the MeF platform, taxpayers are able to submit their state and federal tax returns simultaneously. When filing electronically, an acknowledgement will be sent back verifying our office has received the return. Amended returns must be filed on paper.

ELECTRONIC PAYMENT

The Tax Commissioner has adopted an ACH credit procedure to accept EFT payments for S corporation income tax.

WEBSITE

<https://www.nd.gov/tax/scorppartner/>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
(701) 328-1249

ESTIMATED TAX FOR S

An S corporation may, but is not required to, make estimated tax payments of income tax expected to be due on Form 60.

FORMS

Form 60-ES: S Corporation Estimated Tax Payment:

<https://www.nd.gov/tax/data/upfiles/media/2019-form-60-es.pdf?20190314135610>

RATES

North Dakota follows the federal election as to S corporations. Thus, corporations electing to be taxed under Subchapter S of the Internal Revenue Code are exempt from the corporate income tax. [N.D. Cent. Code §57-38-01.1; N.D. Cent. Code §57-38-01.4].

DUE DATE

No due date

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available but not required.

ELECTRONIC PAYMENT

Instead of submitting a paper check or money order with this payment voucher, the balance due may be paid electronically through an ACH credit transaction or online through Link2Gov Corporation, a national electronic payment service.

WEBSITE

<https://www.nd.gov/tax/scorppartner/>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
(701) 328-1249

REQUIRED

Not required

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

A pass-through entity must withhold income tax, at the highest tax rate provided in [N.D. Cent. Code §57-38-30.3] for individuals on the share of income of the entity distributed to each nonresident member and pay the amount to the Tax Commissioner. The pass-through is liable to North Dakota for the payment of the tax required to be withheld and is not liable to any member for the amount withheld and paid over in compliance with [N.D. Cent. Code §57-38-31.1].

FORMS

Form 60: S Corporation Income Tax Return:

<https://www.nd.gov/tax/data/upfiles/media/form-60.pdf?20190314135353>

RATES

For tax year 2018 and 2019 the tax rate for pass-through entity withholding and composite return is 2.9%. This is the highest marginal tax rate for individuals.

Exceptions:

- 1) The member has a pro rata or distributive share of income of the pass-through entity from doing business in, or deriving income from sources within, North Dakota of less than \$1,000 per annual accounting period;
- 2) The Tax Commissioner has determined by rule, ruling, or instruction that the member's income is not subject to withholding;
- 3) The member elects to have the tax due paid as part of a composite return filed by the pass-through entity under [N.D. Cent. Code §57-38-31.1(2)].

DUE DATE

A pass-through entity will furnish to its nonresident members annually, but not later than the 15th day of the fourth month after the end of its tax year, a record of the amount of tax withheld on behalf of such member. [N.D. Cent. Code §57-38-31.1(3)(b).].

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
(701) 328-1249

RECOGNIZE FEDERAL S ELECTION

North Dakota follows the federal election as to S corporations. Thus, corporations electing to be taxed under Subchapter S of the Internal Revenue Code are exempt from the corporate income tax. [N.D. Cent. Code §57-38-01.1; N.D. Cent. Code §57-38-01.4.].

STATE S ELECTION REQUIRED?

No.

INCOME TAX—PARTNERSHIPS, LLC

A limited liability company that is classified as a partnership for federal income tax purposes is treated like a partnership for North Dakota income tax purposes and must file Form 58.

A limited liability corporation (LLC) having two or more members formed under North Dakota laws or under the laws of another state, which is a partnership for federal income tax purposes, is also treated as a partnership for state tax purposes. [N.D. Cent. Code §57-38-07.1; N.D. Cent. Code §57-38.1-17.2.]. LLCs having two or more members, which are not treated as partnerships for federal income tax purposes must be treated as corporations for North Dakota tax purposes.

COMPOSITE RETURNS

Allowed not always required.

FORMS

Form 58: Partnership Income Tax Return:

<http://www.nd.gov/tax/scorppartner/forms/2014/form58.pdf?20150508145718>

Form 58-PV: Partnership Return Payment Voucher:

<https://www.nd.gov/tax/data/upfiles/media/2018-form-58-pv.pdf?20190314155546>

Form 58: Schedule K-1:

<https://www.nd.gov/tax/data/upfiles/media/2018-schedule-k-1-form-58.pdf?20190314155622>

Form 58-EXT: Partnership Extension Payment:

<https://www.nd.gov/tax/data/upfiles/media/2018-form-58-ext.pdf?20190314155656>

RATES

For tax years 2018 and 2019, the tax rate for pass-through entity withholding and composite return purposes is 2.90%. This is the highest marginal tax rate for individuals.

Exceptions:

1) The member has a pro rata or distributive share of income of the pass-through entity from doing business in, or deriving income from sources within, North Dakota of less than \$1,000 per annual accounting period;

2) The Tax Commissioner has determined by rule, ruling, or instruction that the member's income is not subject to withholding;

3) The member elects to have the tax due paid as part of a composite return filed by the pass-through entity under [N.D. Cent. Code §57-38-31.1(2)].

DUE DATE

Fifteenth day of fourth month after end of entity's tax year.

DUE DATE EXTENSION

The extension of time to file the North Dakota return is the same number of months as the extension of time to file the federal return.

An extension of time to file Form 58 may be obtained in one of the following ways:

- Obtain a federal extension.
- Separately apply for a North Dakota extension.

ELECTRONIC FILING

The Tax Commissioner, in conjunction with the IRS, now offers electronic filing of partnership income tax returns. Using the MeF platform, taxpayers are able to submit their state and federal tax returns simultaneously.

ELECTRONIC PAYMENT

The Tax Commissioner has adopted an ACH credit procedure to accept EFT payments for partnership income tax.

WEBSITE

<https://www.nd.gov/tax/scorppartner/>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
(701) 328-1249

INCOME TAX—INDIVIDUAL

Every resident of North Dakota who has a federal income tax filing requirement is required to file a North Dakota individual income tax return. This requirement applies even if all or part of the resident's income is derived from sources outside of North Dakota.

A nonresident of North Dakota who has a federal income tax filing requirement and derives any gross income from North Dakota sources is generally required to file a North Dakota individual income tax return. There are exceptions for eligible nonresident individuals who are residents of Minnesota or Montana, are employed by interstate commerce carriers, or are serving in the U.S. armed forces.

FORMS

Form ND-1: Individual Income Tax Return:

https://www.nd.gov/tax/data/upfiles/media/form-nd-1_1.pdf?20190314160541

Form ND-EZ: Individual Income Tax Return:

https://www.nd.gov/tax/data/upfiles/media/form-nd-ez_1.pdf?20190314160610

Schedule ND-1NR: Tax Calculation for Nonresidents and Part-year Residents:

https://www.nd.gov/tax/data/upfiles/media/schedule-nd-1nr_1.pdf?20190314160706

All other forms may be found at:

<https://www.nd.gov/tax/user/individuals/forms--publications/individual-income-tax/forms-instructions-iit>

RATES

North Dakota has a graduated rate schedule that ranges from 1.10% to 2.90% for 2018 and 2019.

DUE DATE

April 15

DUE DATE EXTENSION

If you obtain an extension of time to file your federal return, it will be recognized for North Dakota purposes. For individuals, this includes the automatic two-month extension to June 15 allowed for being outside the U.S. and Puerto Rico on April 15. You do not have to file a separate state extension form, nor do you have to notify the Tax Commissioner that you have obtained a federal extension prior to filing your North Dakota return. NOTE: The extension of time to file the North Dakota return is the same number of months as the extension of time to file the federal return.

When you file your North Dakota return, check the appropriate block on the front page of your North Dakota return. Individuals, S corporations, partnerships, and fiduciaries do not need to attach a copy of the federal extension to the state return, but it must be retained on file in case the Tax Commissioner requests to see it.

ELECTRONIC FILING

For over ten years now North Dakota has provided taxpayers with the option to electronically file their individual income tax returns through a tax preparer, by using the IRS Fed State E-file, or with the Free File Alliance.

ELECTRONIC PAYMENT

You can make a state income tax payment by using our website at: <https://apps.nd.gov/tax/tap/> / or calling our toll-free number at: 1-(888) nd-taxes (1-888-638-2937). Secure sites offer you the convenience of paying your state taxes using a Visa, MasterCard, American Express, Discover card, or a signature debit card. Your payment is processed immediately and you will receive a confirmation number as proof of your payment.

WEBSITE

<https://apps.nd.gov/tax/tap/> /

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
P.O. Box 5621
Bismarck, ND 58506-5621
(701) 328-1249

FED RETURN ATTACHED TO STATE RETURN

Required

STATE CONSTRUCTION-RELATED CREDITS

None identified.

IRC CONFORMITY

North Dakota's personal income tax calculation starts with federal taxable income.

North Dakota conforms to the IRC on a rolling basis and has not decoupled from IRC Section 199A.

ALTERNATIVE MINIMUM TAX

North Dakota does not impose an alternative minimum tax.

NET WORTH OR STOCK TAX

REGISTRATION

North Dakota does not currently have a net worth or stock tax.

GROSS RECEIPTS TAX

REGISTRATION

Corporations with gross sales in the state of \$100,000 or less may qualify for the optional tax on gross receipts, rather than the corporate income tax. [N.D. Cent. Code §57-59-02; N.D. Cent. Code §57-59-01; Article III.2, Multistate Tax Compact].

TAXABLE BASIS

To be eligible to elect to pay the optional gross receipts tax, the corporation:

- 1) Must not own or rent real estate or tangible personal property in North Dakota;
- 2) Must not have any activity in North Dakota except sales; and
- 3) Must not have gross sales in excess of \$100,000 in North Dakota during the taxable year. [N.D. Cent. Code §57-59-01; Article III.2, Multistate Tax Compact].

FORMS

Form ST, Sales, Use, and Gross Receipts Tax.

RATES

If the North Dakota gross sales are:

The tax rate is:

\$0–\$20,000	0.6%
\$20,001–\$55,000	0.8%
\$55,001, but not in excess of \$100,000	1.0%

[N.D. Cent. Code §57-59-02].

DUE DATE

Payment of sales tax for the preceding period accompanies the return. Gross receipts tax is reported with the sales and use tax and is generally payable in quarterly installments due by the last day of the month following each calendar quarter. (Sec. 57-39.2-12(1), NDCC; Sec. 57-39.2-12(2), NDCC; Sec. 57-40.2-07(5), NDCC; Sec. 57-40.2-07(7), NDCC).

DUE DATE EXTENSION

The Tax Commissioner may grant a 30-day extension of time to file a return if a retailer makes a request and shows a need for an extension. The extension applies to the payment date, but interest at the rate of 12% is charged on the deferred payment. (Sec. 57-39.2-11, NDCC; Sec. 57-40.2-07(5), NDCC).

ELECTRONIC FILING

If you hold a North Dakota sales and use tax permit, you may file your gross receipts tax and sales and use tax returns over the Internet using the North Dakota Sales Tax WebFile. WebFile can only be accessed with a valid North Dakota sales tax permit and a North Dakota Login ID.

ELECTRONIC PAYMENT

North Dakota Sales Tax WebFile is a safe and secure system which uses Secure Sockets Layer (SSL) encryption technology to insure your information is secure and protected. It is a voluntary, free, on-line filing option where you can file and submit your sales tax return from the convenience of your personal computer, 24-hours a day, and seven days a week: [https://apps.nd.gov/tax/tap/ /](https://apps.nd.gov/tax/tap/)

WEBSITE

[https://apps.nd.gov/tax/tap/ /](https://apps.nd.gov/tax/tap/)

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
600 East Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
(701) 328-1249

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

A contractor or subcontractor that installs materials onto real property in North Dakota is the ultimate user or consumer and must pay sales or use tax on the materials regardless of who owns them, unless the owner of the materials has already paid the tax. (Rule 81-04.1-04-20, NDAC; Guideline, Contractors, North Dakota Office of State Tax Commissioner). The contractor is liable for the tax even though the work is being done for exempt entities, such as government agencies (discussed below), hospitals, schools, or other tax-exempt institutions, and even though the exempt entity has purchased the materials. (Guideline, Contractors, North Dakota Office of State Tax Commissioner).

A business that holds a North Dakota contractor's license may not contract with itself to install material onto real property. If a contractor that is engaged in retail trade takes machinery, equipment, or supplies from stock that was purchased for resale, it must pay use tax on the purchase price of the items used. A contractor or subcontractor is liable for sales tax on any items incorporated into or used to assemble articles used or consumed in carrying out a contract. (Rule 81-04.1-04-20, NDAC).

Tangible personal property purchased by the owner or operator for a tenant's convenience or use in altering or repairing the building is subject to sales tax. (Rule 81-04.1-03-07, NDAC).

FORMS

Form SFN 59507 (9-2013), Application for Income Tax Withholding and Sales and Use Tax Permit: <https://apps.nd.gov/tax/tap/>

Form SFN 21946 (11-2002), Contractors Certificate:

<https://www.nd.gov/tax/data/upfiles/media/contractors-cert.pdf?20190314172051>

Form ST, Sales, Use, and Gross Receipts Tax:

<https://www.nd.gov/tax/data/upfiles/media/form-st-tp-10-18.pdf?20190314172240>

RATES

5%

Use Tax

The purchase price of tangible personal property purchased outside of the state for storage, use, or consumption within the state is subject to a use tax. In addition, tangible personal property not originally purchased for use in North Dakota is subject to a use tax based upon its fair market value at the time it was brought into the state. Credits are allowed for sales and use taxes paid to other states. Use tax rates are the same as the sales tax rates.

DUE DATE

Payment of sales tax for the preceding period accompanies the return. Sales and use tax is generally payable in quarterly installments due by the last day of the month following each calendar quarter. If a business's taxable sales for the preceding calendar year were \$333,000 or more, sales and use tax is payable monthly by the last day of the following month. (Sec. 57-39.2-12(1), NDCC; Sec. 57-39.2-12(2), NDCC; Sec. 57-40.2-07(5), NDCC; Sec. 57-40.2-07(7), NDCC).

DUE DATE EXTENSION

The Tax Commissioner may grant a 30-day extension of time to file a return if a retailer makes a request and shows a need for an extension. The extension applies to the payment date, but interest at the rate of 12% is charged on the deferred payment. (Sec. 57-39.2-11, NDCC; Sec. 57-40.2-07(5), NDCC).

ELECTRONIC FILING

If you hold a North Dakota sales and use tax permit, you may file your sales and use tax returns over the Internet using the North Dakota Sales Tax WebFile. WebFile can only be accessed with a valid North Dakota sales tax permit and a North Dakota Login ID.

ELECTRONIC PAYMENT

North Dakota Sales Tax WebFile is a safe and secure system which uses Secure Sockets Layer (SSL) encryption technology to insure your information is secure and protected. It is a voluntary, free, on-line filing option where you can file and submit your sales tax return from the convenience of your personal computer, 24-hours a day, and seven days a week: <https://apps.nd.gov/tax/tap/>

WEBSITE

<https://www.nd.gov/tax/user/businesses/formspublications/sales-use-tax>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
P.O. Box 5623
Bismarck, ND 58506-5623
(701) 328-1246

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Various, see website.

TAXABLE SERVICES

The sales or use tax does not apply to services, in general, including personal services and professional services because the sales tax is imposed on retail sales of tangible personal property and the use tax is imposed on the storage, use, or consumption of tangible personal property bought at retail.

[N.D. Cent. Code §57-40.2-02.1; N.D. Cent. Code §57-40.2-02.1].

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

The home rule provisions of 1969 granted broad powers to municipalities, including the power to impose sales and use taxes. Local sales and use taxes, lodging taxes, and lodging and restaurant taxes are administered by the Tax Commissioner.

Contractors and subcontractors are also subject to city sales and use taxes. These city taxes have provisions to limit the amount of tax charged on a transaction or charged to one customer in one day. The maximum city tax applies to each individual purchase, and each invoice is considered a separate transaction. As in state law, a contractor is subject to city use tax unless the sales and use tax has already been paid on the goods. Materials that are purchased inside the city limits for use inside the city are subject to use tax, as are materials that are purchased outside the city but used inside its boundaries. Those materials purchased inside a city but used outside a city are not subject to tax. (Guideline, Contractors, North Dakota Office of State Tax Commissioner).

FORMS

For detailed information about local sales and use taxes, city lodging taxes, and city lodging and restaurant taxes administered by the Tax Commissioner's office, see: <https://www.nd.gov/tax/salesanduse/pubs/>

RATES

Vary depending on the municipality where the activity takes place and can be as high as 3.5%.

DUE DATE

Payment of sales tax for the preceding period accompanies the return. Sales and use tax is generally payable in quarterly installments due by the last day of the month following each calendar quarter. If a business's taxable sales for the preceding calendar year were \$333,000 or more, sales and use tax is payable monthly by the last day of the following month. (Sec. 57-39.2-12(1), NDCC; Sec. 57-39.2-12(2), NDCC; Sec. 57-40.2-07(5), NDCC; Sec. 57-40.2-07(7), NDCC).

DUE DATE EXTENSION

The Tax Commissioner may grant a 30-day extension of time to file a return if a retailer makes a request and shows a need for an extension. The extension applies to the payment date, but interest at the rate of 12% is charged on the deferred payment. (Sec. 57-39.2-11, NDCC; Sec. 57-40.2-07(5), NDCC).

ELECTRONIC FILING

If you hold a North Dakota sales and use tax permit, you may file your sales and use tax returns over the Internet using the North Dakota Sales Tax WebFile. WebFile can only be accessed with a valid North Dakota sales tax permit and a North Dakota Login ID.

ELECTRONIC PAYMENT

WebFile is a safe and secure system which uses Secure Sockets Layer (SSL) encryption technology to insure your information is secure and protected. It is a voluntary, free, on-line filing option where you can file and submit your sales tax return from the convenience of your personal computer, 24-hours a day, and seven days a week.

WEBSITE

<https://www.nd.gov/tax/salesanduse/pubs/>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
P.O. Box 5623
Bismarck, ND 58506-5623
(701) 328-1246

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Various, see website.

TAXABLE SERVICES

The sales or use tax does not apply to services, in general, including personal services and professional services because the sales tax is imposed on retail sales of tangible personal property and the use tax is imposed on the storage, use, or consumption of tangible personal property bought at retail. [N.D. Cent. Code §57-40.2-02.1; N.D. Cent. Code §57-40.2-02.1].

EMPLOYMENT TAXES

WITHHOLDING

FORMS

An employer is required to withhold North Dakota income tax from wages paid to an employee if the employee performs services within North Dakota and the wages are subject to federal income tax withholding. A North Dakota-based employer must withhold North Dakota income tax from wages paid to a North Dakota resident employee who works in another state, except where the employer is required to withhold the other state's income tax from the wages earned in that state.

Form SFN 59507 (9-2013), Application for Income Tax Withholding and Sales and Use Tax Permit: <https://apps.nd.gov/tax/tap/>

Form 306, Income Tax Withholding Return:
<https://www.nd.gov/tax/data/upfiles/media/form-306-web.pdf?20190328132308>

Form 307, Transmittal of Wage and Tax Statements:
<https://www.nd.gov/tax/data/upfiles/media/form307web.pdf?20190314173245>

RATES

An employer may choose one of the following two methods for calculating the amount to withhold:

- Method One: Percentage of Wages—this method is generally recommended for use by all employers, particularly those with a computerized payroll system. This method is similar to the Percentage Method in the IRS's Publication 15 (Circular E), Employer's Tax Guide.
- Method Two: Withholding Tables—this method may be useful to employers having both a manual payroll system and a small number of employees with wages below certain thresholds. This method is similar to the Wage Bracket Method in the IRS's Publication 15 (Circular E), Employer's Tax Guide.

Rates vary depending on filing status and number of exemptions claimed by the employee. Prior- and current-year tables are available at the following website:
<https://www.nd.gov/tax/>

DUE DATE

Quarterly

Example:

January 31 of 2019 – Quarterly Income Tax Withholding Return (Form 306), and income tax withheld are due for fourth quarter of 2018.

April 30 of 2019 – Quarterly Income Tax Withholding Return (Form 306), and income tax withheld are due for first quarter of 2019.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

If you have completed an application and have a withholding account, you are eligible to register to electronically file your Form 306.

Instructions are available at the following website:

<https://apps.nd.gov/tax/tap/> /

ELECTRONIC PAYMENT

See Electronic Filing above.

WEBSITE

<https://www.nd.gov/tax/withholding/>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
P.O. Box 5624
Bismarck, ND 58506-5624
(701) 328-1248

NEW HIRE

All employers must report all newly-hired employees no later than 20 days after the employee's first day of work. This includes full-time, part-time, and temporary employees, both adults and minors:

<https://www.nd.gov/dhs/services/childsupport/empinfo/newhire/>

TERMINATION

Required reporting for any employee subject to the North Dakota Child Support Division, this reporting can be performed via mail or online:

<http://www.nd.gov/dhs/services/childsupport/empinfo/withholding/options.html>

INDEPENDENT CONTRACTOR TREATMENT

The distinction between an independent contractor relationship and an employment relationship is an important and sometimes ambiguous one. Independent contractors, as opposed to employees, are not protected by labor standards, workers compensation, or unemployment insurance, and are treated differently than employees for tax purposes by the IRS. Contrary to some common thought, parties may not simply agree that their relationship is an independent contracting relationship rather than employment. The distinction is based, under law, upon objective characteristics of the relationship. The intent of the parties is only one of twenty such characteristics.

The North Dakota Department of Labor and Human Rights is authorized by [N.D.C.C. § 34-05-01.4](#) to verify the independent contractor status of future or existing work relationships in the state. While verification is not mandatory for parties wishing to work as or hire independent contractors, it is available on a voluntary basis to workers and firms who would like to receive a formal verification from the state as to the status of their work relationship: <https://www.nd.gov/labor/>

UNEMPLOYMENT

FORMS

Form SFN 41216 (R. 02-12), Report to Determine Liability.

Form SFN 41263 (R. 6-13), Employers Contribution and Wage Report.

Form SFN 52490 (R. 10-06), Electronic Funds Transfer (ACH Credit)
Unemployment Insurance.

RATES

2019 Taxable Wage Base is \$36,400.

New Employer Rate	Positive Balance	Negative Balance
Non-Construction	1.21%	6.10%
Construction	9.75%	9.70%

Actual tax rates may differ from those shown on the tables due to the application of [NDCC 52-04-05(6)(a) (rate reduction)]: <http://www.jobsnd.com/documents>

DUE DATE

Within 20 days of initial hiring of employees. Employers must file quarterly thereafter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available. Employers with 25 or more employees must file electronically.

ELECTRONIC PAYMENT

Available

WEBSITE

<http://www.jobsnd.com/unemployment-business>

MAILING ADDRESS/PHONE NUMBER

Job Service North Dakota
UI Tax and Field Services,
P.O. Box 5507
Bismarck, ND 58506-5507
(701) 328-2814 or (800) 472-2952

NEW HIRE

See Withholding Section above.

TERMINATION

See Withholding Section above.

INDEPENDENT CONTRACTOR TREATMENT

See Withholding Section above.

PROPERTY TAX

PERSONAL PROPERTY

All personal property is exempt except:

- 1) Personal property of entities, other than railroads, required by the Constitution of North Dakota to be assessed by the State Board of Equalization, (Sec. 4, Art. X, ND Const.),
- 2) Any property that is subjected to a tax imposed in lieu of property taxes, and
- 3) Any personal property, including mobile homes or house trailers, that is subjected to a tax imposed under any other provision of law. (Sec. 57-02-08(25), NDCC).

REAL PROPERTY

All real property in North Dakota is subject to property tax unless specifically exempt. (Sec. 57-02-03, NDCC).

REGISTRATION

Not Applicable

FORMS

Various

RATES

Average property tax rate: 1.84%.

DUE DATE

Property taxes are due on January 1 following the year for which the taxes were levied. Real estate taxes may be paid in installments of not less than 10% of the amount of the tax, but not less than \$10. The first installment of the real estate tax is delinquent if not paid by March 1, and the second installment, by October 15. Personal property taxes become delinquent if unpaid by March 1. [N.D. Cent. Code §57-20-01; N.D. Cent. Code §57-20-10].

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://www.nd.gov/tax/user/businesses/formspublications/property-tax>

MAILING ADDRESS/PHONE NUMBER

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
Phone: (701) 328-7088
Fax: (701) 328-3700

INTANGIBLES TAX

REGISTRATION

North Dakota does not have an intangibles tax.

FUEL TAX

REGISTRATION

L. 1999, S2177, provides that, effective August 1, 1999, the tax must be remitted by the supplier or distributor on the use of motor fuel, on the wholesale distribution of motor vehicle fuel to a retailer, and on direct sales of motor vehicle fuel to a consumer.

FORMS

Filed online, website provides excel workbooks for each type of tax.

RATES

Gasoline tax rate – \$0.23 per gallon.
Special fuels tax – \$0.23 per gallon.

DUE DATE

Twenty-fifth day of the month following the close of the reporting month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required. See: <https://www.nd.gov/>

ELECTRONIC PAYMENT

Required

WEBSITE

[https://apps.nd.gov/tax/tap/ /](https://apps.nd.gov/tax/tap/)

MAILING ADDRESS

North Dakota Office of State Tax Commissioner
Motor Fuels Tax Section
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Holders of intangible property belonging to another person must escheat it to the state if the owner has not claimed the property after a “dormancy period.”

Due diligence is required for each item of unclaimed property above \$50, holders need to send a notification letter to the last known address of the owner not more than 120 days before the reporting deadline.

Negative reports are accepted.

North Dakota’s dormancy period for holders is:

- One year – security deposits/refunds and business dissolution.
- Two years – dividend checks, wages, commissions, and all uncashed checks.
- Three years – stock shares, underlying shares, mutual fund shares, credit memos, trust accounts, courts and public agencies, fiduciaries, escrow accounts, mineral proceeds, and miscellaneous property.
- Seven years – money orders.
- Fifteen years – traveler’s checks.

See: <https://land.nd.gov/Unclaimed>

IMPACT FEES

Not Applicable

STATE ISSUES OTHER THAN TAXES

Various

MINIMUM WAGE

\$7.25 per hour with no currently scheduled future increase.

REGISTERED AGENTS

Required. An entity registered with the North Dakota Secretary of State must continuously maintain a commercial or noncommercial registered agent and address in North Dakota. An entity cannot serve itself as registered agent.

DAVIS BACON

All federally funded highway construction contracts are subject to the federal Davis Bacon and Related Acts. The U.S. Department of Labor has empowered the North Dakota Department of Transportation to enforce the pertinent labor laws pertaining to Davis Bacon wages, rates, overtime, fringe benefits, and payrolls, etc.

See: <https://www.dot.nd.gov/divisions/civilrights/laborcompliance.htm>

DRUG TESTING FACILITIES

Various

COMMUNICATIONS

CFMA Chapter in North Dakota:

Dakota, Fargo, ND - <http://cafe.cfma.org/dakota/Home/>

Construction bid opening information: <https://www.dot.nd.gov/business/bidinfo.htm>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

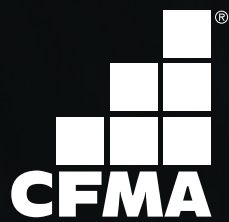
March 27, 2019

DATE OF LAST UPDATE

May 8, 2015

SUBJECT MATTER EXPERT

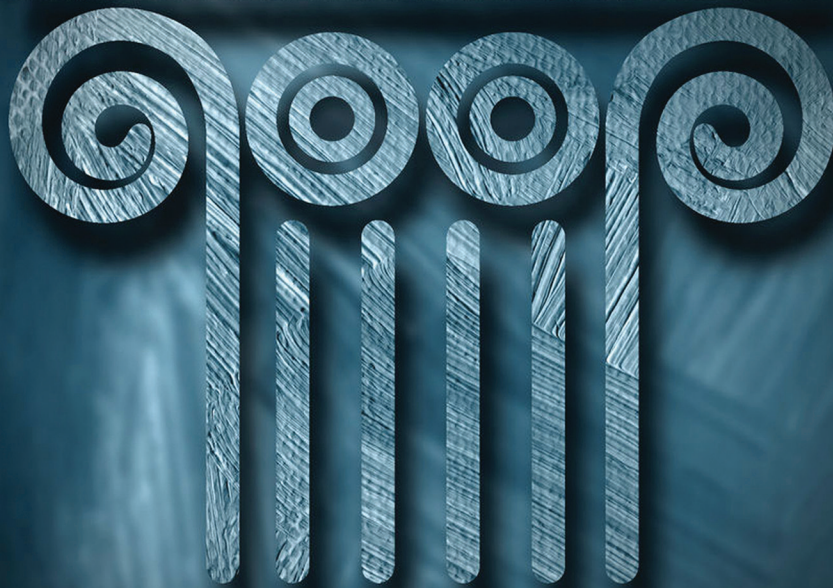
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



OHIO

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Confirm the name of the business is available at: www.sos.state.oh.us. Submit Articles of Incorporation (or other form as appropriate by entity type), file required forms, and pay the fee(s). The Articles of Incorporation must be filed before the new business conducts any business within Ohio.

FORMS

Form 532A, Domestic Corporations – Articles of Incorporation.

Form 533A, Domestic Limited Liability Companies –

Articles of Organization for a Domestic Limited Liability Company.

Form 535, Domestic and Foreign General Partnership –

Statement of Partnership Authority.

Form 531A, Domestic Limited Partnership – Certificate of Limited Partnership.

Form 536, Domestic Limited Liability Partnership –

Statement of Domestic Qualification.

Form 530A, Foreign For-Profit Corporation Application for License.

Form 530B, Foreign Nonprofit Corporation Application for License.

Form 533B, Registration of a Foreign Limited Liability Company.

Form 531B, Certificate of Foreign Limited Partnership.

Form 537, Foreign Limited Liability Partnership – Statement of Foreign Qualification.

Form 534B, Name Reservation Request form.

Form 534A, Name Registration form.

RATES, FEES, COSTS

Articles of Incorporation	\$125
Articles of Organization for a Domestic Limited Liability Company	\$125
Statement of Partnership Authority	\$125
Certificate of Limited Partnership	\$125
Statement of Domestic Qualification	\$125
Foreign For-Profit Corporation Application for License	\$125
Foreign Nonprofit Corporation Application for License	\$125
Registration of a Foreign Limited Liability Company	\$125

Certificate of Foreign Limited Partnership	\$125
Statement of Foreign Qualification	\$125
Name Reservation	\$ 50
Name Registration	\$ 50

WEBSITE

www.sos.state.oh.us

MAILING ADDRESS/PHONE NUMBER

STANDARD:
Ohio Secretary of State
P.O. Box 670
Columbus, OH 43216

EXPEDITED:
Ohio Secretary of State
P.O. Box 1390
Columbus, OH 43216
1-(877) 767-3453

ADDITIONAL ASSISTANCE

The State of Ohio offers guides to starting a corporation, LLC, and other business types. These guides can be found at: <https://www.sos.state.oh.us/publications/>

Ohio Small Business Development Centers are available to help. Check out the website at: www.OhioSBDC.org. Checklists are available online by industry at: <http://business.ohio.gov/starting/>

ANNUAL RENEWALS

Ohio does not require an annual renewal.

REGISTRATION WITH DEPARTMENT OF REVENUE

Business taxpayers must register with the Ohio Department of Taxation. Registration for all tax types can be done on the Ohio Business Gateway: www.business.ohio.gov. Most of the forms are available on Ohio's Department of Taxation website at: www.tax.ohio.gov. Forms not available on the website can be requested by calling (800) 282-1782.

FORMS

Form CAT 1, Commercial Activity Tax.
Petroleum Activity Tax, online registration only.
Financial Institutions Tax, online registration only.
Forms IT 4, IT 501, and SD 101, Employer Withholding Tax.

ST 1, Sales Tax.

Use Tax, online registration only.

9-1-1 Charge, online registration only.

Pass-Through Entity Tax, no registration required.

RATES

Registration fees vary depending on the specific tax. Fees are typically between \$25 and \$100.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Taxpayers may register on the Ohio Business Gateway at the website below.

ELECTRONIC PAYMENT

Allowed

WEBSITE

http://www.tax.ohio.gov/online_services/ohio_business_gateway_2_0.aspx

MAILING ADDRESS

Ohio Department of Taxation
P.O. Box 530
Columbus, OH 43216-0530

LICENSES—GC & SPECIALTY

REGISTRATION

Ohio does not impose licensing requirements on general or residential contractors. However, the Ohio Construction Industry Licensing Board (OCILB) licenses commercial contractors for the following trades: Electrical, HVAC, Hydronics, Plumbing, and Refrigeration.

TESTS AND EXAMS

Specific requirements vary by trade.

FORMS

Specific requirements vary by trade.

RATES

Specific requirements vary by trade.

DUE DATE

Specific requirements vary by trade.

DUE DATE EXTENSION

Specific requirements vary by trade.

ELECTRONIC FILING

Specific requirements vary by trade.

ELECTRONIC PAYMENT

Specific requirements vary by trade.

WEBSITE

www.com.ohio.gov/dico

MAILING ADDRESS

Ohio Department of Commerce
Division of Industrial Compliance
6606 Tussing Road
P.O. Box 4009
Reynoldsburg, OH 43068-9009

RECIPROCITY STATES

Specific requirements vary by trade.

EQUITY REQUIREMENT

Specific requirements vary by trade.

FINANCIAL STATEMENT REQUIREMENTS

Specific requirements vary by trade.

LOCAL LICENSES

REGISTRATION

Each municipality will have different licensing requirements related to general and specialty contractors. Generally, each job site will need to be licensed and registered with municipality.

In addition to any licensing requirements, Ohio cities impose a net profits tax on businesses doing business within the city.

FORMS

Varies by city.

RATES

Varies by city.

DUE DATE

Varies by city.

DUE DATE EXTENSION

October 15

ELECTRONIC FILING

Generally, no.

ELECTRONIC PAYMENT

Generally, no.

WEBSITE

Varies by city.

MAILING ADDRESS/PHONE NUMBER

Varies by city.

INCOME TAX

INCOME TAX—C CORPORATION

Ohio does not have a business entity income tax.

ALTERNATIVE MINIMUM TAX

Ohio does not have a business entity income tax.

INCOME TAX—S CORPORATION

Ohio does not levy an income tax on S Corporations at the entity level. Please see below for the withholding requirements of pass-through entities in Ohio.

COMPOSITE RETURNS FOR S

Ohio allows pass-through entities to file composite returns for all equity investors other than C Corporations.

ALLOWED OR NOT ALLOWED

Allowed, but not required.

FORMS

Form IT 4708, Composite Income Tax Return for Certain Investors in a Pass-Through Entity.

RATES

Withholding rates: 8.5% for qualifying investors who are not individuals. 5% for individuals for 2018 tax year.

Composite rate: 4.997%

DUE DATE

April 15

DUE DATE EXTENSION

Ohio accepts the federal extension to September 15.

ELECTRONIC FILING

Electronic filing is mandated for this return.

ELECTRONIC PAYMENT

Mandated for employee withholding tax if actual or required payments exceeded \$84,000 during 12-month lookback period.

WEBSITE

www.tax.ohio.gov/Forms.aspx

MAILING ADDRESS/PHONE NUMBER

Filing:

Ohio Department of Taxation
P.O. Box 181140
Columbus, OH 43218-1140

Questions:

Ohio Department of Taxation
Taxpayer Services Division
P.O. Box 182382
Columbus, OH 43218-2382
1-(800) 282-1780

ESTIMATED TAX FOR S

Ohio does not have a business entity income tax. IT 4708 estimates and IT 1140 estimates may be filed, though.

FORMS

Form IT 4708-ES, Estimated Payments for Shareholders.

Form IT 1140-ES, Estimated Payments for Pass-Through Entities.

RATES

5%

DUE DATE

IT 4708 estimates are due on the 15th of April, June, September, and January.
IT 1140 estimates are due on the 15th of March, June, September, and December.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is not an option for this return.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.tax.ohio.gov/Forms.aspx

MAILING ADDRESS/PHONE NUMBER

Filing:

Ohio Department of Taxation
P.O. Box 181140
Columbus, OH 43218-1140

Questions:

Ohio Department of Taxation
Taxpayer Services Division
P.O. Box 182382
Columbus, OH 43218-2382
1-(800) 282-1780

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Ohio requires S Corporations to withhold on behalf of nonresident shareholders unless the entity is filing the Ohio Form IT 4708 for the year on behalf of all equity investors who are not full-year Ohio residents.

FORMS

Ohio IT 1140, Pass-Through Entity and Trust Withholding Tax Return.

RATES

5% for individuals, 8.5% for entities.

Interest accrues on under and overpayments at 3% annually.

Penalty for failure to file is the greater of \$50/month (up to \$500) or up to 5% per month (up to 50% of the tax due shown on the return).

DUE DATE

Fifteenth day of fourth month after year end.

DUE DATE EXTENSION

Same as federal.

ELECTRONIC FILING

Electronic filing is not an option for this return.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.tax.ohio.gov/Forms.aspx

MAILING ADDRESS/PHONE NUMBER

Filing:

Ohio Department of Taxation
P.O. Box 181140
Columbus, OH 43218-1140

Questions:

Ohio Department of Taxation
Taxpayer Services Division
P.O. Box 182382
Columbus, OH 43218-2382
1-(800) 282-1780

PAYMENT ON INCOME OR DISTRIBUTIONS

Sum of all qualifying investors' distributive share of income and gain with various modifications including for IRC §168(k) bonus depreciation, see instructions for calculation worksheet.

S CORPORATION TREATMENT

Follows federal.

C TREATMENT

Follows federal.

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Ohio does not apply an income tax at the entity level for partnerships and LLCs.

COMPOSITE RETURNS

Ohio tax all pass-through entities and shareholders in the same manner. Please see Withholding on Non-Resident S Shareholders section above for details on the taxation of shareholders and pass-through entities.

FORMS

Please see Withholding on Non-Resident S Shareholders.

RATES

Please see Withholding on Non-Resident S Shareholders.

DUE DATE

Please see Withholding on Non-Resident S Shareholders.

DUE DATE EXTENSION

Please see Withholding on Non-Resident S Shareholders.

ELECTRONIC FILING

Please see Withholding on Non-Resident S Shareholders.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.tax.ohio.gov/Forms.aspx

MAILING ADDRESS/PHONE NUMBER

Same as S Corporations.

INCOME TAX—INDIVIDUAL

Ohio has a tiered income tax for individuals. Ohio also imposes a school district tax on resident individuals in certain school districts.

Every Ohio resident and part-year resident is subject to the Ohio income tax. Every nonresident with Ohio sourced income is also subject to the tax.

FORMS

IT 1040, Ohio Individual Income Tax Return.

IT 1040EZ, Ohio Individual Income Tax EZ Return.

RATES

A graduated rate schedule applies to Ohio's personal income tax. For 2018 tax year, the tax rate varies from 1.980% to 4.997%.

Ohio allows a credit for taxes paid to other states for full-year residents.

DUE DATE

April 15

DUE DATE EXTENSION

October 15 – A taxpayer is granted an automatic six-month extension if he or she satisfies two conditions: 1) he or she has requested an automatic six-month extension of time for filing his or her federal income tax return, and 2) by the original due date for filing the Ohio return, he or she has paid at least 90% of the tax due.

ELECTRONIC FILING

Ohio encourages electronic filing on its website: www.tax.ohio.gov

ELECTRONIC PAYMENT

Electronic payment is encouraged by the state of Ohio.

WEBSITE

www.tax.ohio.gov

MAILING ADDRESS/PHONE NUMBER

IT 1040EZ without payment:
Ohio Department of Taxation
P.O. Box 182294
Columbus, OH 43218-2294

IT 1040EZ with payment:
Ohio Department of Taxation
P.O. Box 182850
Columbus, OH 43218-2850

IT 1040 without payment:
Ohio Department of Taxation
P.O. Box 2679
Columbus, OH 43218-2679

IT 1040 with payment:
Ohio Department of Taxation
P.O. Box 2057
Columbus, OH 43218-2057

SD 100 without payment:
Ohio Department of Taxation
P.O. Box 182197
Columbus, OH 43218-2197

SD 100 with payment:
Ohio Department of Taxation
P.O. Box 182389
Columbus, OH 43218-2389
1-(800) 282-1780

FED RETURN ATTACHED TO STATE RETURN

Not required.

STATE CONSTRUCTION-RELATED CREDITS

Although not construction specific, Ohio offers several credits construction companies should consider:

- Invest Ohio Investment Credit.
- Job Retention Credits.
- Credit for Eligible New Employees in an Enterprise Zone.
- Ohio Historic Preservation Credits.
- Refundable Business Jobs Credit.
- Refundable Pass-Through Entity Credit.

IRC CONFORMITY

Ohio does not permit joint filing for same sex couples. These taxpayers must instead file as single or head of household.

Ohio adds back 5/6 of bonus/179 depreciation in the year taken for federal purposes, and allows a 1/6 deduction the following five years.

Ohio does not allow a deduction for state taxes.

Ohio taxes non-Ohio municipal interest and dividend income.

Ohio does not tax state tax refunds.

There are several other modifications in the instructions to Ohio Form IT 1040.

ALTERNATIVE MINIMUM TAX

Ohio does not have an alternative minimum tax for individuals.

NET WORTH OR STOCK TAX

REGISTRATION

Ohio does not have a net worth or stock tax.

GROSS RECEIPTS TAX

REGISTRATION

Ohio's primary entity level tax is the Commercial Activity Tax (CAT). Please note that Ohio considers the CAT to be a franchise tax: on the privilege of doing business in Ohio. As the tax is based purely on gross receipts, it is discussed in this section.

TAXABLE BASIS

All taxable gross receipts in Ohio in excess of \$150,000.00.

FORMS

Registration CAT 1 or register through the Ohio Business Gateway (OBG).

Quarterly or Annual return – filed online, use OBG.

RATES

- The first \$1 million in Ohio taxable gross receipts are taxed at \$150 (annual minimum). Receipts above \$1 million are taxed at 0.26%.
- \$150 annual minimum tax for taxable gross receipts of \$1 million or less.
- \$800 annual minimum tax for taxable gross receipts over \$1 million but less than or equal to \$2 million. [Calc.: 0.26%] * (taxable gross receipts – \$1 million).
- \$2,100 annual minimum tax for taxable gross receipts over \$2 million but less than or equal to \$4 million. [Calc.: 0.26%] * (taxable gross receipts – \$1 million).
- \$2,600 annual minimum tax for taxable gross receipts over \$4 million. [Calc.: 0.26%] * (taxable gross receipts – \$1 million).

DUE DATE

- Annual filers – May 10.
- Quarterly filers – May 10 for quarter ended March 31; August 10 for quarter ended June 30; November 10 for quarter ended September 30; and February 10 for quarter ended December 31.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required

ELECTRONIC PAYMENT

Required

WEBSITE

<https://ohiobusinessgateway.ohio.gov>
http://www.tax.ohio.gov/commercial_activities.aspx

MAILING ADDRESS/PHONE NUMBER

Commercial Activity Tax Division
Commercial Activity Taxpayer Service Unit
P.O. Box 16158
Columbus, OH 43216-6158
(888) 722-8829

ESTIMATED TAX

Not Applicable

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Any person or business making retail sales of tangible personal property or taxable services must register for the sales tax by obtaining a vendor's license. There are several different types of vendor's licenses, depending on the type of business. See: http://www.tax.ohio.gov/sales_and_use/license.aspx

Construction taxpayers are generally considered the users of materials purchased for use in their businesses. Accordingly, the sellers of the materials are required to withhold sales tax on sales to construction taxpayers.

There are several exceptions to this rule, including the purchase of building and construction materials and services for tax exempt entities, building and construction materials for incorporation into a horticulture or livestock structure for a person engaged in such a business, and building and construction materials and services to be incorporated into real property outside Ohio when the sale of such materials and services in that state would be exempt from tax on sales in that state. See Ohio Rev. Code Ann. §5739.02(B)(13) for a complete list of exemptions. You can also view the general questions and answers on the Ohio Department of Taxation website at: http://www.tax.ohio.gov/sales_and_use/faqs/sales_basics.aspx

Business fixtures are another exemption to the general rule. Business fixtures are items of personal property permanently installed to real property, but which primarily benefit the business or occupant of the building and not the property itself. Business fixtures retain their characterization as tangible personal property. As a result, contractors installing business fixtures are required to charge tax on the property and labor associated with the business fixture. Business fixtures are a high priority audit issue for the state with contractors.

FORMS

Taxpayers should file and remit payments on the Ohio Business Gateway. Alternatively, a taxpayer may use the telefile system by calling (800) 697-0440.

RATES

The general Ohio sales tax is 5.75%. Local rates can vary between 0% and 2.25%.

DUE DATE

The 23rd of the month following the close of the reporting period. This is the previous month for most taxpayers; 23rd of the seventh month in a tax year for

taxpayers with less than \$1,200 in semiannual tax liability with prior authorization to file semiannually.

DUE DATE EXTENSION

There is no extension.

ELECTRONIC FILING

Electronic filing is completed on the OBG.

ELECTRONIC PAYMENT

Electronic payment is accomplished on the OBG.

WEBSITE

<https://ohiobusinessgateway.ohio.gov/>

MAILING ADDRESS/PHONE NUMBER

Ohio Department of Taxation
P.O. Box 530
Columbus, OH 43216-0530
(866) 644-6468

GRANDFATHERING OF RATE CHANGES

Taxpayers who collect sales tax at the previous rate within 30 days of a rate change are not liable for remitting the excess had it been computed at the new rate.

GOVERNMENT PROVIDED MATERIALS

Sales from the government and purchases of materials to be used in a project where Ohio, any of its political subdivisions, or the federal government ultimately take ownership of the materials will be exempt.

TAXABLE SERVICES

There are several services taxable in Ohio. A general list is available at:
http://www.tax.ohio.gov/sales_and_use/faqs/sales_basics.aspx

General or prime contracting services are not taxable services according to Ohio Rev. Code Ann. §5739.01(B).

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

There are many localities in Ohio with various rates. Please check the websites below for up-to-date rates.

FORMS

Various

RATES

Rates vary by county. The tax is as high as 2%.

DUE DATE

Various

DUE DATE EXTENSION

Various

ELECTRONIC FILING

Various

ELECTRONIC PAYMENT

Various

WEBSITE

http://www.tax.ohio.gov/sales_and_use/rate_changes.aspx
<https://thefinder.tax.ohio.gov/StreamlineSalesTaxWeb/Default.aspx>

MAILING ADDRESS/PHONE NUMBER

Various

GRANDFATHERING OF RATE CHANGES

Various

GOVERNMENT PROVIDED MATERIALS

Various

TAXABLE SERVICES

Various

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Ohio encourages taxpayers to use Ohio Business Gateway for withholding taxes.

Ohio Form IT 501, Employer's Payment of Ohio Tax Withheld.

Ohio Form IT 941, Employer's Annual Reconciliation of Ohio Income Tax Withheld.

Ohio Form IT 3, Transmittal of Wage and Tax Statements.

Ohio Form IT 2, Wage and Tax Statement.

Ohio Form IT 1, Application for Registration as an Ohio Withholding Agent.

RATES

Employer withholding tables are available at: <https://www.tax.ohio.gov/>

Late filed returns are subject to the greater of \$50 per month up to a maximum of \$500, or 5% of the tax due up to 50%.

Late payment is subject to double the interest rate plus 10% of the delinquent tax.

Failing to remit the payment after withholding from employees is subject to 50% of the delinquent tax.

Bad checks are subject to \$50.

DUE DATE

February 2

IT 2: Last day of February to Ohio, employee's copies by January 31 or 30 days after termination of employment before the close of the calendar year.

IT 3: Last day of February.

IT 501: Monthly filings due the 15th of the following month (e.g., January report due February 15).

IT 941: Quarterly filings due the last day of the following month (e.g., January through March due April 30).

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is available on the OBG.

ELECTRONIC PAYMENT

Electronic payment is available on the OBG.

WEBSITE

www.tax.ohio.gov/employer_withholding.aspx

MAILING ADDRESS

IT 2:

Ohio Department of Taxation
P.O. Box 2476
Columbus, OH 43216-2476

IT 3:

Sent by USPS
Ohio Department of Taxation
P.O. Box 182667
Columbus, OH 43218-2667

Other than by USPS:

Ohio Department of Taxation
4885 Northland Ridge Blvd.
Columbus, OH 43229-6596

IT 501:

Ohio Department of Taxation
P.O. Box 347
Columbus, OH 43216-0347

IT 941:

Ohio Department of Taxation
P.O. Box 182667
Columbus, OH 43218-2667

NEW HIRE

Employers must report new hires within 20 days on Form 7048, Ohio New Hire Reporting.

TERMINATION

Ohio is an “employment-at-will” state. This means that either the employer or employee may terminate an employment relationship at any time and for any reason unless a law or contract exists to the contrary.

INDEPENDENT CONTRACTOR TREATMENT

An employer-employee relationship exists when a person who hires an individual to perform services has the right to exercise control over the manner and means by which the individual performs his or her services. The right of control, whether or not exercised, is the most important factor in determining the relationship. The right to discharge a worker at will and without cause is strong evidence of the right to exercise direction and control. [OH Admin. Code Sec. 4141-3-05].

UNEMPLOYMENT

FORMS

JFS-20100, Report to Determine Liability.

JFS-20125, Unemployment Compensation Quarterly Tax Return.

RATES

The construction industry contributes at a rate of 5.9% for 2019.

Filing late will result in 120% of the rate that would have otherwise applied to contributions.

The taxable wage base is \$9,500.

DUE DATE

Quarterly filings due the last day of the following month (i.e., January through March due April 30).

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Employers with less than 200 employees should file online at the Employer Resource Information Center at: <http://unemployment.ohio.gov> or using the OBG.

ELECTRONIC PAYMENT

Employers may make payments online at the OBG or unemployment website.

WEBSITE

<http://unemployment.ohio.gov>

MAILING ADDRESS/PHONE NUMBER

USPS:

Ohio Department of Job and Family Services
P.O. Box 182404
Columbus, OH 43218-2413

Overnight Delivery:

ODJFS – Bureau of UC Tax
4020 E. Fifth Ave.
Columbus, OH 43219-1811
(614) 466-2319

NEW HIRE

Employers are required to maintain information regarding hiring dates, rehire dates, and dates returned to work after a temporary layoff.

TERMINATION

Employers that terminate are to file final reports within 30 days of the termination.

Employers are required to maintain information regarding separation of employees. Records must be maintained for at least five years.

INDEPENDENT CONTRACTOR TREATMENT

Not included in unemployment coverage obligations to employer. Employer must prove contractor does not meet employee criteria – free from direction and control over the service being performed.

PROPERTY TAX

PERSONAL PROPERTY

Ohio does not have a personal property tax on business inventory, machinery and equipment used in business, and furniture and fixtures. The personal property tax was completely phased out in 2009.

REAL PROPERTY

Ohio counties have real property taxes.

REGISTRATION

The list of county auditors is available at: <http://caao.org/> Please see this website to determine registration and remittance requirements.

The county will assess and notify the value of the property, as well as tax liability.

FORMS

Various

RATES

Various

DUE DATE

Various

DUE DATE EXTENSION

Various

ELECTRONIC FILING

Various, generally no.

ELECTRONIC PAYMENT

Various, generally no.

WEBSITE

Various

MAILING ADDRESS/PHONE NUMBER

Various

INTANGIBLES TAX

REGISTRATION

Prior to the introduction of the Financial Institutions Tax, dealers in intangibles were subject to a special tax. Beginning with tax year 2014, this tax is no longer in effect.

FUEL TAX

REGISTRATION

Ohio has a motor fuel excise tax imposed on all motor fuel dealers upon receipt of motor fuel in Ohio.

This tax's registration requirements should not apply to construction taxpayers unless the taxpayer is in the business of selling or distributing motor fuel. The impact of this tax on construction taxpayers should only come into effect when the taxpayer purchases fuel.

Ohio also charges a highway use tax on commercial cars with three or more axles, a commercial car with two axles having a gross weight or registered gross vehicle weight of more than 26,000 pounds operated alone or as part of a commercial tandem, or a commercial tractor operated alone or as part of a commercial tractor combination or commercial tandem.

Taxpayers must register by filing an annual application for a fuel use permit with the Tax Commissioner.

FORMS

MF 2, Licenses Dealer's Monthly Ohio Motor Fuel Tax Report.

RATES

The rate is 28 cents per gallon.

DUE DATE

Returns must be filed one the last day of January, April, July, and October. Payment is due at the same time.

DUE DATE EXTENSION

There are no extensions.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

[https://www.tax.ohio.gov/Forms.aspx?TaxType=Natural%20Gas%20Distribution%20Tax%20\(MCF\)](https://www.tax.ohio.gov/Forms.aspx?TaxType=Natural%20Gas%20Distribution%20Tax%20(MCF))

MAILING ADDRESS/PHONE NUMBER

Ohio Department of Taxation
Motor Fuel Division
P.O. Box 530
Columbus, OH 43216-0530
(855) 466-3921

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Companies are encouraged to file reports electronically through the OBG.

Companies are required to send OUF-8 notices to the last known address of an owner of the unclaimed funds with a balance of at least \$50, but less than \$1,000 via first class mail. Accounts in excess of \$1,000 must be sent by certified receipt with a return receipt requested.

All accounts in excess of \$50 must be reported.

Ohio has a business to business exemption that exempts amounts paid to or overpayments received from a company as the result of the receipt or issuance of an invoice.

Mail the complete report, remittance check, and securities to:
Ohio Department of Commerce
Division of Unclaimed Funds
77 S. High St., 20th Floor
Columbus, OH 43215-6108

See: www.com.ohio.gov/unfd

IMPACT FEES

Allowed as long as they do not constitute taxes that are not authorized by general law.

STATE ISSUES OTHER THAN TAXES

Various

MINIMUM WAGE

\$8.30 for tax year 2018 and \$8.55 for 2019 tax year.

REGISTERED AGENTS

Required for foreign entities.

DAVIS BACON

The prevailing rate of wages to be paid for a legal day's work, as prescribed in Section 4115.04 of the Revised Code, to laborers, workers, or mechanics upon public

works shall not be less at any time during the life of a contract for the public work than the prevailing rate of wages then payable in the same trade or occupation in the locality where such public work is being performed, under collective bargaining agreements or understandings, between employers and bona fide organizations of labor in force at the date the contract for the public work, relating to the trade or occupation, was made, and collective bargaining agreements or understandings successor thereto.

Serving laborers, helpers, assistants, and apprentices shall not be classified as common labor and shall be paid not less at any time during the life of a contract for the public work than the prevailing rate of wages then payable for such labor in the locality where the public work is being performed, under or as a result of collective bargaining agreements or understandings between employers and bona fide organizations of labor in force at the date the contract for the public work, requiring the employment of serving laborers, helpers, assistants, or apprentices, was made, and collective bargaining agreements or understandings successor thereto.

Apprentices will be permitted to work only under a bona fide apprenticeship program if such program exists and is registered with the Ohio apprenticeship council.

The allowable ratio of apprentices to skilled workers permitted to work shall not be greater than the ratio allowed the contractor or subcontractor in the collective bargaining agreement or understanding referred to in this section under which the work is being performed. A contractor, subcontractor, or public authority that exceeds the permissible ratio of apprentices to skilled workers by two or fewer apprentices for not more than two days in any 30-day period shall not be found in violation of this provision with regard to that excess number of apprentices.

For purposes of establishing the prevailing rate of wages, a labor organization that is a party to a collective bargaining agreement, contract, or understanding, including any successor agreement, contract, or understanding, that establishes wages for a trade or occupation typically employed on public improvements shall file with the director of commerce all relevant portions of any such agreement, contract, or understanding to which the labor organization is a party. The filing shall occur within 90 days after the agreement, contract, or understanding is executed, except that the relevant portion of any agreement, contract, or understanding to which a labor organization is a party on the effective date of this amendment shall be filed within 90 days after the effective date of this amendment. The labor organization shall certify under penalty of law that the portion of the agreement, contract, or understanding filed under this section contains, in full, all provisions of the agreement, contract, or understanding concerning wages paid to persons and the apprentice to skilled worker ratio under the agreement, contract, or understanding.

In the event there is no such collective bargaining agreement or understanding in the immediate locality, then the prevailing rates of wages in the nearest locality in which such collective bargaining agreements or understandings are in effect shall be the prevailing rate of wages, in such locality, for the various occupations covered by Sections 4115.03 to 4115.16 of the Revised Code.

The prevailing rate of wages to be paid for a legal day's work, to laborers, workers, or mechanics, upon any material to be used in or in connection with a public work, shall be not less than the prevailing rate of wages payable for a day's work in the same trade or occupation in the locality within the state where such public work is being performed and where the material in its final or completed form is to be situated, erected, or used.

Every contract for a public work shall contain a provision that each laborer, worker, or mechanic, employed by such contractor, subcontractor, or other person about or upon such public work, shall be paid the prevailing rate of wages provided in this section.

No contractor or subcontractor under a contract for a public work shall sublet any of the work covered by such contract unless specifically authorized to do so by the contract.

Where contracts are not awarded or construction undertaken within 90 days from the date of the establishment of the prevailing rate of wages, there shall be a redetermination of the prevailing rate of wages before the contract is awarded. A public authority shall, within seven working days after receiving from the director a notice of a change in the prevailing wage rate, notify all affected contractors and subcontractors with whom the public authority has contracts for a public improvement of the changes and require the contractors to make the necessary adjustments in the prevailing wage rates.

If, upon receipt of the relevant portions of a collective bargaining agreement, contract, or understanding, the director determines that the prevailing wage rate has changed in the locality in which an ongoing project is being constructed, any change in that rate shall take effect two weeks after the director receives the relevant portions of the agreement, contract, or understanding showing that the prevailing wage rate has changed.

If the director determines that a contractor or subcontractor has violated Sections 4115.03 to 4115.16 of the Revised Code because the public authority has not notified the contractor or subcontractor as required by this section, the public authority is liable for any back wages, fines, damages, court costs, and attorney's fees associated with the enforcement of said sections by the director for the period of time running until the public authority gives the required notice to the contractor or subcontractor.

On the occasion of the first pay date under a contract, the contractor or subcontractor shall furnish each employee not covered by a collective bargaining agreement or understanding between employers and bona fide organizations of labor with individual written notification of the job classification to which the employee is assigned, the prevailing wage determined to be applicable to that classification, separated into the hourly rate of pay and the fringe payments, and the identity of the prevailing wage coordinator appointed by the public authority. The contractor or

subcontractor shall furnish the same notification to each affected employee every time the job classification of the employee is changed.

DRUG TESTING FACILITIES

Various

COMMUNICATIONS

CFMA Chapters in Ohio:

Central Ohio, Columbus, OH:

<http://cafe.cfma.org/CentralOhio/Home/>

Greater Cincinnati, Cincinnati, OH:

<http://cafe.cfma.org/GrCincinnati/Home/>

Miami Valley, Dayton, OH:

<http://cafe.cfma.org/MiamiValley/Home/>

Northeast Ohio, Cleveland, OH:

<http://cafe.cfma.org/NortheastOhio/Home/>

Northwest Ohio, Toledo, OH:

<http://cafe.cfma.org/NWOhio/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 27, 2019

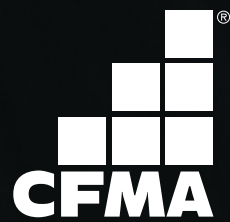
DATE OF LAST UPDATE

May 5, 2015

SUBJECT MATTER EXPERT

John P. Eardley, CPA, MST
Crowe LLP
55 Campau Avenue N.W., Suite 500
Grand Rapids, MI 49503-2609
(616) 242-6171

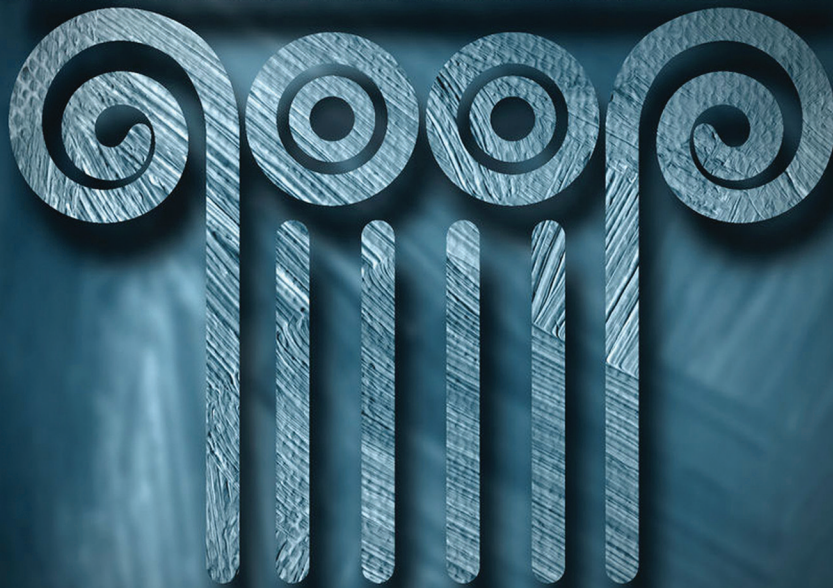
John.Eardley@crowe.com



**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



OKLAHOMA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

A domestic organization's initial registration includes submitting a Certificate of Incorporation/Articles of Organization form, filing the required form for the specific entity type, and paying the filing fee. A registered agent is required for service of process in the State of Oklahoma.

A foreign organization's initial registration includes submitting a Certificate of Qualification/Certificate of Authority form, filing the required form for the specific entity type, and paying the filing fee. A registered agent is required for service of process in the State of Oklahoma.

FORMS

SOS Form 0034, Application for Reservation of Name, can be mailed to reserve a business name for 60 days prior to the organization of the legal business entity.

A domestic corporation is formed by filing SOS Form 0002, Certificate of Incorporation. Information required on the form includes: name of the corporation, the registered agent name and address, e-mail address, authorized capital and incorporator names and addresses.

Forms are submitted in a similar fashion for all business entity types:

SOS Form 0028, Certificate of Limited Partnership – Domestic Limited Partnerships.

SOS Form 0073, Articles of Organization – Domestic Limited Liability Company.

SOS Form 0090, Statement of Qualification – Domestic Limited Liability Partnership.

SOS Form 0013, Certificate of Qualification – Foreign Corporation.

SOS Form 0030, Certificate of Authority – Foreign Limited Partnership.

SOS Form 0081 Application for Registration – Foreign Limited Liability Company.

Registration is available online or by mail.

RATES, FEES, COSTS

Filing fees vary by entity and form type. A complete state filing fee schedule can be found on the Oklahoma Secretary of State (SOS) website.

WEBSITE

<https://www.sos.ok.gov/>

MAILING ADDRESS/PHONE NUMBER

Oklahoma Secretary of State
Business Filing Department
2300 N. Lincoln Boulevard, Suite 101
Oklahoma City, OK 73105-4897
Main Phone: (405) 521-3912, Business Filings: (405) 522-2520

ADDITIONAL ASSISTANCE

The Oklahoma Secretary of State website has additional information on forms, filing fees, instructions, facts, and business searches.

ANNUAL RENEWALS

Domestic and foreign LLCs and LPs file an Annual Certificate form.

FORMS

Forms are available on the Secretary of State website.

RATES

Fees vary by entity type.

DUE DATE

Annual Certificate forms are due each year on the anniversary date of registration.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Annual certificates can be completed at: www.sos.ok.gov

ELECTRONIC PAYMENT

A payment can be made online at: www.sos.ok.gov

WEBSITE

www.sos.ok.gov

MAILING ADDRESS/PHONE NUMBER

Address is the same as the Initial Registration.
(405) 522-2822

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration with the Oklahoma Tax Commission is required for businesses that have a reporting requirement for withholding, sales, use, and income tax. Registration is required for additional industry specific taxes.

Registration can be completed by mail or electronically.

FORMS

Use Oklahoma Business Registration Application to establish a new business or register an existing business in Oklahoma. A business can register for withholding, sales, and use tax.

An Oklahoma Business Registration Application – Packet N is used by a nonresident contractor. In addition to completing the registration application, a Notice of Contract, Form BT-175, must be provided to the following agencies:

- 1) Oklahoma Tax Commission, Taxpayer Assistance Division.
- 2) Oklahoma Employment Security Commission.
- 3) Oklahoma Department of Labor, Worker Compensation Division.
- 4) County Assessor's Office of the county in which the work is to be completed.

The general application can be mailed or completed online. The nonresident contractor form should be mailed.

RATES

Sales tax permit – \$20.00; \$10.00 for each additional location. The permit is renewable every three years from the date the permit was issued, if the business is in good standing.

A surety bond is required on contracts over \$100,000. A Nonresident Contractor's Bond (Form BT-163), must be submitted in the amount of three times the estimated tax liability that will be incurred under the contract. Use Form BT-194 to determine the tax liability. If an estimation of tax is not filed, the bond required will be presumed to be 10% of the contract. Form BT-176, Notice of Completion must be filed when the contract is completed. The surety can be canceled at the time of completion, but the bond will not be released until one year after the completion notice is mailed.

No general fee for business registration in Oklahoma.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Online registration may be completed at: <https://www.ok.gov/>

ELECTRONIC PAYMENT

Electronic payment available when registering online.

WEBSITE

www.tax.ok.gov

MAILING ADDRESS/PHONE NUMBER

Oklahoma Tax Commission
Taxpayer Assistance Division
P.O. Box 26920
Oklahoma City, OK 73126-0920

OKC Taxpayer Assistance (405) 521-3160
Tulsa Office: (918) 581-2399
In-State Toll Free: 1-(800) 522-8165

LICENSES—GC & SPECIALTY

REGISTRATION

General contractors are not licensed at the state level in Oklahoma. Oklahoma only licenses resident construction contractors in the electrical, mechanical, and plumbing trades. Nonresident contractors must post a bond equal to three times the tax liability or 10% of any contract in the state.

All resident and nonresident contractors must have current employer identification numbers issued to them by the Oklahoma Tax Commission, the Oklahoma Employment Security Commission, the Internal Revenue Service, and the Social Security Administration. Each contractor is responsible for maintaining his own payroll reports and records including reports and records required by the Oklahoma Tax Commission, the Oklahoma Employment Security Commission, the Internal Revenue Service, and the Social Security Administration.

Contractors must provide proof of workers' compensation insurance, a \$5,000 license bond, and \$50,000 of liability insurance. The initial application fee and license fees vary. A license is good for one year, but all licenses expire on June 30 each year.

TESTS AND EXAMS

No exam requirements for general contractors. The Oklahoma Occupational Licensing Service requires an exam for licensing from the electrical, mechanical and plumbing trades. Each type of license has specific requirements to sit for an exam. Exams are given by:

PSI Exams
3210 East Tropicana
Las Vegas, NV 89121
1-(800) 733-9267
<http://www.psiexams.com>

Additional information on exam requirements can be found at:
<http://www.ok.gov/cib>

FORMS

Forms can be found online at: <http://cib.ok.gov/forms>

RATES

The initial application fee is \$330 for electrical, plumbing, and mechanical contractors.

WEBSITE

<http://www.ok.gov/cib/>

MAILING ADDRESS/PHONE NUMBER

Construction Industries Board
2401 NW 23rd St., Suite 2F
Oklahoma City, OK 73107

Local: (405) 521-6550
Toll Free: (877) 484-4424

RECIPROCITY STATES

Check with local city/county for regulations.

LOCAL LICENSES

REGISTRATION

Oklahoma has 77 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. A local business license is typically required based on the job's location.

FORMS

Each county or city will have their specific forms for the local license.

RATES

Some local municipalities in Oklahoma impose an occupational tax on wages paid within their jurisdiction. Contact the local municipality to determine if an occupational tax is imposed and the reporting and payment requirements.

INCOME TAX

INCOME TAX—C CORPORATION

Oklahoma applies the corporate income tax to all corporations doing business in the state or deriving income from sources within Oklahoma.

FORMS

Form 512, Corporate Income Tax Return.

Form 504, Application for Extension of Time to File an Oklahoma Income Tax Return.

RATES

Oklahoma has a corporate income tax rate of 6%.

Late payment interest is 1.25% per month on the tax due from the original due date until paid. 90% of the tax liability must be paid by the original due date of the return to avoid a delinquent penalty charge of 5% for late payment.

DUE DATE

The statutory due date is May 15.

DUE DATE EXTENSION

The extension request is due the same day as the original due date for the related tax return.

ELECTRONIC FILING

Oklahoma accepts electronic filings of returns. Amended returns cannot be electronically filed.

ELECTRONIC PAYMENT

Oklahoma has an Electronic Funds Transfer Program that offers several methods of payments, including ACH debit and ACH credit.

ESTIMATED TAX

Estimated tax payments are due if tax for the taxable year is expected to be \$500 or more.

FORMS

Form OW-8-ESC, Oklahoma Corporate Estimated Tax.

RATES

The estimated tax payments must be the lesser of 70% of the current year's tax liability or 100% of the prior year's tax liability; otherwise, a 20% underpayment of estimated tax interest will be incurred. If the current year's tax liability is less than \$1,000, no interest is incurred.

DUE DATE

If the corporation is on a calendar year basis, the first payment is due on April 15, with subsequent installments due on June 15, September 15, and January 15.

If the corporation is on a fiscal year basis, the first payment is due on the 15th day of the fourth month, with subsequent installments due on the sixth, ninth, and first month of the fiscal year.

ELECTRONIC FILING

The Oklahoma Tax Commission's OkTAP system accepts estimated corporate tax filing and payments.

ELECTRONIC PAYMENT

The Oklahoma Tax Commission's OkTAP system accepts estimated corporate tax filing and payments.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

See Oklahoma Tax Commission website for complete details.

ALLOCATION AND APPORTIONMENT FACTORS

Oklahoma uses a three-factor formula based on property, payroll, and sales. Income remaining, after special allocations, is apportioned by multiplying it by a fraction. The numerator is comprised of the tangible property, payroll, and sales apportionment factors. The denominator is the number of factors used. Corporations meeting investment criteria may double-weight the sales factor.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Not Applicable

OTHER MULTISTATE COMPACT

Oklahoma has not adopted the Multistate Tax Compact but is an associate member of the Multistate Tax Commission. Oklahoma participates in the Commission's Joint Audit Program and in the National Nexus Program.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

The sales factor is double-weighted, meaning that the denominator is four rather than three, for corporations whose taxable property has an initial investment cost of \$200 million or more. The sales factor is also double-weighted for corporations that expand their property or facilities in Oklahoma where such expansion has an investment cost of \$200 million or more over a period of three years or less.

SPECIFIC EXCLUSION OF INCOME ITEMS

No specific exclusion of income items for the construction industry.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items for the construction industry.

CREDITS AND TAX INCENTIVES

Oklahoma has a number of tax credits and incentives available. Contractor-related credits include:

Enterprise Zone Credit – Corporations are allowed a credit for certain investments in qualified property and for the creation of new jobs. The credit is doubled if the facility is located in an enterprise zone.

Investment Tax Credit – Oklahoma allows certain qualified establishments the opportunity to enter into quality investment agreements with the Oklahoma Department of Commerce that will enable the qualified establishment to obtain payments in exchange for capital investment in Oklahoma.

Job Creation Tax Credit – Qualified establishments may receive quarterly incentive payments for a 10-year period from the Tax Commission.

Renewable Energy Systems and Devices – A credit is allowed against corporate income tax for eligible expenditures incurred by a contractor in the construction of energy efficient residential property of 2,000 square feet or less.

ALTERNATIVE MINIMUM TAX

Oklahoma does not have an alternative minimum tax.

IRC CONFORMITY

Oklahoma conforms to the current IRC and has not decoupled from the business interest deduction limitations of IRC § 163(j) as amended by the Tax Cuts and Jobs Act.

WEBSITE

<http://www.ok.gov/tax/>

MAILING ADDRESS/PHONE NUMBER

Oklahoma Tax Commission
P.O. Box 26800
Oklahoma City, OK 73126-0800
(405) 521-3160

INCOME TAX—S CORPORATION

Oklahoma recognizes the federal election. No additional election is required.

REGISTRATION

The rules for S Corporations are identical to a C Corporation.

FORMS

Form 512-S, Oklahoma Small Business Corporation Income Tax Return.

Form 512-SA, Nonresident Shareholder Agreement.

RATES

Oklahoma law provides that S Corporations qualified under IRC provisions are not subject to Oklahoma income tax.

DUE DATE

Same as for C Corporations.

DUE DATE EXTENSION

A valid federal return extension automatically extends the due date of an Oklahoma return if there is no Oklahoma tax liability. A copy of the federal extension must be attached to the Oklahoma tax return. If the federal return is not extended, or an Oklahoma liability is owed, an extension of time to file the Oklahoma return may be granted on Form 504.

ELECTRONIC FILING

Oklahoma accepts electronic filings of returns. Amended returns cannot be electronically filed.

ELECTRONIC PAYMENT

Oklahoma has an Electronic Funds Transfer Program that offers several methods of payments, including ACH debit and ACH credit.

COMPOSITE RETURNS FOR S CORPORATIONS

Oklahoma does not allow S Corporations to file a composite return on behalf of its shareholders. Nevertheless, S Corporation returns must include a schedule showing the distribution to shareholders of the various items of income shown on the federal return.

ESTIMATED TAX FOR S CORPORATIONS

All S Corporations that are paying tax at the corporate level are required to make estimated tax payments if the expected current year tax liability is \$500 or more.

FORMS

Form OW-8-ESC, Oklahoma Corporate Estimated Tax.

RATES

The estimated tax payments must be the lesser of 70% of the current year's tax liability or 100% of the prior year's tax liability; otherwise, a 20% underpayment of estimated tax interest will be incurred. If the current year's tax liability is less than \$1,000, no interest is incurred.

DUE DATE

If the corporation is on a calendar year basis, the first payment is due on April 15, with subsequent installments due on June 15, September 15, and January 15.

If the corporation is on a fiscal year basis, the first payment is due on the 15th day of the fourth month, with subsequent installments due on the sixth, ninth, and first month of the fiscal year.

ELECTRONIC FILING

The Oklahoma Tax Commission's OkTAP system accepts estimated corporate tax filing and payments: <https://oktap.tax.ok.gov/oktap/Web/>

ELECTRONIC PAYMENT

The Oklahoma Tax Commission's OkTAP system accepts estimated corporate tax filing and payments.

REQUIRED

Not Applicable

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

S Corporations are required to withhold Oklahoma income tax at a rate of 5% of the Oklahoma share of taxable income distributed to each nonresident member. Income tax is not required to be withheld when a nonresident member submits Form OW-15, Nonresident Member Withholding Exemption Affidavit. S Corporations withhold income tax on behalf of their nonresident shareholders. 10% of the amount required to be withheld or paid, or of the underpayment

FORMS

Form OW-11, Registration for Oklahoma Withholding for Nonresident Members, (Required filing for S Corporations that make distributions subject to Oklahoma withholding).

Form OW-15, Nonresident Member Withholding Exemption Affidavit.

WTP10003, Oklahoma Nonresident Distributed Income Withholding Tax Annual Return.

RATES

S Corporations are required to withhold Oklahoma income tax at a rate of 5%.

DUE DATE

Form WTP10003 is due on or before the due date (including extensions) of the S Corporation's income tax return.

DUE DATE EXTENSION

On or before the S Corporation's extended due date.

ELECTRONIC FILING

The Oklahoma Tax Commission's OkTAP system accepts tax filings and payment:
[https://oktap.tax.ok.gov/oktap/Web/ /](https://oktap.tax.ok.gov/oktap/Web/)

ELECTRONIC PAYMENT

<http://www.ok.gov/tax/faqs.html>

WEBSITE

<http://www.ok.gov/tax/faqs.html>

MAILING ADDRESS/PHONE NUMBER

Oklahoma Tax Commission
P.O. Box 26800
Oklahoma City, OK 73126-0800
(405) 521-3160

INCOME TAX—PARTNERSHIPS, LLC

WITHHOLDING ON NON-RESIDENT MEMBERS

Oklahoma generally requires that pass-through entities withhold income tax on Oklahoma source income distributed to their nonresident members at 5%. Pass-through entities that make distributions subject to Oklahoma withholding must register with the Oklahoma Tax Commission.

FORMS

Form 501, Annual Information Return.

Form 500-B, Report of Nonresident Member Income Tax Withheld.

Form OE-9-EW, NR OK Distributed Income Estimated Withholding Tax Report.

Oklahoma partnerships that are required to withhold income tax from the Oklahoma share of income distributed to nonresident members are required to file annually Form 501 together with Forms 500-B, showing distributions of income to each shareholder. Each nonresident shareholder should be sent two copies of Form 500-B.

RATES

The entity must withhold the tax at the rate of 5% from each nonresident member's share of distributed Oklahoma income, and must pay the withheld amount on or before the due date of the pass-through entity's income tax return, including extensions. The tax withheld is treated as income tax paid, and the member is entitled to a credit against tax due or a refund of any tax overpayment.

WITHHOLDING EXEMPTIONS

ESTIMATED PAYMENTS

A pass-through entity may choose to make quarterly estimated payments for the tax year, but is required to make quarterly estimated payments for the tax year if the amount that must be withheld from all nonresident members for the taxable year can reasonably be expected to exceed \$500.

The estimated tax payments must be paid in equal quarterly installments on or before the last day of the month succeeding the calendar quarter. The total quarterly

estimated payments required to be paid by a pass-through entity for the tax year will be the lesser of: 1) 70% of the withholding tax that must be withheld from all its nonresident members for the tax year; or 2) 100% of the withholding tax that had to be withheld from all of its nonresident members for the preceding tax year. Form OW-9-EW is required where quarterly payments are due.

ELECTRONIC FILING

<http://www.ok.gov/tax/faqs.html>

ELECTRONIC PAYMENT

<http://www.ok.gov/tax/faqs.html>

WEBSITE

<http://www.ok.gov/tax/faqs.html>

COMPOSITE RETURNS

A partnership required to file an Oklahoma income tax return may elect to file a composite return for nonresident partners for whom the income tax liability is computed and paid on the partnership return. Any nonresident partner may be included in the composite return.

FORMS

Form 514, Oklahoma Partnership Income Tax Return.

Form 514-PT, Oklahoma Partnership Composite Income Tax Supplement.

RATES

There is no entity-level tax on pass-through entities.

DUE DATE

Oklahoma partnership returns are due on or before the 15th day of the third month following the close of the tax year.

DUE DATE EXTENSION

A valid federal return extension automatically extends the due date of an Oklahoma return if there is no Oklahoma tax liability. A copy of the federal extension must be attached to the Oklahoma tax return.

ELECTRONIC FILING

The Oklahoma Tax Commission's OkTAP system accepts tax filings and payments: [https://oktap.tax.ok.gov/oktap/Web/ /](https://oktap.tax.ok.gov/oktap/Web/)

ELECTRONIC PAYMENT

<http://www.ok.gov/tax/faqs.html>

WEBSITE

<http://www.ok.gov/tax/faqs.html>

MAILING ADDRESS/PHONE NUMBER

Oklahoma Tax Commission
P.O. Box 26800
Oklahoma City, OK 73126-0800
(405) 521-3160

INCOME TAX—INDIVIDUAL

Oklahoma residents are taxed on their income from Oklahoma sources and from out-of-state sources, including wages, interest, and dividends.

Nonresident income from specific Oklahoma sources, such as wages, unincorporated activities, and rents from Oklahoma real estate is subject to tax.

FORMS

Form 511, Oklahoma Resident Income Tax Return.

RATES

A graduated schedule applies to individual income tax returns with a top rate of 5%.

A credit for taxes paid to other states is allowed for full- and part-year residents.

Late payment interest is 1.25% per month on the tax due from the original due date until paid. 90% of the tax liability must be paid by the original due date of the return to avoid a delinquent penalty charge of 5% for late payment.

DUE DATE

April 15. However, if you file electronically the due date is extended to April 20.

DUE DATE EXTENSION

The Oklahoma extension is automatic with the federal extension if there is no Oklahoma tax liability. A copy of the extension must be attached to the Oklahoma return.

If the federal return is not extended or an Oklahoma liability is owed, an extension of time to file the Oklahoma return can be granted on Form 504.

ELECTRONIC FILING

The Oklahoma Tax Commission's OkTAP system accepts tax filings and payments: <https://www.ok.gov/>

ELECTRONIC PAYMENT

[https://oktap.tax.ok.gov/oktap/Web/ /](https://oktap.tax.ok.gov/oktap/Web/)

WEBSITE

<http://www.tax.ok.gov/>

MAILING ADDRESS/PHONE NUMBER

Oklahoma Tax Commission
P.O. Box 26800
Oklahoma City, OK 73126-0800
(405) 521-3160

FED RETURN ATTACHED TO STATE RETURN

Yes

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Oklahoma.

IRC CONFORMITY

There is no conformity to IRC Section 199A Pass-Through Deduction. Oklahoma's personal income tax calculation starts with federal adjusted gross income.

ALTERNATIVE MINIMUM TAX

Oklahoma does not have an alternative minimum tax for individuals.

NET WORTH OR STOCK TAX

REGISTRATION

The Oklahoma franchise tax is imposed only on corporate entities, including S Corporations, organized or doing business in Oklahoma. Other entities including partnerships and limited liability companies are statutorily exempt from the Oklahoma franchise tax.

Register here: [https://oktap.tax.ok.gov/oktap/Web/ /](https://oktap.tax.ok.gov/oktap/Web/)

TAXABLE BASIS

The basis for computing Oklahoma franchise tax is the balance sheet as shown by the taxpayer's books of account at the close of the last preceding income tax accounting year, or, if electing to change filing to match the due date of the corporate income tax, the balance sheet for that corporate tax year.

The franchise tax for corporations doing business both within and outside of Oklahoma, is computed on the proportion to which property owned, or property owned and business done, within Oklahoma, bears to total property owned, or total property owned and total business done everywhere.

FORMS

Form 200, Oklahoma Franchise Tax Return.

Form 200-F, Request to Change Franchise Tax Filing Period.

RATES

Oklahoma franchise (excise) tax is levied and assessed at the rate of \$1.25 per \$1,000 or fraction thereof on the amount of capital allocated or employed in Oklahoma.

All foreign (non-Oklahoma) corporations, including non-profits, must pay an annual registered agent fee of \$100.

If the taxpayer's capital is less than \$200,000, the tax liability is zero. The maximum annual franchise tax is \$20,000.

A penalty of 10% of the tax due along with interest accruing at the rate of 1.25% per month is assessed if the franchise tax is not remitted by September 15. For those corporations that have elected to file on a different fiscal year, penalty and interest will begin to accrue on the 15th day of the third month following the close of their fiscal year.

DUE DATE

Franchise tax is due each year on July 1 (for the period ending June 30) unless the corporation elects to change its filing period to match its fiscal year. The election must be made prior to July 1 on the state's online filing system or in writing by submitting Form 200-F prior to July 1.

DUE DATE EXTENSION

Returns filed after September 15 are delinquent.

ELECTRONIC FILING

The Oklahoma Tax Commission's OkTAP system accepts tax filings and payments: [https://oktap.tax.ok.gov/oktap/Web/ /](https://oktap.tax.ok.gov/oktap/Web/)

ELECTRONIC PAYMENT

[https://oktap.tax.ok.gov/oktap/Web/ /](https://oktap.tax.ok.gov/oktap/Web/)

WEBSITE

<http://www.tax.ok.gov/>

MAILING ADDRESS/PHONE NUMBER

Oklahoma Tax Commission
Franchise Tax
P.O. Box 26920
Oklahoma City, OK 73126-0920
(405) 521-3160

GROSS RECEIPTS TAX

REGISTRATION

Oklahoma does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

REGISTRATION

Oklahoma has 77 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. A local business license is typically required based on the job's location.

FORMS

Each county or city will have their specific forms for the local license.

RATES

Some local municipalities in Oklahoma impose an occupational tax on wages paid within their jurisdiction. Contact the local municipality to determine if an occupational tax is imposed and for the reporting and payment requirements.

STATE SALES AND USE TAX

REGISTRATION

An Oklahoma Business Registration Application must be completed prior to payment of sales/use tax.

Register here: [https://oktap.tax.ok.gov/oktap/Web/ /](https://oktap.tax.ok.gov/oktap/Web/)

FORMS

Form STS20002, Oklahoma Sales Tax Return.

Form SVU20005, Oklahoma Vendors Use Tax Return.

Form SCU20004, Oklahoma Consumer Use Tax Report.

RATES

The state sales and use tax rate is 4.5% of the gross receipts or gross proceeds from the sale of tangible personal property or taxable services. The total sales/use tax rate is the state tax rate plus any applicable city and county taxes.

Oklahoma charges a use tax on any tangible personal property purchased for use in Oklahoma. A credit of up to 4.5% may be used to offset the sales tax paid out of state. City or county use tax may still be due and only city or county tax paid can be used as a credit to offset the use tax owed.

DUE DATE

On or before the 20th day of the month for purchases made in the preceding month. Taxpayers whose total amount of tax liability for any one month does not exceed \$50 may file semiannual reports and remit taxes due on or before the 20th day of January and July of each year for the preceding six-month period.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

The Oklahoma Tax Commission's OkTAP system accepts tax filings and payments: [https://oktap.tax.ok.gov/oktap/Web/ /](https://oktap.tax.ok.gov/oktap/Web/)

ELECTRONIC PAYMENT

[https://oktap.tax.ok.gov/oktap/Web/ /](https://oktap.tax.ok.gov/oktap/Web/)

WEBSITE

<http://www.tax.ok.gov/>

MAILING ADDRESS/PHONE NUMBER

Oklahoma Tax Commission
P.O. Box 26850
Oklahoma City, OK 73126-0850
(405) 521-3160

GRANDFATHERING OF RATE CHANGES

Rate increases will apply to the first billing period starting on or after the statutory effective date.

Rate decreases will apply to bills rendered on or after the statutory effective date.

GOVERNMENT PROVIDED MATERIALS

Government construction contracts are not exempt from sales tax unless specifically indicated by the bid documents. Contractors with cities, counties, and public trusts, making purchases of materials necessary for public contracts may make purchases exempt provided they comply with the certification requirements.

TAXABLE SERVICES

Oklahoma's sales tax is imposed only on services specifically enumerated in statute. Contractor and construction services are not included in the taxable services enumerated in the Oklahoma Statute. For more information regarding sales tax exemption, contact the Oklahoma Tax Commission or the Department of Commerce online at: <http://okcommerce.gov/>

Contractors engaged in providing services and in improving real property are considered the consumer of materials used. Contractors must pay all applicable sales/use tax on materials.

Oklahoma refunds sales tax paid on construction materials for certain new or expanding manufacturing facilities and specific exempt religious organizations.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

Oklahoma has 77 counties and many local jurisdictions that have sales tax and local option taxes in addition to the statewide 4.5% rate. Refer to the Sales Tax section above.

RATES

Materials purchased in one jurisdiction for use in another. If the sales/use tax rate in the location of use is greater than the location of purchase, the contractor must pay the difference to the state.

EMPLOYMENT TAXES

WITHHOLDING

REGISTRATION

Upon receipt of a Federal Employer Identification Number, employers must establish an Oklahoma employer's withholding tax account. Oklahoma employer's withholding tax accounts are established online or by submitting either a Packet A: New Business Registration Packet or the Oklahoma Wage Withholding Tax Application (Form WTH10006), depending upon licenses and permits required. Packets may be downloaded from: www.tax.ok.gov

After registration with the Oklahoma Tax Commission employers will be assigned an account number for each registered account. Account numbers must be used by the employer for all returns and correspondence with the Oklahoma Tax Commission.

FORMS

Forms are furnished to employers registered with the Oklahoma Tax Commission at the end of each quarter. For those not paying electronically, a payment coupon is mailed each month prior to the due date. Forms are also available at: www.tax.ok.gov

RATES

Withholding will vary depending on the employee's filing status and number of dependents claimed. The maximum rate of withholding is 5%.

DUE DATE

On or before the 20th of the month following the close of the period.

The withholding tax is remitted monthly by companies withholding more than \$500 per quarter. Companies withholding less than \$500 remit on a quarterly basis. All companies remitting withholding tax of \$10,000 or more per month are required to remit according to the federal semi-weekly schedule. All companies are required to file a quarterly return representing the accumulative total.

DUE DATE EXTENSION

There is no extension for withholding filing or payment, but a penalty may be abated for reasonable cause.

ELECTRONIC FILING

The Oklahoma Tax Commission's OkTAP system accepts tax filings and payments: <https://oktap.tax.ok.gov/oktap/Web/>

ELECTRONIC PAYMENT

[oktap.tax.ok.gov/oktap/Web/ /](http://oktap.tax.ok.gov/oktap/Web/)

WEBSITE

www.tax.ok.gov/

MAILING ADDRESS

Oklahoma Tax Commission
P.O. Box 26850
Oklahoma City, OK 73126-0850

NEW HIRE

Employers report the total number of employees paid during the period, total amount of wages paid during the period, and total amount of state tax withheld from wages for the entire period.

TERMINATION

Same as treatment as New Hire.

INDEPENDENT CONTRACTOR TREATMENT

No withholding for independent contractors. Generally, an individual is considered an independent contractor if the entity receiving the person's services has the right to control the result of the work but does not have the legal right to control the manner and means of accomplishing the result.

UNEMPLOYMENT

FORMS

Form OES-1, Application for an Unemployment Insurance Account Number.

Form OES-3, Employers Quarterly Contributions Report.

Form OES-112, Oklahoma New Hire Reporting Form.

RATES

The 2019 wage base is \$18,100. Contribution Rates range from 0.1% to 5.5% for 2019 & 2018. New employers use 1.5% for both years.

DUE DATE

The last day of the month following the preceding quarter (e.g., first quarter is April 30).

DUE DATE EXTENSION

A \$100 penalty is assessed for failure to file the amount plus 10% of the contribution due if the report is not filed within 15 days of Notice of Non-Receipt. Interest accrues at 1% per month on past due contributions.

ELECTRONIC FILING

Quarterly contribution reports must be filed electronically. To set up an account and file reports, go to: <https://eztaxexpress.oesc.state.ok.us/>

ELECTRONIC PAYMENT

<https://eztaxexpress.oesc.state.ok.us/>

WEBSITE

www.ok.gov/oesc_web

PHONE NUMBER

(405) 557-7100

NEW HIRE

New hires should be registered with the Oklahoma Employment Security Commission (OESC) online.

TERMINATION

When an individual files a new claim for unemployment benefits, OESC notifies the last covered employer of 15 or more working days. The claimant must continue to file claims as directed by the Employment Service.

INDEPENDENT CONTRACTOR TREATMENT

No withholding for independent contractors. Generally, an individual is considered an independent contractor if the entity receiving the person's services has the right to control the result of the work but does not have the legal right to control the manner and means of accomplishing the result. Independent contractors are responsible for their own unemployment tax liability.

PROPERTY TAX

PERSONAL PROPERTY

All business concerns, corporations, partnerships, and professionals are required to annually file a statement of taxable assets as of January 1, to the assessor in the county they are located. Property is valued by the county assessor at its fair market value.

REGISTRATION

Property tax registration is completed by filing an initial asset listing.

FORMS

Form 901, Business Personal Property Rendition.

Form 904, Schedules 3 and 3A, Asset Listing.

RATES

Rates vary by county.

DUE DATE

Form 901, Business Personal Property Rendition, must be filed between January 1 and March 15. After March 15, the return is delinquent and a penalty of 10% of the assessed valuation is incurred. After April 15, a penalty of 20% of assessed valuation is incurred.

DUE DATE EXTENSION

There is no provision in the statutes for an extension.

ELECTRONIC FILING

Varies by county.

ELECTRONIC PAYMENT

Varies by county.

WEBSITE

Varies by county.

MAILING ADDRESS/PHONE NUMBER

Varies by county.

REAL PROPERTY

All real property is valued by the county assessor at its fair market value annually. Oklahoma statutes require the county assessor's office to maintain all real estate values and to physically inspect each parcel at least once every four years.

REGISTRATION

Not Applicable

FORMS

The bill will be mailed to the property owner or the property's address.

RATES

Rates vary by county.

DUE DATE

Varies, but generally property taxes are billed semi-annually.

DUE DATE EXTENSION

There is no provision in the statutes for an extension.

ELECTRONIC FILING

Varies by county.

ELECTRONIC PAYMENT

Varies by county.

WEBSITE

Varies by county.

MAILING ADDRESS/PHONE NUMBER

Varies by county.

INTANGIBLES

REGISTRATION

Oklahoma has amended their state constitution to ban a tax on any and all intangible personal property.

FUEL TAX

FORMS

Form 117, Application for License(s) of Motor Fuels,

Form 130, Application for Refund of Motor Fuel Tax – Gasoline and Undyed Diesel Only.

Additional forms can be found at: <https://www.ok.gov/>

RATES

2019 rates:

Gasoline Tax Rates: – 19 cents per gallon tax and a 1 cent per gallon assessment fee.

Propane/LPG – 19 cents per gallon plus a 1 cent per gallon assessment fee.

Diesel/Biodiesel Fuel – 19 cents per gallon and a 1 cent per gallon assessment fee.

WEBSITE

<http://www.tax.ok.gov>

MAILING ADDRESS/PHONE NUMBER

Oklahoma Tax Commission
Taxpayer Assistance Division
P.O. Box 26920
Oklahoma City, OK 73126
(405) 521-3271

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

The unclaimed property program is administered by the State Treasurer's office. Unclaimed property can be reported or searched for at: www.ok.gov/treasurer

All business entities, except for life insurance companies, must report unclaimed property annually prior to November 1 on Form 497-UP-2. The form only needs to be filed if an entity has unclaimed property to report.

Written notice to the owner (due diligence) must be completed 120 days prior to filing an annual report for each property with a value of \$50 or more.

IMPACT FEES

Cities in the past have implemented impact fees of up to \$1,000 per building permit. Builders should contact the local city government to assess if there are any impact fees on permits.

MINIMUM WAGE (2018 AND 2019)

Oklahoma adopts the federal minimum wage rate of \$7.25 per hour for employers of 10 or more full-time employees at any one location and employers with annual gross sales over \$100,000, irrespective of the number of full-time employees. All others are subject to state minimum wage of \$2.00.

REGISTERED AGENTS

All business entities in Oklahoma must have a registered agent that will receive service of process or official notices. A registered agent may be either an individual Oklahoma resident or a domestic or foreign corporation, limited liability company, or limited partnership that is reflected upon the Secretary of State's records and in good standing.

DAVIS BACON

The State of Oklahoma enforces and oversees that federal contracts administered by the state are in compliance with the Davis-Bacon Act, which sets wages and benefits of laborers working on federal construction contracts for amounts in excess of \$2,000.

For more information regarding the federal prevailing wage, contact the U.S. Department of Labor, (866) 487-9243, www.dol.gov

DRUG TESTING FACILITIES

Oklahoma drug testing facilities are licensed and regulated by the Oklahoma State Department of Health and are privately owned facilities.

Oklahoma does have restrictions on employer drug and alcohol testing.

For more information contact the Oklahoma Health Department, (405) 271-5600, www.ok.gov/health

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 27, 2019

DATE OF LAST UPDATE

January 5, 2014

SUBJECT MATTER EXPERT

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(616) 242-6171

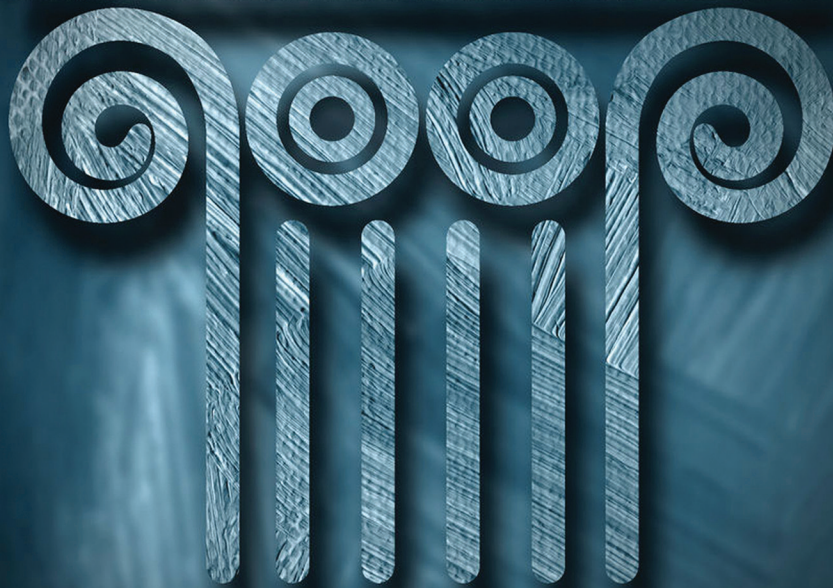
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



OREGON

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes submitting Articles of Incorporation, filing the required forms, and paying the fees.

All business entities are required to appoint and maintain a registered agent who has a physical street address in Oregon. Registered agents may not list a post office box, commercial mail receiving agency, or private mailbox.

For more information on Registered Agents, go to:

<http://sos.oregon.gov/business/Pages/registered-agents-service-of-process.aspx>

FORMS

Domestic Corporation, Articles of Incorporation.

Domestic Limited Liability Company, Articles of Organization.

Domestic Limited Partnership, Certificate of Limited Partnership.

Foreign Corporation, Application for Authority.

Foreign Limited Liability Company, Application for Authority.

Foreign Limited Partnership, Application for Registration.

Additional forms can be found at:

<http://sos.oregon.gov/business/Pages/forms.aspx>

Assumed Business Name – New Registration

For information on registering your business name, visit:

<http://sos.oregon.gov/business/Pages/registering-your-business-name.aspx>

Register your business online here:

<https://secure.sos.state.or.us/cbrmanager/index.action#stay>

RATES, FEES, COSTS

Domestic Corporation – Articles of Incorporation	\$100
Domestic Limited Liability Company – Articles of Organization	\$100
Domestic Limited Partnership – Certificate of Limited Partnership	\$100
Foreign Corporation – Application for Authority	\$275
Foreign Limited Liability Company – Application for Authority	\$275
Foreign Limited Partnership – Application for Registration	\$275
Assumed Business Name – New Registration	\$ 50

Additional registration fees can be found at:
<http://sos.oregon.gov/business/Documents/business-registry-forms/br-fee-schedule.pdf>

WEBSITE

<http://sos.oregon.gov/business/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Secretary of State
Corporation Division
Public Service Building, Suite 151
255 Capitol St. NE
Salem, OR 97310
(503) 986-2200

ADDITIONAL ASSISTANCE

The Oregon Secretary of State (SOS) website has FAQs as well as forms, instructions, etc.

ANNUAL RENEWALS

Renewals are required annually.

FORMS

Paper forms are available from the SOS. Online filing is generally the preferable procedure.

RATES

Domestic entity annual renewals are generally	\$100
Foreign entity annual renewals are generally	\$275
Assumed business names renewal is	\$ 5

DUE DATE

Renewal notices are mailed about 45 days before the renewal due date. You need to pay your fees and update your information by the renewal due date.

ELECTRONIC FILING

Annual renewals can be done online at:
<http://sos.oregon.gov/business/Pages/renewal-help.aspx>

ELECTRONIC PAYMENT

Payment can be made online with credit cards at:
<http://sos.oregon.gov/business/Pages/renewal-help.aspx>

WEBSITE

<http://sos.oregon.gov/business/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Secretary of State
Corporation Division
Public Service Building, Suite 151
255 Capitol St. NE
Salem, OR 97310
(503) 986-2200

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is required for businesses that will have reporting requirements for withholding and income taxes, among other types of taxes. Since all construction companies will have these taxes, registration is required for contractors.

Any in-state or out-of-state employer with employees working in Oregon and are being paid for services must obtain a Business Identification Number (BIN) for reporting and paying payroll taxes. Corporations without employees must register to report compensation paid to corporate officers.

However, you can obtain a BIN without having employees. The Construction Contractors Board (CCB) may require you to have a BIN in order to obtain a license. Submit your registration form as if registering with employees, indicating that the registration is for "CCB only."

An out-of-state contractor may need your BIN in order to bid on a contract. A sole proprietor or an LLC operating without employees doesn't need a BIN, but they may choose to get one. If you are a LLC filing with the IRS as a corporation, you are required to have a BIN to report corporate officer compensation.

FORMS

Businesses can register to receive a BIN by completing a Combined Employer's Registration form available from the Oregon Department of Revenue (DOR) or the Oregon Employment Department. See address below for where to mail the form.

RATES

There is no cost to registering in Oregon with DOR.

ELECTRONIC FILING

You can register online with the Central Business Registry (CBR) at:
<https://secure.sos.state.or.us/ABNWeb>

WEBSITE

<https://www.oregon.gov/dor/pages/index.aspx>

MAILING ADDRESS/PHONE NUMBER

Oregon Employment Department
875 Union St, NE, Rm. 107
Salem, OR 97311
(503) 378-4988
Fax: (503)-947-1528

LICENSES—GC & SPECIALTY

CONTRACTOR'S LICENSE

Generally, Oregon law requires anyone who works for compensation in any construction activity involving improvements to real property to be licensed. This is done through the CCB.

REGISTRATION

Contractors must carry the proper endorsement for the type of structures they work on. In selecting the correct endorsement, contractors must identify the type of property on which they will work, residential or commercial structures, or both. If you are endorsed as a residential specialty contractor, for example, and decide to bid on a large commercial project, you must change your license to carry both endorsements.

More information on obtaining a construction contractors license can be found here: <http://www.oregon.gov/CCB/licensing/Pages/get-licensed.aspx>

TESTS AND EXAMS

To obtain a CCB license, you must be at least 18 years old. You must also complete at least 16 hours of training on law and business practices and pass a state test. Out-of-state contractors must do the same.

You must obtain your license within 24 months of completing the training, not the test. If your CCB license is lapsed for more than 24 months, you must retake training and pass the test again.

More information on how to register, test sites, and what to expect on the test site is available at: <https://www.prometric.com/en-us/clients/Oregon/pages/construction.aspx>

FORMS

CCB Application for a Residential License.

CCB Application for a Commercial License.

CCB Application for Residential and Commercial License.

Active License Status Request Form.

Additional forms, including any specialty licenses, can be found at: <http://www.oregon.gov/CCB/licensing/Pages/forms-fees.aspx>

RATES

CCB license exam (paid directly to exam provider)

\$ 85

CCB initial application	\$325
CCB license renewal (every two years)	\$325
CCB license endorsement change	\$ 20
CCB license inactivation	\$ 20
CCB license reactivation	\$ 20

DUE DATE

You must obtain your license within 24 months of completing the training, not the test. If your CCB license is lapsed for more than 24 months, you must retake training and pass the test again.

ELECTRONIC FILING

Renew CCB License at: <https://portal.ccb.state.or.us/login.asp>

WEBSITE

<http://www.oregon.gov/CCB/Pages/index.aspx>

MAILING ADDRESS/PHONE NUMBER

CCB
P.O. Box 14140
Salem, OR 97301-1286
(503) 378-4621

RECIPROCITY STATES

If you have an active journeyman license from another state, you may be able to apply for a reciprocal journeyman license in Oregon. Check with Oregon's Building Codes Division for details.

SPECIALTY LICENSES

For details on how to obtain specialty licenses: home inspector, lead-based paint, locksmith, etc. – go to:

<http://www.oregon.gov/CCB/licensing/Pages/specialty-licenses.aspx>

EQUITY/FINANCIAL STATEMENT REQUIREMENTS

Oregon law requires contractors to carry surety bonds, general liability insurance, and worker's compensation insurance if you have employees. The minimum amount of each is determined based on your license endorsement.

See: <http://www.oregon.gov/CCB/licensing/Pages/fees.aspx> for more details.

LOCAL LICENSES

REGISTRATION

Oregon has 36 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. A local business license is typically required based on the job's location.

FORMS

Each county or city will have their specific forms for the local license. There are no local or municipal income taxes in Oregon.

RATES

Some local municipalities in Oregon impose an occupational tax on wages paid within their jurisdiction. Contact the local municipality to find out if an occupational tax is imposed and for the reporting and payment requirements.

INCOME TAX

INCOME TAX—C CORPORATION

Oregon has two types of corporate taxes, an excise tax and an income tax. Excise tax is the most common, as most corporations do not qualify for the income tax.

Oregon excise tax is imposed on the privilege of doing business in Oregon. It is measured by net income.

The income tax is imposed on corporations not doing business in the state, but with income from an Oregon source.

A return is required to be filed by all entities doing business in Oregon, owning property in Oregon, or having income in Oregon.

If a corporation is a member of an affiliated group that files a consolidated federal return, it must also file a consolidated Oregon return.

The starting basis for Oregon taxable income is the federal taxable income. The accounting period and method are the same as the federal. A copy of the federal return including all the supporting schedules are required attachments to the return. Any federal audit changes require an amended state return within 180 days of final federal determination.

FORMS

Form 20, Oregon Corporate Excise Tax Return.

Form 20-V, Oregon Corporation Tax Payment Voucher (for returns, extensions, and estimated payments).

Form 37, Underpayment of Oregon Corporation Estimated Tax.

For amended returns, check “Amended” box on Form 20 and attach a copy of the federal Form 1120X.

RATES

Corporation excise tax filers must pay the greater of the calculated tax or minimum tax.

Calculated tax: 6.6% for income of \$1 million and under, increased to 7.6% for income greater than \$1 million, plus an additional \$66,000.

Minimum tax: \$150 - \$100,000 based on sales of the filing group. See Appendix B of the Form 20 instructions for minimum tax table.

The corporation income tax is the same as the calculated tax described above.

The late payment penalty is 5% per annum on tax not paid by the original due date, even if there is a valid extension. The late filing penalty will not be charged on an extension if you pay at least 90% of the tax due by the original date of the return, you pay the balance of the tax when you file within the extension period, and pay the interest due when you file or within 30 days from the billing notice.

A late filing penalty is 20% per annum on tax not paid by the original due date and the return is filed more than three months after the original or extended due date. This is in addition to the 5% failure to pay penalty.

20% substantial understatement of income (SUI) penalty on tax attributable to certain adjustments to your return.

100% late payment and late filing penalty on tax if you do not file returns for three consecutive years by the original or extended return filing due date of the third year.

Interest on an unpaid balance accrues at 4% per year.

DUE DATE

The statutory due date is May 15.

Amended returns claiming a refund have a general three-year statute.

DUE DATE EXTENSION

The extension request is due the same day as the due date for the related tax return.

Oregon has an automatic extension equal to the federal extension period. There is a six-month automatic extension if Form 7004 with "for Oregon only" marked on top of form is attached to return.

To avoid paying penalty and interest, pay tax due online or by mail using Form 20-V on or before the original due date of your return.

ELECTRONIC FILING

Electronic filing of the returns is required if funds are remitted electronically. Electronic filing is required for the Oregon return if the related federal return is filed electronically.

ELECTRONIC PAYMENT

Electronic payments can be made at:
<http://www.oregon.gov/dor/ESERV/Pages/epayments.aspx>

WEBSITE

www.oregon.gov/dor

MAILING ADDRESS/PHONE NUMBER

Tax-due returns, mail to:
Oregon Department of Revenue
P.O. Box 14790
Salem, OR 97309-0470

Refunds or no tax-due returns, mail to:
Oregon Department of Revenue
P.O. Box 14777
Salem, OR 97309-0960
(503) 378-4988

IRC CONFORMITY

Oregon conforms to the IRC as of December 31, 2017 and has not decoupled from the federal business interest deduction limitations under IRC § 163(j) as enacted by the Tax Cuts and Jobs Act.

ESTIMATED TAX

Required to make quarterly estimated tax payments if you expect to owe \$500 or more with your return. This includes Oregon's minimum tax of \$150.

Form 37 is used to compute the underpayment of estimated tax.

FORMS

If paying by mail, send each estimated payment with a Form 20-V. If paying electronically, do send Form 20-V.

RATES

Failure to pay penalty and interest is 5% per year and 4% per year, respectively.

DUE DATE

Generally the estimates are due on the 15th of the 4th, 6th, 9th, and 12th month of your calendar or fiscal year.

ELECTRONIC FILING

Electronic filing is required for the Oregon return if the related federal return is filed electronically.

ELECTRONIC PAYMENT

Estimated payments are required to be made by electronic funds transfer (EFT) if you are required to make your federal estimated payments by EFT. Payment is through the website: www.oregon.gov/DOR. Do not send Form 20-V if you pay by EFT.

If you don't meet the federal requirements for mandatory participation in the EFT program, you may participate on a voluntary basis.

WEBSITE

www.oregon.gov/DOR

MAILING ADDRESS/PHONE NUMBER

Oregon Department of Revenue
P.O. Box 14780
Salem, OR 97309-0469
Electronic payment assistance is (503) 378-4988

ALTERNATIVE MINIMUM TAX

Oregon does not have an alternative minimum tax.

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

The following typical construction items are not adopted for Oregon:

- Alternative minimum tax adjustments for federal long-term contract adjustments.
- Taxpayers must add back any state income taxes paid (including Oregon excise tax) that were deducted in determining federal taxable income.

ALLOCATION AND APPORTIONMENT FACTORS

Oregon uses a single factor formula for apportionment and gross receipts.

A business that is involved in a joint venture must include its pro rata share of the joint venture's gross receipts in its own apportionment formula.

Certain interest income, investment rentals, sales of tangible and intangible property, and other investment income is allocated to Oregon depending on the situs of the property. The remaining net income is then apportioned.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Oregon has adopted the Uniform Division of Income for Tax Purposes Act (UDITPA) as a basis for determining the portion of the income of multistate or multinational corporations that may reasonably be attributable to the state for excise tax purposes.

Under these provisions, corporate entities that have income from business activity that is taxable by more than one state are required to allocate nonbusiness income to the state in which the income producing property is derived, or in which the recipient has its commercial domicile, and to apportion business income between states using a prescribed formula. However, unlike UDITPA, Oregon has a single sales (gross receipts) factor.

OTHER MULTISTATE COMPACT

Oregon has adopted the Multistate Tax Compact, but without Articles III and IV, which pertain to income subject to apportionment.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Consider OAR 150-314.615-(F) for Long Term Construction Contractors

SPECIFIC EXCLUSION OF INCOME ITEMS

No construction specific exclusion of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

Credits that may be contractor related include:

Dependent Care Facility Credit – A credit is allowed to an employer against corporation income and excise taxes based on the costs actually paid or incurred to acquire, construct, reconstruct, renovate, or otherwise improve real property so that it may be used as a dependent care facility.

Fueling Station Credit – A tax credit is allowed for construction or installation in a dwelling of a fueling station needed to operate an alternative fuel vehicle. The credit may be claimed by the contractor.

Additional tax credits and incentives can be found here:
<http://www.oregon4biz.com/Oregon-Business/Tax-Incentives/>

INCOME TAX—S CORPORATION

Oregon recognizes the federal election. No other election is required.

REGISTRATION

Rules for S corporation registration are identical with C corporations.

FORMS

Form 20-S, Oregon S Corporation Tax Return.

Form 20-V, Oregon Corporation Tax Payment Voucher (for Returns, Extensions, and Estimated Payments).

A complete copy of the federal return is required to be attached to the 20-S.

RATES

Generally there will be no Oregon tax if there is no federal tax. An Oregon tax may be imposed if there are built-in gains, or excess net passive income.

If Oregon taxable income is \$1 million or less, then multiply the Oregon taxable income by 6.6%. If the Oregon taxable income is greater than \$1 million, multiply the excess by 7.6%, and add \$66,000.

Every S corporation that does business in Oregon must pay a minimum annual tax of \$150 for the privilege of carrying on or doing business within Oregon under the Oregon excise tax provisions.

An S corporation with no business activity in Oregon, but receiving income from an Oregon source must file the Form 20-S under the income tax provisions. There is no minimum tax imposed on an income tax filer.

DUE DATE

Returns are due by the 15th day of the fourth month following the close of the taxable year.

Amended returns claiming a refund have a general three-year statute.

DUE DATE EXTENSION

The extension request is due the same day as the due date for the related tax return.

Oregon has an automatic extension equal to the federal extension period. There is a six-month automatic extension if Form 7004 with “for Oregon only” marked on top of form is attached to return.

To avoid paying penalty and interest, pay tax due online or by mail using Form 20-V on or before the original due date of your return.

ELECTRONIC FILING

Electronic filing of the returns are required if funds are remitted electronically or if the related federal return is filed electronically.

ELECTRONIC PAYMENT

Electronic payments can be made at:
<http://www.oregon.gov/dor/ESERV/Pages/epayments.aspx>

WEBSITE

www.oregon.gov/DOR

MAILING ADDRESS/PHONE NUMBER

Tax-due returns, mail to:
Oregon Department of Revenue
P.O. Box 14790
Salem, OR 97309-0470

Refunds or no tax-due returns, mail to:
Oregon Department of Revenue
P.O. Box 14777
Salem, OR 97309-0960
(503) 378-4988

COMPOSITE RETURNS FOR S

Pass-through entities (PTEs) with distributive income attributable to Oregon sources must file a composite return on behalf of their nonresident owners who elect to participate in the composite filing. The PTE reports the nonresident owners' share of Oregon-source distributive income on one tax return.

ALLOWED OR NOT ALLOWED

Required.
FORMS

Form OC, Oregon Composite Return.

Form OC-V, Oregon Composite Return Payment Voucher (for estimated, extension, and tax due payments).

RATES

There is no Oregon income tax on the S corporation, except in limited circumstances when there is a federal tax on an S corporation.

Individuals Owners – Multiply the electing owner's share of Oregon-source distributive income by the tax rate for the electing owner's filing status.

C Corporation Owners – Multiply the electing owner's share of Oregon-source distributive income by the corporate tax rates, or use the corporate minimum tax rates.

DUE DATE

The tax year and due date for the Oregon composite return is the same as the tax year and due date for the majority of the electing owners' federal and Oregon tax returns. If the majority of owners file using a calendar tax year, then the composite return is also a calendar tax year return. Form OC isn't filed using a fiscal or short tax year used by the PTE. If the majority of owners adopt a different fiscal year or change to a calendar year after Form OC is filed, file an amended Form OC that includes the income and tax due for both the original and short year.

DUE DATE EXTENSION

If the PTE is granted a federal extension to file its return (Form 65 or Form 20-S), the PTE is also granted an extension for Form OC. The additional time to file Form OC with a timely filed extension is six months.

Use Form OC-V if the PTE only needs an extension to file the Oregon composite return or make an extension payment.

Check the "extension" box and mail the completed voucher with your payment by the original due date of the return. When Form OC is filed, check the "extension" box and enter the extended due date. Keep a copy of the extension form with your records.

ELECTRONIC FILING

Oregon does not support electronic filing for composite returns.

ELECTRONIC PAYMENT

Payment is accepted through the website: www.oregon.gov/DOR

MAILING ADDRESS/PHONE NUMBER

Oregon Department of Revenue
P.O. Box 14700
Salem, OR 97309-0930
(503) 378-4988

ESTIMATED TAX FOR S CORPORATION

The estimated tax payments are required if you expect to owe tax of \$500 or more with your return. This includes Oregon's minimum tax of \$150.

FORMS

Form 20-V, Oregon Corporation Tax Payment Voucher (for Returns, Extensions, and Estimated Payments).

You must make your Oregon estimated payments by EFT if you are required to make your federal estimated payments by EFT. If you do not pay by EFT you can send Form 20-V.

RATES

Tax rates are the same as C corporations.

DUE DATE

Due date for estimated payments are the 15th of the 4th, 6th, 9th, and 12th month of your taxable year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

If you are required to e-file with the IRS you are required to e-file with Oregon.

ELECTRONIC PAYMENT

You must make your Oregon estimated payments by EFT if you are required to make your federal estimated payments by EFT.

WEBSITE

<https://www.oregon.gov/DOR/Pages/payments.aspx>

MAILING ADDRESS/PHONE NUMBER

Oregon Department of Revenue
P.O. Box 14780
Salem, OR 97309-0469
Electronic payment assistance is (503) 378-4988

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

A pass-through entity with distributive income from Oregon sources must withhold tax from its nonresident owners who do not elect to join in a composite filing (Form OC) and have not filed an affidavit unless the owner is exempt. The payment is a prepayment of estimated Oregon income and excise tax for nonresident owners of pass-through entities.

See above for composite filing information.

FORMS

Form OR-19, Annual Report of Nonresident Owner Tax Payments.

Form TPV-19, Payment of Tax for Nonresident Owners.

Form 150-101-175, Oregon Affidavit for a Nonresident Owner of a Pass-Through Entity.

RATE

Withholding tax rate of 9.9% for individuals is the highest individual tax rate. C corporation withholding rates are 6.6% on the first \$1 million and 7.6% on the amount over \$1 million.

DUE DATE

Form OR-19 is due by the end of the second month after the end of the entity's tax year.

Tax payments for the Oregon-source distributive income on non-electing owners must be remitted for the period in which the distributive income is earned or estimated. The due dates are the 15th day of the 4th, 6th, 9th, and 12th month of your taxable year.

MAILING ADDRESS/PHONE NUMBER

Oregon Department of Revenue
P.O. Box 14950

Salem, OR 97309-0950
(503) 378-4988

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Every partnership having income derived from or connected with sources in Oregon and every partnership having one or more Oregon resident partner must file an Oregon partnership return.

COMPOSITE RETURNS

Pass-through entities (PTEs) with distributive income attributable to Oregon sources must file a composite return on behalf of their nonresident owners who elect to participate in the composite filing. The PTE reports the nonresident owners' share of Oregon-source distributive income on one tax return, Form OC. PTEs must make tax payments for owners who don't elect to join the composite return unless the owner files an affidavit.

FORMS

Form 65, Partnership Return of Income.

Form OC, Oregon Composite Return.

Form 65-V, Partnership Return of Income Voucher.

RATES

A partnership must pay the \$150 minimum tax if: 1) the partnership was doing business in Oregon during the year, and 2) it is required to file an Oregon partnership return.

A partnership who files a short-year return because of a change in accounting periods, only owes a portion of the tax. Check the accounting period change box on Form 65 to indicate that your short-year return is for a change in accounting periods. Short-year returns due to technical terminations, other changes in ownership, or termination of the business do not qualify for a prorated minimum tax.

Composite rates: C corporation is 6.6% on the first \$1 million, 7.6% on amounts over \$1 million. Individuals use the individual rates from 5% to 9.9%. Composite payments are not required for partnerships that own an interest in another pass-through entity.

DUE DATE

On or before the 15th day of the third month after the end of the tax year.

DUE DATE EXTENSION

If you filed a federal extension, you don't need an Oregon extension. If you need to file an Oregon extension, use voucher Form 65-V. Check the extension box on the voucher and send it in by the due date. An Oregon extension gives the same amount of time to file as a federal extension. The extended due date is September 15, 2015 for calendar tax year partnerships.

ELECTRONIC FILING

The Department has allowed electronic filing for partnerships.

ELECTRONIC PAYMENT

Mandated for payment of estimated and employee withholding taxes if required to make federal tax payments by EFT.

WEBSITE

<http://www.oregon.gov/dor/PERTAX/Pages/partnership.aspx>

MAILING ADDRESS/PHONE NUMBER

Oregon Department of Revenue
P.O. Box 14260
Salem, OR 97309-5060
(503) 378-4988

INCOME TAX—INDIVIDUAL

An Oregon resident is taxed on all income, including income from outside the state. A nonresident of Oregon is taxed only on income from Oregon sources.

FORMS

Form 40, Individual Income Tax Return – Full-Year Residents Only.

Form 40N, Individual Income Tax Return – Nonresidents.

Form 40P, Individual Income Tax Return – Part-Year Residents.

Form 40-EXT, Application for Extension of Time to File Individual Income Tax Return.

RATES

A graduated rate schedule applies to individual income tax that ranges from 5% to 9.9%.

If you were a full-year Oregon resident and had income taxed by Arizona, California, Indiana, or Virginia, you generally cannot claim the credit on your Oregon return. However, you can claim the credit on the nonresident return you file with those states. You may be able to claim the credit if you were on a consolidated return for any of those states. If income is taxed by Oregon and another state not listed here, claim the credit on your Form 40. If you only paid taxes to one other state, enter the two-letter state abbreviation and credit amount on Form 40.

DUE DATE

April 15

DUE DATE EXTENSION

If you need more time to file, request an automatic six-month extension. Complete an Oregon extension form, Form 40-EXT, if 1) you're making a tax payment to Oregon and you can't file your Oregon return by April 15, 2015, or 2) you are filing an extension for Oregon only.

Extensions must be filed by the due date of the return, April 15. If you received a federal extension and are expecting an Oregon refund, do not use Form 40-EXT. Oregon will allow the same extension.

ELECTRONIC FILING

Available. Oregon participates in the IRS Federal/State E-file program. This program allows you to electronically file both your federal and Oregon returns at the same time. If you have already filed your federal return, you may still electronically file your Oregon return.

For more information, go to: <https://revenueonline.dor.oregon.gov/tap/> /

ELECTRONIC PAYMENT

For information on electronic payments, go to:
http://www.oregon.gov/dor/ESERV/Pages/elf-individuals.aspx#Payment_information

WEBSITE

<http://www.oregon.gov/DOR/PERTAX/pages/index.aspx>

MAILING ADDRESS

Mail refund returns or no-tax-due returns to:

REFUND

P.O. Box 14700

Salem, OR 97309-0930

Mail tax-to-pay returns to:

Oregon Department of Revenue

P.O. Box 14555

Salem, OR 97309-0940

IRC CONFORMITY

While Oregon's personal income tax calculation starts with federal taxable income, Oregon decoupled from the pass-through deduction and provisions of the IRC that relate to the definition of taxable income apply, as in effect, for the applicable tax year.

FED RETURN ATTACHED TO STATE RETURN

Yes

STATE CONSTRUCTION-RELATED CREDITS

Agriculture Workforce Housing Credit

You may be eligible for a credit if you construct or rehabilitate agricultural workforce housing for seasonal or year-round agricultural workers and their immediate families in Oregon. The housing must be occupied at some time during the year by an agricultural worker to qualify for the credit. Housing cannot be used for any purpose except housing for agricultural workers. Your family members are not considered agricultural workers under this credit.

The total credit is 50% of the eligible costs actually paid or incurred to complete the agricultural workforce housing project.

IRC CONFORMITY

Oregon's personal income tax calculation starts with federal taxable income; however Oregon has decoupled from the pass-through deduction (IRC §199A).

ALTERNATIVE MINIMUM TAX

Oregon does not have an alternative minimum tax for individuals.

NET WORTH OR STOCK TAX

Oregon does not have a tax based on net worth or stock.

Oregon has two types of corporate taxes: excise and income. See the income tax section above for details.

GROSS RECEIPTS TAX

Oregon does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, some cities, counties and municipalities throughout Oregon might have additional registration requirements that may affect your business. Contact the local government office and the county assessor's office in the location in which you have an interest for information on local/county taxes and licensing that may be needed for your business.

STATE SALES AND USE TAX

Oregon does not impose a state sales and use tax.

LOCAL SALES AND USE TAX (City, County, Special)

Oregon cities and counties do not impose a general sales and use tax.

EMPLOYMENT TAXES

WITHHOLDING

Oregon law requires that all wages, salaries, commissions, bonuses, fees, or other items of value paid to an individual for services as an employee are subject to having Oregon tax withheld.

Withholding is not required for a domestic employee. If your domestic employee has requested withholding and you have agreed to withhold, mark the “yes” box on the front of Form 150-211-055 and file Form OA.

Employers file returns and pay withholding taxes based on their federal filing requirements.

FORMS

Form 150-211-055, Combined Employer’s Registration.

Form OQ, Oregon Quarterly Tax Report. (File if you file Federal Form 941, 941-M, 943, or 945. If you’re also subject to state unemployment, workers’ benefit fund assessment, or transit taxes, you must file a Form OQ quarterly).

Form OA, Domestic Annual Report.

Oregon Schedule B, State Withholding Tax Report.

Form WR, Annual Withholding Tax Reconciliation Report.

OTC, Payment Tax Coupons.

RATES

For withholding tax rate tables, see:
<https://www.oregon.gov/DOR/programs/businesses/Pages/payroll-withholding.aspx>

DUE DATE

Form OQ: Last day of the month following the close of the calendar quarter.

Form OA: January 31. If your account closes mid-year, your report and payment are due within 20 days of the closing.

Form WR: March 31. If you stop doing business or no longer have employees, Form WR is due 30 days after your final payroll.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is available and can be done at:
[https://revenueonline.dor.oregon.gov/tap/ /](https://revenueonline.dor.oregon.gov/tap/)

ELECTRONIC PAYMENT

Electronic payments are available and can be made at:
<https://revenueonline.dor.oregon.gov/tap/ /#1>

WEBSITE

Oregon withholding tax: <https://revenueonline.dor.oregon.gov/tap/ /#1>

Employer's Guide for Doing Business in Oregon:
<http://sos.oregon.gov/business/Documents/business-guides/employer-guide.pdf>

MAILING ADDRESS/PHONE NUMBER

Oregon Department of Revenue
955 Center Street NE
Salem, OR 97301-2555
(503) 945-8100

NEW HIRE

Oregon law requires all employers to submit their new hire reports within 20 days after the employee's hire date. This includes rehires. "Rehire" means to re-employ any individual who was laid off, separated, furloughed, granted a leave without pay, or terminated from employment for more than 60 days.

The reports should be directed to:
Department of Justice, Division of Child Support
Employer New Hire Reporting
4600 25th Ave. NE, Suite 180
Salem, OR 97301
Fax: (877) 877-7415

For more information, go to:
<http://www.oregonchildsupport.gov/employers/reporting.shtml>

INDEPENDENT CONTRACTOR TREATMENT

When engaging an independent contractor, employers:

- Are not responsible for providing workers' compensation coverage.
- Do not pay unemployment insurance tax.

- Do not pay Social Security tax.
- Will not need to withhold income taxes or pay local payroll taxes.

For more information, go to: <http://www.oregon.gov/IC/pages/index.aspx>

UNEMPLOYMENT

State unemployment tax is an employer paid tax that finances the Oregon unemployment insurance program. Generally employers must pay into the Unemployment Insurance Trust Fund if they:

- 1) Have one or more employees in each of 18 weeks during a calendar year or
- 2) Have total payroll of \$1,000 or more in a calendar quarter.

REGISTRATION

To pay unemployment insurance taxes, employers must register with the Employment Department by completing and sending a Combined Employer's Registration Report to the Oregon Department of Revenue. See Qualification/Registration section at the beginning of this manual for more details.

Register online:

https://secure.sos.state.or.us/oim/login?oimAction=renew&p_a_cd=CBR&p_fp_gurl=https://secure.sos.state.or.us/cbrmanager/login.action

FORMS

Form 150-211-055, Combined Employer's Registration.

Form OQ, Oregon Quarterly Tax Report. (File if you file Federal Form 941, 941-M, 943, or 945. If you're also subject to state unemployment, workers' benefit fund assessment, or transit taxes, you must file a Form OQ quarterly).

Form 132, Employee Detail Report.

Form OA, Domestic Annual Report.

RATES

The taxable wage base for 2019 is \$40,600. The taxable minimum rate of 0.9% to a maximum rate of 5.4%. The new employer rate is 2.4%.

Unemployment tax rates are assigned in accordance with Oregon law. New employers are assigned a "base rate" until they have had sufficient "experience" to qualify for an "experience rate" based tax rate. This usually takes about three years.

DUE DATE

Form OA: January 31. If your account closes mid-year, your report and payment are due within 20 days of the closing.

Form OQ: Last day of the month following the close of the calendar quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is available and can be done at:
[https://revenueonline.dor.oregon.gov/tap/ /](https://revenueonline.dor.oregon.gov/tap/)

ELECTRONIC PAYMENT

Electronic payments are available and can be made at:
[https://revenueonline.dor.oregon.gov/tap/ /](https://revenueonline.dor.oregon.gov/tap/)

WEBSITE

Payroll tax for employers:
<http://www.oregon.gov/employ/businesses/tax/Pages/Payroll-Taxes.aspx#>

Employer's Guide for Doing Business in Oregon:
<http://sos.oregon.gov/business/Documents/business-guides/employer-guide.pdf>

MAILING ADDRESS/PHONE NUMBER

Oregon Employment Department
875 Union Street NE
Salem, OR 97310
(503) 947-1488

NEW HIRE

See Employer Withholding section above.

TERMINATION

See Employer Withholding section above.

INDEPENDENT CONTRACTOR TREATMENT

See Employer Withholding section above.

PROPERTY TAX

PERSONAL PROPERTY

Oregon law requires all personal property be valued at 100% of its real market value unless exempt by statutes.

REGISTRATION

Property taxes are primarily managed through the 36 Oregon counties. The counties assess (assign value) property and calculate, collect, and distribute the property tax revenues to the taxing districts.

Contact the county in which your property is located:
(<https://www.oregon.gov/dor/pages/index.aspx>) for registration requirements. If the county does not have a website, you can call the local assessor's office for information.

FORMS

Form 150-553-004, Confidential Personal Property Return.

The return filed with the appropriate authority must contain a full listing of all assets, date of acquisition, cost, and a statement of real market value. This listing must include items that have fully been depreciated, in storage, or expensed. It is the responsibility of the taxpayer to obtain a copy of the return and make the filing.

The return assists the assessor in determining the value of the property. After values for all properties in the county are established tax amounts are calculated. Taxpayers receive a tax statement after October 25 showing the value of the personal property and the amount of tax due.

Oregon property tax forms can be found at:
<https://www.oregon.gov/DOR/forms/Pages/default.aspx>

RATES

Personal property is taxable in the county where it is located and has more or less come to rest as of the assessment date, January 1 at 1 a.m.

If the assessed value of your taxable property is less than \$16,500, the assessor may cancel the tax assessment for that year. You must file a return each year regardless and make your declaration.

All returns that are filed late receive a penalty. The penalty is a percentage of the taxes and is 5%, 25%, or 50% depending on how late the return is filed.

DUE DATE

Each individual, partnership, firm, or corporation that has taxable personal property must file a return by March 1 unless they have requested and been granted an extension.

DUE DATE EXTENSION

The extension request must be in writing and submitted on or before February 15.

ELECTRONIC FILING

Contact the county in which your property is located for availability of electronic filing.

ELECTRONIC PAYMENT

Contact the county in which your property is located for availability of electronic payment.

WEBSITE

<https://www.oregon.gov/DOR/programs/property/Pages/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Oregon county webpages and phone numbers can be found at:
<https://www.oregon.gov/pages/index.aspx>

REAL PROPERTY

The amount of property tax you pay is based on two things: 1) the assessed value of your property, and 2) the amount of taxes that each taxing district is authorized to raise. The Oregon constitution places limits on both of these factors. It establishes a maximum assessed value and limits the increases of this value. The constitution also places a limit on operating tax rates for most of the taxing districts in the state.

REGISTRATION

Property taxes are primarily managed through the 36 Oregon counties. They assess (assign value) to property and calculate, collect, and distribute the property tax revenues to the taxing districts.

Contact the county in which your property is located:
(<https://www.oregon.gov/pages/index.aspx>) for registration requirements. If the county does not have a website, you can call the assessor's office for information.

FORMS

The property tax statement you receive in the fall is your value notice and property tax bill. It shows taxes imposed for the current tax year, July 1 through June 30.

The tax you pay is the result of district tax rates applied to your property's assessed value. In addition, the bill may include other taxes, fees, charges, or assessments depending on the districts providing services to your property. These other taxes, fees, charges, or assessments may not be based on the value of your property.

RATES

Property is taxed on its assessed value. A property's assessed value is the lower of its real market value or its maximum assessed value. Each year, the county assessor determines the property's real market value and calculates its maximum assessed value. You are taxed on the lesser of the two, which is called the assessed value.

You will be charged interest for any payment made after its due date. Interest is charged at the rate of 1.33% per month, or 16% annually, on any installment not paid when due.

DUE DATE

You must pay at least one-third of your property tax by November 15 to avoid an interest charge. Additional one-third payments must be made by February 15 and May 15. If you pay the full amount due by November 15, you receive a 3% discount. If you pay two-thirds of the full amount by November 15, you receive a 2% discount on the amount of tax paid. No other discounts are allowed.

Installment payments are not allowed when your total tax bill is less than \$40.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Contact the county in which your property is located for availability of electronic filing.

ELECTRONIC PAYMENT

Contact the county in which your property is located for availability of electronic payment.

WEBSITE

<https://www.oregon.gov/dor/programs/property/pages/property-taxes.aspx>

PHONE NUMBER

(503) 378-4988

INTANGIBLES

Intangible property is exempt from the Oregon property tax.

FUEL TAX

REGISTRATION

Contact your local jurisdiction for registration requirements.

FORMS

Monthly Taxable Distribution Report: The Fuels Tax Group publishes motor vehicle fuel monthly taxable distribution reports for all jurisdictions per local ordinance. Monthly taxable distribution reports are published on the 15th of the month following the date the tax is due.

Reports are published in EXCEL format. Data for each jurisdiction may be filtered individually using the auto filter function. If you have technical difficulty accessing reports please contact the Fuels Tax Group for assistance at (503)-378-8150.

If you have an active motor vehicle dealer license, you are required to file reports every month, whether or not you owe any tax. A \$25 penalty applies to late Oregon reports with zero tax liability.

RATES

Oregon fuel tax rates can be found at:
http://www.oregon.gov/ODOT/CS/FTG/Pages/current_ft_rates.aspx

DUE DATE

The motor vehicle fuel tax report is due the 25th of the month.

For monthly and quarterly use fuel seller and user tax report due dates, go to:
<http://www.oregon.gov/ODOT/CS/FTG/Pages/paymentoptions.aspx>

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing is available. See:
<http://www.oregon.gov/ODOT/CS/FTG/Pages/eFile.aspx>

ELECTRONIC PAYMENT

The Fuels Tax Group can accept your payments either by ACH debit or credit. Contact the Fuels Tax Group for assistance in arranging for payments by EFT. More

information is available here:

http://www.oregon.gov/ODOT/CS/FTG/docs/other_pdfs/ntc010.pdf

WEBSITE

Information on vehicle fuel tax programs, including forms, by jurisdiction, go to:

<http://www.oregon.gov/ODOT/CS/FTG/pages/mvf.aspx>

MAILING ADDRESS/PHONE NUMBER

Fuels Tax Group, MS 21
355 Capitol St. NE
Salem, OR 97301-3871
(503) 378-8150

OTHER (Taxes, Fees, Registration, etc.)

IMPACT FEES

Local governments are authorized to establish system development charges, but the revenues produced therefrom must be expended only in accordance with ORS 223.297 (Policy) to 223.314. (Establishment or modification of system development charge not a land use decision).

For example, if you are applying for a building permit for development in the City of Portland, system development charges (SDCs) may apply to your project. SDCs are one-time fees based on the proposed new use or increase in use of a property. They apply to both new construction and residential projects which increase impact to city infrastructure.

If a local government expends revenues from system development charges in violation of the limitations described in ORS 223.307, (authorized expenditure of system development charges), the local government must replace the misspent amount with moneys derived from sources other than system development charges. Replacement moneys must be deposited in a fund designated for the system development charge revenues not later than one year following a determination that the funds were misspent.

MINIMUM WAGE

In 2018 Oregon minimum wage is \$10.75 per hour. Effective July 1, 2019 \$11.25.

REGISTERED AGENTS

A registered agent is an individual or a business entity located at a physical street address in Oregon, whose sole responsibility is to accept legal documents (service of process, lawsuits, liens, subpoenas, etc.) on behalf of the business. An entity cannot designate itself as its own registered agent.

Any individual or registered business with a physical street address in Oregon can consent to serve as the registered agent. Most Oregon businesses are able to list an officer, owner or employee and the business street address for their registered agent and registered office. Frequently the business' attorney or accountant will serve as the registered agent. In addition, another business entity can serve as the registered agent, or you can contract with an agent service company to provide the registered agent service for you. The individual or business named must have consented to serve as the registered agent.

Addition information can be found at:

<http://sos.oregon.gov/business/Pages/registered-agents-service-of-process.aspx>

DAVIS BACON

In January and July of each year, the Bureau of Labor and Industries (BOLI) publishes the prevailing wage rates that are required to be paid to workers on non-residential public works projects in the State of Oregon. Quarterly updates are published in April and October.

BOLI is responsible for administering and enforcing the prevailing wage rate (PWR) law and for educating contractors, subcontractors, and public agencies about its requirements. For more information on PWR, go to:
<http://www.oregon.gov/boli/whd/pwr/Pages/index.aspx>

DRUG TESTING FACILITIES

A list of drug testing centers in Oregon is available at:
<http://www.testcountry.com/drug-testing-center-facilities/oregon.htm>

OTHER

CFMA Chapters in Oregon:

Greater Oregon, Eugene, OR: <http://cafe.cfma.org/greateroregon/Home/>
Portland, OR: <http://cafe.cfma.org/PortlandOregon/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

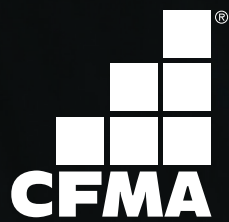
March 29, 2019

DATE OF LAST UPDATE

July 30, 2015

SUBJECT MATTER EXPERT

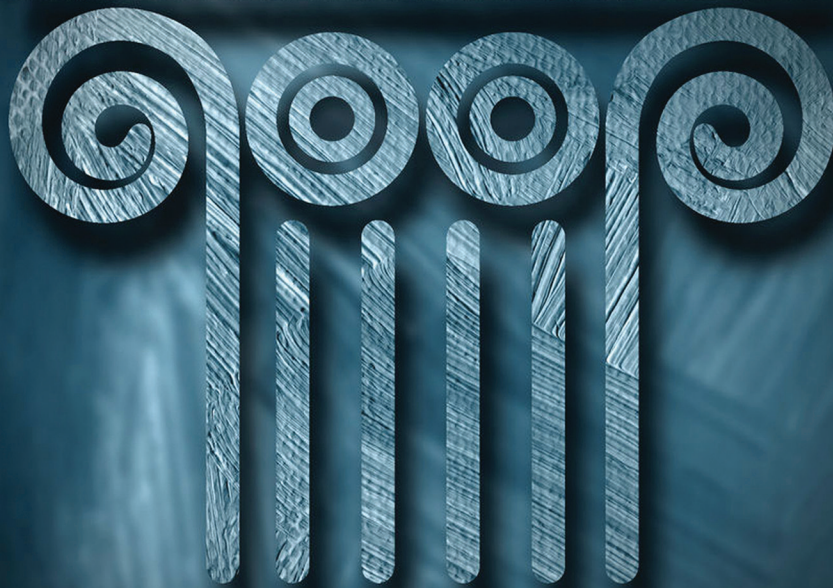
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



PENNSYLVANIA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

FORMS

A foreign corporation may apply for authority to do business in the State of Pennsylvania by receiving a Certificate of Authority from the Secretary of the Commonwealth, accompanied by a Docketing Statement form. A foreign corporation must advertise its intention to file or the filing of the application for a Certificate of Authority. Proofs of the advertising should not be submitted to the Department of the State, but should be filed with the minutes of the corporation. Articles of incorporation must be prepared also and a registered office must be maintained continuously.

A foreign limited partnership and foreign limited liability partnership are formed by filing an Application for Registration.

A foreign limited liability company is formed by filing an Application of Registration form, accompanied by a Docketing Statement form.

Fictitious names no longer need to be filed at the county seat. Any entities conducting business in Pennsylvania under an assumed or fictitious name shall register by filing an application for registration of fictitious name. When a fictitious name is used the user of the name must advertise that it has filed or intends to file an application for registration of the fictitious name. The user must advertise in a newspaper of general circulation in the county the business will be located and in one legal publication in that same county.

Fillable forms are available on Department of State website listed below.

RATES, FEES, COSTS

Foreign Corporation Certificate of Authority	\$250
Foreign Limited Partnership Registration	\$250
Foreign Limited Liability Partnership/Company	\$250
Fictitious Name Registration	\$ 70

WEBSITE

www.dos.state.pa.us

MAILING ADDRESS

Department of State
Bureau of Corporations
401 North Street, Room 206

Harrisburg, PA 17120
ADDITIONAL ASSISTANCE

Assistance is available 8:00 am to 4:30 pm, Monday through Friday.
(717) 787-1057

ANNUAL RENEWALS

Any foreign registered restricted professional company is required to file a Certificate of Annual Registration.

Any foreign registered limited liability partnership is required to file a Certificate of Annual Registration.

FORMS

Certificate of Annual Registration.

RATES

Partnership – at least	\$340
Company – at least	\$500

DUE DATE

April 15.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Can be filed online.

ELECTRONIC PAYMENT

Credit cards and ACH transactions are only accepted.

WEBSITE

www.dos.state.pa.us

MAILING ADDRESS

Department of State
Bureau of Corporations
401 North Street, Room 206

Harrisburg, PA 17120

REGISTRATION WITH DEPARTMENT OF REVENUE

FORMS

PA-100

RATES

Not Applicable

DUE DATE

Various

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

http://www.revenue.pa.gov/FormsandPublications/Pages/default.aspx#.VdMw2_I Vj3Q

MAILING ADDRESS

Department of Revenue
Bureau of Business Trust Fund Taxes
P.O. Box 280901
Harrisburg, PA 17128-0901

LICENSES—GC & SPECIALTY

REGISTRATION

The Commonwealth of Pennsylvania (Commonwealth) currently has no licensure or certification requirements for most construction contractors. The following requirements pertain to certain contractors.

On July 1, 2009, the Home Improvement Consumer Protection Act (Senate Bill 100) took effect. This law requires most home improvement contractors to register with the Pennsylvania Attorney General's Office. Additionally, these contractors must maintain minimum insurance coverage and utilize contracts that comply with a number of consumer protection requirements specified in this law. The Attorney General's Bureau of Consumer Protection is responsible for enforcement of these requirements.

The Crane Operator Licensure Act (Act 100 of 2008; HB 647) was signed into law in 2008. This act establishes a Crane Operators Board and licensure requirements for crane operators. The Bureau of Professional and Occupational Affairs at the Pennsylvania Department of State administers this licensure program. Here are various means that crane operators can use to contact the Bureau:

State Board of Crane Operators
P.O. Box 2649
Harrisburg, PA 17105-2649
Phone: (717) 783-1404
Fax: (717) 705-5540
ra-craneoperators@pa.gov

In order to comply with federal mandates, the State of Pennsylvania certifies contractors and workers that perform asbestos and lead removal services. These certifications are issued by the Certification, Accreditation and Licensing Division at the Department of Labor and Industry. If you have questions about asbestos or lead certification, please call: (717) 772-3396.

Some of Pennsylvania's 2,562 municipalities have established local licensure or certification requirements for contractors or construction trades people. Typically, these requirements pertain to home improvement contractors, electrical contractors (or electricians), and plumbing contractors (or plumbers). Since the Commonwealth has no jurisdiction in this matter, the Department of Labor and Industry maintains no records concerning municipalities that have established licensure or certification requirements. This information can only be obtained by contacting the municipality where construction work will occur.

TESTS AND EXAMS

Home improvement contractors must register for license if more than \$5,000 of services performed during the year.

FORMS

Various.

RATES

\$50

DUE DATE

Various

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Can be filed online

ELECTRONIC PAYMENT

Can be filed online

WEBSITE

www.attorneygeneral.gov

MAILING ADDRESS

Pennsylvania Office of Attorney General
15th Floor, Strawberry Square
Harrisburg, PA 17120

LOCAL LICENSES

REGISTRATION

Pennsylvania does not have a statewide licensing system. Rather, each city or county can implement its own requirements for local PA general contractors. Those interested in starting a construction business as a general contractor in Pennsylvania should find out and adhere to the local rules to legally operate as a PA general contractor.

FORMS

Philadelphia – Must obtain a tax account number, a commercial activity license, attach a tax clearance form from the Revenue Department for the contractor to the permit application, and a Certificate of Insurance for the contractor with minimum coverage of \$500,000.

Pittsburgh – Must be 18 years old, be registered to pay city taxes, carry a minimum of \$300,000 of general liability insurance, carry workers compensation insurance.

Harrisburg – Obtain business privilege license.

Reading – Complete building and trades permit application, verify business insurance coverage of at least \$300,000, and verify workmen's compensation.

Lancaster – Complete permit application, provide proof of workmen compensation coverage, provide certificate of insurance listing City of Lancaster as the certificate holder.

RATES

Fees can be found on local websites.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Philadelphia: <https://business.phila.gov/>

Pittsburgh: <http://www.pittsburghpa.gov/pli/licenses/>
Harrisburg: www.harrisburgpa.gov
Reading: <https://www.readingpa.gov/>
Lancaster: www.cityoflancasterpa.com

MAILING ADDRESS/PHONE NUMBER

See local websites for mailing addresses.

INCOME TAX

INCOME TAX—C CORPORATION

All domestic corporations, and all foreign corporations doing business, or employing capital, or owning or leasing property, or maintaining an office in Pennsylvania are subject to the corporation franchise (income) tax.

FORMS

PA RCT-101

RATES

9.99%

DUE DATE

Fifteenth day of fifth month after end of taxable year.

DUE DATE EXTENSION

A six-month extension, state recognizes federal extension of no payment is due.

If payment is due file Form PA REV-853.

ELECTRONIC FILING

eTides

ELECTRONIC PAYMENT

www.etides.state.pa.us

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

Bureau of Corporation Taxes
P.O. Box 280427
Harrisburg, PA 17128-0407

ESTIMATED TAX

Four equal installments

FORMS

PA REV-857

RATES

90% of current year's tax liability

100% of tax liability applying current year's tax rate and certain adjustments to tax base shown on return for second preceding tax year.

DUE DATE

Third, sixth, ninth, and twelfth months of taxable year

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

eTides

ELECTRONIC PAYMENT

www.etides.state.pa.us

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

Bureau of Corporation Taxes
P.O. Box 280422
Harrisburg, PA 17128-0422

ALTERNATIVE MINIMUM TAX

Pennsylvania does not impose alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Pennsylvania conforms to the current IRC and has not decoupled from the business interest deduction limitations of IRC §163 as enacted by the Tax Cuts and Jobs Act

ALLOCATION AND APPORTIONMENT FACTORS

Pennsylvania uses a one-factor sales formula.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Pennsylvania has not adopted UDITPA provisions.

OTHER MULTISTATE COMPACT

Pennsylvania has not adopted the Multistate Tax Compact.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Transportation of property uses a one-factor formula based on revenue miles.

Transportation of property and persons use a two-fraction formula based on revenue miles.

Pipelines use a one-factor formula based on revenue ton miles, barrel miles of cubic miles.

Ship transport uses a one-factor formula based on days in port (high seas) or revenue miles (inland waters).

SPECIFIC EXCLUSION OF INCOME ITEMS

Various

SPECIFIC EXCLUSION OF COST ITEMS

Various

CREDITS AND TAX INCENTIVES

Pennsylvania provides the following credits and tax incentives:

- Coal Waste Removal and Ultraclean Fuel Tax Credits
- Community Based Service Credit
- Educational Improvement Tax Credit
- Film Production Tax Credit
- Keystone Innovation Zone Tax Credit
- Keystone Special Development Zone
- Historic Preservation Tax Credit
- Job Creation Tax Credit
- Neighborhood Assistance Program
- Opportunity Scholarship Tax Credit

- Research and Development Credit
- Resource Enhancement and Protection Tax Credit
- Enterprise Zone Program
- Strategic Development Area Program

INCOME TAX—S CORPORATION

Pennsylvania generally follows the federal income tax treatment of an S corporation and its shareholders.

REGISTRATION

See section #1

FORMS

Form PA 20S, Informational Return.

PA RCT-101, Capital Stock Tax.

RATES

Nonresident tax paid on withholding or composite return.

DUE DATE

Fifteenth day of fifth month after end of taxable year.

DUE DATE EXTENSION

Automatic extension equal to federal extension period. If payment is due must file PA REV-276 for PA 20S and PA REV-853 for RCT-101.

ELECTRONIC FILING

eTides

ELECTRONIC PAYMENT

www.etides.state.pa.us

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

Bureau of Corporation Taxes
P.O. Box 280427
Harrisburg, PA 17128-0407

COMPOSITE RETURNS FOR S

Nonresident consolidated income tax returns may be filed on behalf of electing nonresident individual owners who do not have income from other state sources.

ALLOWED OR NOT ALLOWED

Group returns are allowed.

FORMS

PA-40 NRC

RATES

The tax rate is 3.07%.

DUE DATE

Fifteenth day of fifth month after end of taxable year.

DUE DATE EXTENSION

Automatic extension equal to federal extension period. If payment is due must file PA REV-276.

ELECTRONIC FILING

eTides

ELECTRONIC PAYMENT

www.etides.state.pa.us

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

Pennsylvania Department of Revenue
Consolidated Return
P.O. Box 280418
Harrisburg, PA 17128-0418

ESTIMATED TAX FOR S

An S corporation that has income allocable to a nonresident shareholder must pay a withholding tax.

FORMS

Pennsylvania Form REV-414 to determine the withholding tax; Form PA 40 ES should be filed with the withholding tax.

RATES

3.07%

DUE DATE

Less than \$500, the S corporation must pay within 30 days of the close of the tax year; greater than \$500, the S corporation must make estimated tax payments on the 15th day of the 4th, 7th, 10th, and the first month after the close of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

REV 414 is not supported for E-Filing.

ELECTRONIC PAYMENT

www.etides.state.pa.us

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

Pennsylvania Department of Revenue
Bureau of Individual Taxes
P.O. Box 280502
Harrisburg, PA 17128-0502

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Withholding required for nonresident owners:

- Individuals;
- Inter vivos or testamentary trusts; and
- Decedents' estates.

FORMS

REV-414

RATES

3.07%

DUE DATE

Less than \$500, the S corporation must pay within 30 days of the close of the tax year; greater than \$500, the S corporation must make estimated tax payments on the 15th day of the 4th, 7th, 10th and the first month after the close of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

REV-414 is not supported for e filing.

ELECTRONIC PAYMENT

www.etides.state.pa.us

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

Pennsylvania Department of Revenue
Bureau of Individual Taxes
P.O. Box 280502
Harrisburg, PA 17128-0502

PAYMENT ON INCOME OR DISTRIBUTIONS

Yes

S CORPORATION TREATMENT

Yes

C TREATMENT

No

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

Federal election automatically applies unless S corporation elects out with approval of all shareholders.

INCOME TAX—PARTNERSHIPS, LLC

COMPOSITE RETURNS

Nonresident consolidated income tax returns may be filed on behalf of electing nonresident individual owners who do not have income from other state sources.

FORMS

PA-65, Informational Return.
PA RCT-101, Capital Stock Tax.
PA 40NRC, Composite Tax Return.

RATES

Nonresident tax paid on composite or withholding return.

DUE DATE

Fifteenth day of fourth month after end of taxable year.

DUE DATE EXTENSION

Automatic extension equal to federal extension period. If payment is due must file PA REV-276 for PA 20S and PA REV-853 for RCT-101.

ELECTRONIC FILING

PA 20S is supported by E-Filing.

PA RCT-101 is supported by E-Filing.

ELECTRONIC PAYMENT

www.etides.state.pa.us

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

With Payment:

Pennsylvania Dept. of Revenue
Bureau of Individual Taxes
P.O. Box 280502
Harrisburg, PA 17128-0502

Without Payment:

Pennsylvania Dept. of Revenue
Bureau of Individual Taxes
P.O. Box 280509
Harrisburg, PA 17128-0509

INCOME TAX—INDIVIDUAL

Nonresidents:

Nonresidents are taxed at the same flat rate and on the same eight classes of income as residents. However, nonresidents are taxed only on income from sources within Pennsylvania. Pennsylvania does not tax interest or dividends of nonresidents.

FORMS

PA-40

RATES

3.07%

DUE DATE

April 15

DUE DATE EXTENSION

Six-month extension.

ELECTRONIC FILING

Pennsylvania offers three methods for filing:

- 1) Pa.direct.file
- 2) E-file
- 3) Telefile

ELECTRONIC PAYMENT

Yes

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

Payment:

Pennsylvania Dept. of Revenue
Payment Enclosed
1 Revenue Place
Harrisburg, PA 17129-0001

No Payment:

Pennsylvania Dept. of Revenue
No Payment/No Refund
2 Revenue Place
Harrisburg, PA 17129-0002

Refund/Credit:

Pennsylvania Dept. of Revenue
Refund/Credit Requested
3 Revenue Place
Harrisburg, PA 17129-0003

FED RETURN ATTACHED TO STATE RETURN

Yes

STATE CONSTRUCTION-RELATED CREDITS

- Research and Development Credit
- Keystone special development zone tax credit
- Job creation tax credit
- Resource manufacturing credit

IRC CONFORMITY

Pennsylvania's personal income tax calculation does not begin with federal tax base. Further, Pennsylvania does not provide for an adjustment to the tax base for personal exemptions or deductions. Therefore, Pennsylvania does not comply with IRC §199A Pass-Through Deduction enacted as part of the federal 2017 Tax Cuts and Jobs Act.

ALTERNATIVE MINIMUM TAX

Not Applicable

NET WORTH OR STOCK TAX

Expired effective January 1, 2016

GROSS RECEIPTS TAX

Pennsylvania does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

All businesses and individuals selling products and services subject to sales tax must register for a sales tax license.

FORMS

Can register online at: www.paopenforbusiness.com

File Form PA-100 to register.

The Department of Revenue distributes forms to taxpayers. Reporting for sale tax and use tax is combined on one form.

RATES

6%

DUE DATE

License must be renewed every five years.

Monthly returns are due for liabilities of at least \$600 but less than \$25,000.

- Due on or before the 20th day of each month.

Quarterly returns are due for those whose total tax liability for the third calendar quarter of the preceding year was less than \$600 but more than \$75.

- Due dates are April 20, July 20, October 20, and Jan 20.

Semiannual returns are due for those whose total tax liability does not exceed \$75 annually and who obtain authorization from the Department of Revenue.

- Due dates are August 20 and February 20.

DUE DATE EXTENSION

May grant a reasonable extension of time for filing but cannot exceed three months.

ELECTRONIC FILING

Payments of \$1,000 or more must be made by electronic funds transfer.

ELECTRONIC PAYMENT

www.etides.state.pa.us

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

Pennsylvania Department of Revenue
Bureau of Receipts and Control
P.O. Box 2444
Harrisburg, PA 17105-2444

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Not Applicable

TAXABLE SERVICES

Generally, construction contractors are required to pay tax on all property that is furnished and installed in the performance of construction activities. A contractor may claim an exemption on property qualifying as building machinery and equipment with an exempt entity such as a purely public charity or a government entity.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

Add an additional 1% for items purchased or used in Allegheny County.

Add an additional 2% for items purchased or used in Philadelphia.

FORMS

Filed on state form

RATES

1% local sales tax in Allegheny County.

2% local sales tax in Philadelphia.

DUE DATE

Same as state.

DUE DATE EXTENSION

Same as state.

ELECTRONIC FILING

Same as state.

ELECTRONIC PAYMENT

Same as state.

WEBSITE

Same as state.

MAILING ADDRESS/PHONE NUMBER

Same as state.

GRANDFATHERING OF RATE CHANGES

Same as state.

GOVERNMENT PROVIDED MATERIALS

Same as state.

TAXABLE SERVICES

Generally, construction contractors are required to pay tax on all property that is furnished and installed in the performance of construction activities. A contractor may claim an exemption on property qualifying as building machinery and equipment with an exempt entity such as a purely public charity or a government entity.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

PA W-3, Quarterly Reconciliation Return of Income Tax Withheld.

RATES

3.07% – Pennsylvania withholding rates.

DUE DATE

Quarterly – if total withholding is under \$300 per quarter, taxes due last day of April, July, October, and January.

Monthly – if total withholding is \$300 to \$999 per quarter, taxes are due the 15th day of the following month.

Semi-monthly – if total withholding is \$1,000 to \$4,999 per quarter, the taxes are due within three banking days of the close of the semi-monthly period.

Semi-weekly – if total withholding is \$5,000 or greater per quarter, the taxes are due on the Wednesday following the pay dates for employers whose paydays fall on a Wednesday, Thursday or Friday, and on the Friday following the pay dates for employers whose paydays fall on Saturday, Sunday, Monday, or Tuesday.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

www.etides.state.pa.us

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

Pennsylvania Department of Revenue
Bureau of Business Trust Fund Taxes
Employer Tax Division
P.O. Box 280904
Harrisburg, PA 17128-0904

NEW HIRE

File PA New Hire Reporting form.

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

All remunerated services performed by an individual are deemed to be employment, unless it is established to the satisfaction of the Department of Revenue that:

- 1) The individual has and will continue to be free from control or direction over the performance of such service.
- 2) Such service is either outside the usual course of business for which such service is performed or that such service is performed outside of all the places of business of the enterprise for which such service is performed.
- 3) Such individual is customarily engaged in an independently established trade, occupation, profession or business.

UNEMPLOYMENT

FORMS

PA UC-2.
PA UC-2A.
PA UC-2B.
PA UC-2A Supplement.

RATES

Wage base:
2018 and after \$10,000

When a business starts to pay wages for the first time, it is assigned a new employer basis contribution rate of 102238% for construction companies. The new employer rate is increased or decreased by the surcharge adjustment.

DUE DATE

Reports filed and remit contributions on a quarterly basis.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required

ELECTRONIC PAYMENT

<https://www.uctax.pa.gov/>

WEBSITE

www.uc.pa.gov

MAILING ADDRESS

Office of Unemployment Compensation Tax Services
Labor & Industry Building
P.O. Box 68568
Harrisburg, PA 17106-8568

NEW HIRE

See above

TERMINATION

Not Applicable

INDEPENDENT CONTRACTOR TREATMENT

Same as above.

PROPERTY TAX

PERSONAL PROPERTY

Personal property is subject to property tax in Pennsylvania unless specifically exempted by the statute. Personal property tax is administered at the local level.

REGISTRATION

Not Applicable

FORMS

Not Applicable

RATES

Local authorities determine rates.

DUE DATE

February through April and October through November.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Varies by local jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

REAL PROPERTY

Real property is subject to property tax in Pennsylvania unless specifically exempted by the statute. Real Property tax is administered at the local level.

REGISTRATION

Not Applicable

FORMS

Real estate property taxes are required in only the acquisition of unseated lands.

RATES

Local authorities determine rates.

DUE DATE

Due dates for payment of real property taxes vary from jurisdiction to jurisdiction.

DUE DATE EXTENSION

Various

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Varies by local jurisdiction.

MAILING ADDRESS/PHONE NUMBER

Varies by local jurisdiction.

INTANGIBLES TAX

Pennsylvania does not have an intangibles tax.

FUEL TAX

REGISTRATION

Fuel taxes are remitted to the state by the distributor on undyed fuels. The taxes are required to be collected and remitted by the distributor so the consumer will be required to file for a refund of taxes for non-taxable uses of the fuel. Credits or refunds can be claimed on an annual basis. The state also requires additional information from the claimant to be attached to the form to support the refund claims.

Exempt fuels:

- Farm tractors, volunteer fire rescue and ambulance services, motorboats and watercraft used on Commonwealth waters, and aircraft and aircraft engines.

FORMS

Form furnished by the Board of Finance and Revenue.

RATES

Rates for each year are announced in the Pennsylvania Bulletin.

DUE DATE

On or before the 20th day of each month for liquid fuels tax, alternative fuels tax, and oil company franchise tax.

Motor carriers road tax reports are due quarterly on or before the last day of April, July, October, and January of every year for the quarter ending the last day of the preceding month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes

ELECTRONIC PAYMENT

www.etides.state.pa.us

WEBSITE

www.revenue.state.pa.us

MAILING ADDRESS

Pennsylvania Department of Revenue
Bureau of Motor and Alternative Fuel Taxes
P.O. Box 280646
Harrisburg, PA 17128-0646

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

When property is abandoned, ownership of the property reverts to the state. The Pennsylvania statutes relating to unclaimed or abandoned property are located in the Fiscal Code.

IMPACT FEES

Act 13 provides for the imposition of an unconventional gas well fee and the distribution of those funds to local and state governments. A significant portion of the funds collected will be distributed directly to local governments to cover the local impacts of drilling.

STATE ISSUES OTHER THAN TAXES

Various

MINIMUM WAGE

\$7.25 per hour

REGISTERED AGENTS

Required to do business in Pennsylvania for foreign corporations.

DAVIS BACON

The Department of Labor and Industry, through the Bureau of Labor Law Compliance, determines prevailing wage rates for the construction industry and enforces the rates and classifications under heavy, highway and building construction projects of \$25,000 or more when public funds are involved.

The Department of Labor and Industry also determines the prevailing minimum wage rates and employee benefits for specific localities and classifications. The Prevailing Wage Regulations allow the Secretary of Labor and Industry to consider collective bargaining agreements and other types of data for purposes of determining the wage rates.

DRUG TESTING FACILITIES

<http://www.testcountry.com/drug-testing-center-facilities/pennsylvania.htm>

OTHER

CFMA Chapters in Pennsylvania:

Central PA, Lancaster, PA:

<http://cafe.cfma.org/CentralPA/Home/>

Greater Berks-Lehigh Valley,

Allentown, PA:

<http://cafe.cfma.org/BerksLehigh/Home/>

Greater Pittsburgh, PA:

<http://cafe.cfma.org/GrPittsburghPA/Home/>

Philadelphia, PA:

<http://cafe.cfma.org/PhiladelphiaPA/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

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DATE OF LAST UPDATE

July 9, 2015

SUBJECT MATTER EXPERT

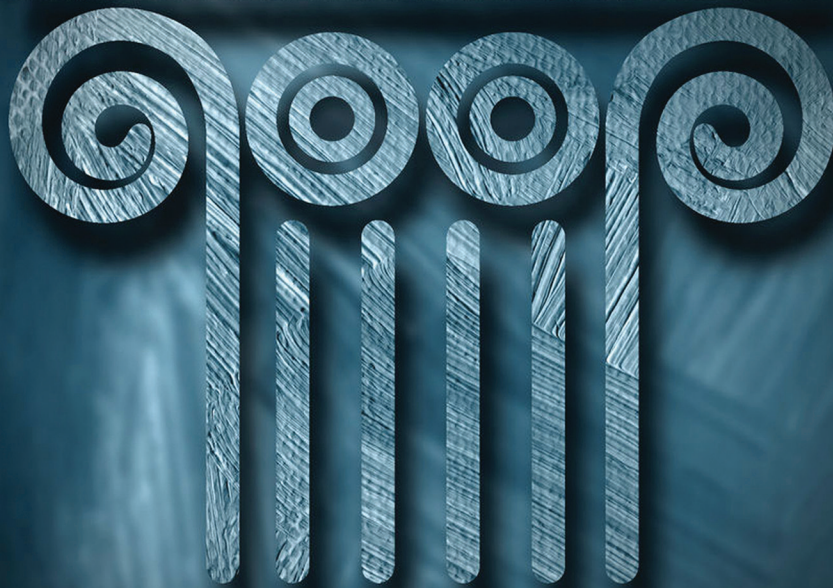
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



RHODE ISLAND

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Business corporations, professional service corporations, nonprofit corporations, limited partnerships, limited liability partnerships, limited liability companies, and producers' and consumers' cooperatives are formed in Rhode Island by filing with the Business Section of the Office of the Secretary of State.

An entity formed in another state or country may choose to qualify to conduct business in this state as a "foreign" entity.

FORMS

Form 100, Articles of incorporation – Domestic Business.

Form 400, Articles of Organization – Domestic Limited Liability Companies.

Form 300, Certificate of Limited Partnership – Domestic Limited Partnerships.

Form 150, Certificate of Authority – Foreign Business Corporations.

Form 620, Reservation of Entity Name – Domestic Business.

For additional forms, go to: <http://sos.ri.gov/business/filings/corporateforms/>

RATES, FEES, COSTS

Form 100, Articles of incorporation for less than 75M shares of authorized stock	\$230
Form 400, Articles of Organization	\$150
Form 300, Certificate of Limited Partnership	\$100
Form 150, Certificate of Authority for less than 75M shares of authorized stock	\$310
Form 620, Reservation of Entity Name	\$ 50

For additional fees, go to: <http://sos.ri.gov/business/filings/corporateforms/>

WEBSITE

<http://sos.ri.gov/business/>

<https://www.ri.gov/SOS/quickstart/>

MAILING ADDRESS/PHONE NUMBER

Office of the Secretary of State
Corporations Division
148 W. River Street
Providence, RI 02904-2615
(401) 222-3040

ADDITIONAL ASSISTANCE

The following website has forms and online filing instructions for corporate forms and annual reports: <http://sos.ri.gov/business/filings/>

ANNUAL RENEWALS

Corporations, non-profits, and LLC's are required to file an annual report.

FORMS

Form 630, Annual Report for Business Corporations.

Form 631, Annual Report for Non-Profit Corporations.

Form 632, Annual Report for Limited Liability Companies.

Form 633, Annual Report for Benefit Corporations.

Paper forms are available from the Secretary of State. Online filing is generally the preferable procedure.

RATES

Form 630 – \$50 (\$25 penalty if paid after March 31).

Form 631 – \$20 (\$25 penalty if paid after July 30).

Form 632 – \$50 (\$25 penalty if paid after December 1).

DUE DATE

Form 630 – March 31.

Form 631 – July 30.

Form 632 – December 1.

DUE DATE EXTENSION

Failure to file annual reports within 30 days after the filing period will result in penalties.

ELECTRONIC FILING

Annual Reports can be filed online at:
http://ucc.state.ri.us/loginsystem/login_form.asp

ELECTRONIC PAYMENT

Can be made online at: http://ucc.state.ri.us/loginsystem/login_form.asp with a customer identification number and a pin.

WEBSITE

http://ucc.state.ri.us/loginsystem/login_form.asp

MAILING ADDRESS/PHONE NUMBER

Office of the Secretary of State
Corporations Division
148 W. River Street
Providence, RI 02904-2615
(401) 222-3040

REGISTRATION WITH THE DIVISION OF TAXATION

FORMS

B.A.R. Form.

RATES

No fee to register in the State of Rhode Island.

ELECTRONIC FILING

Online registration for new businesses can be done here:
<https://www.ri.gov/taxation/BAR/>

WEBSITE

<http://www.tax.ri.gov/>

MAILING ADDRESS/PHONE NUMBER

State of Rhode Island
Division of Taxation
One Capitol Hill – Suite 36
Providence, RI 02908-5829
(401) 574-8829

LICENSES—GC & SPECIALTY

REGISTRATION

Rhode Island law requires anyone who is in the business of commercial construction, home construction, alterations, remodeling, or repair to residents to be registered with the State of Rhode Island Contractors' Registration and Licensing Board.

Steps for Contractor Registration can be found at:
<http://www.crb.ri.gov/contractorregistration/index.php>

TESTS AND EXAMS

For guidance on testing, visit: <http://www.dlt.state.ri.us/profregs/>

FORMS

Affidavit – Contractor's Registration Board Affidavit Form.

RATES

The contractor's registration fee is \$200.

DUE DATE

You must renew your registration every two years and pay the \$200 fee commercial or residential; \$400 for commercial roofing. A late fee of \$25 will be imposed after expiration.

WEBSITE

<http://www.crb.ri.gov/index.php>

MAILING ADDRESS/PHONE NUMBER

State of Rhode Island
Contractor's Registration and Licensing Board
1 Capitol Hill – 2nd Floor
Providence, RI 02908
(401) 222-1268

LOCAL LICENSES

REGISTRATION

Rhode Island has five counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. A local business license is typically required based on the job's location.

FORMS

Each county or city will have their specific forms for the local license.

RATES

Local municipalities in Rhode Island might impose an occupational tax on wages paid within their jurisdiction. Contact the local municipality to determine if an occupational tax is imposed and the reporting and payment requirements.

INCOME TAX

INCOME TAX—C CORPORATION

Every business corporation, joint stock company or association exercising corporation functions or otherwise doing business in this state is required to file an annual tax return and is subject to the income tax (minimum \$500). Domestic corporations and foreign corporations qualified to do business in Rhode Island are liable for the franchise tax if it exceeds the tax on income.

FORMS

Form RI-1120C, Rhode Island Business Corporation Tax Return.

RATES

7%. There is a minimum tax of \$500. There is no enacted rate change at this time.

Interest rates on delinquent tax payments has been set at 18% per year; or 1.5% per month.

For failure to file the return on time, a penalty at the rate of 5% per month, not to exceed 25%, shall be assessed. For failure to pay the tax on time, a penalty at the rate of 0.5% per month, not to exceed 25%, shall be assessed.

DUE DATE

The 15th of the forth month following the close of the taxable year.

DUE DATE EXTENSION

An automatic six-month extension of time for the filing of Form RI-1120C may be requested by filing Form RI-7004 by the 15th of the third month following the close of the taxable year.

The extension request may be granted provided Form RI-7004 is filed together with a payment equal to the full amount of tax reasonably estimated to be due for the taxable year based on income, or franchise whichever shall yield the greater tax. Payment of a minimum amount if a larger amount is due will void the extension.

ELECTRONIC FILING

<https://www.ri.gov/taxation/business/index.php>

ELECTRONIC PAYMENT

Any person who has a liability of \$10,000 or more in connection with the filing of any return, report, or other document with the Division of Taxation is required to remit tax payments for the relevant tax type electronically using either the ACH credit or ACH debit method. Taxpayers required to pay employment taxes to the Internal Revenue Service by Electronic Funds Transfer (EFT) must also pay Rhode Island by EFT.

Any person required to withhold and remit withholding tax from wages with 10 or more employees must make the payments by electronic funds transfer or other electronic means defined by the Tax Administrator.

Electronic Funds Transfer allows business taxpayers to make tax payments electronically via the ACH network:

https://www.officialpayments.com/pc_template_standard.jsp?JSESSIONID=JtW3VpQL2rJhX0m!803037654!1805482405&body=pc_step2_body.jsp

WEBSITE

<http://www.tax.ri.gov>

MAILING ADDRESS/PHONE NUMBER

Rhode Island Division of Taxation
One Capitol Hill, Suite 9
Providence, RI 02908-5811
(401) 574-8829

ESTIMATED TAX

Every corporation must file a declaration of its estimated tax for the taxable year if its estimated tax on any basis (income or franchise) for such taxable year can reasonably be expected to exceed \$500.

FORMS

Form RI-1120ES, Rhode Island Declaration of Estimated Tax Voucher.

RATES

The underpayment penalty is 18% per year upon the amount of the underpayment filed on Form RI-2220.

DUE DATE

40% is due at the time of filing return and 60% is due on or before the 15th day of the sixth month of the taxable year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://www.ri.gov/taxation/business/index.php>

ELECTRONIC PAYMENT

https://www.officialpayments.com/pc_template_standard.jsp?JSESSIONID=JtW3VpQL2rJhX0m!803037654!1805482405&body=pc_step2_body.jsp

WEBSITE

www.tax.ri.gov

MAILING ADDRESS

State of Rhode Island
Division of Taxation, Dept. #90
P.O. Box 9702
Providence, RI 02940-9702

ALTERNATIVE MINIMUM TAX

Rhode Island does not have an equivalent to the federal alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Rhode Island conforms to the current IRC and has not decoupled from the business interest deduction limitations of IRC § 163(j) as enacted by the Tax Cuts and Jobs Act.

ALLOCATION AND APPORTIONMENT FACTORS

Single sales (one factor sales).

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Rhode Island's allocation and apportionment provisions differ from those under the Uniform Division of Income for Tax Purposes Act (UDITPA) in three basic ways:

- Unlike UDITPA, in Rhode Island all income is generally apportionable, the only exception is income from the sale of certain pollution control treatment facilities;
- Unlike UDITPA, Rhode Island does not characterize income as either business income subject to apportionment using the three-factor formula, or nonbusiness income subject to allocation to specific states as UDITPA does; and
- Unlike UDITPA, Rhode Island does not require that the taxpayer be taxable in another state in addition to being taxable in Rhode Island in order for apportionment provisions to be applied.

OTHER MULTISTATE COMPACT

Rhode Island is an associate and project member of the Multistate Tax Commission.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

There are no specific apportionment provisions applicable to construction contractors.

CREDITS AND TAX INCENTIVES

Rhode Island has numerous credits and incentives available for businesses, including the Investment Tax Credit explained below. A complete guide to the incentives currently available can be found on the CommerceRI website at the following address: <https://commerceri.com/>

An investment credit is allowed equal to: (1) 4% of the cost or other basis used for federal income tax purposes for certain property used by the taxpayer in producing goods by manufacturing, processing, or assembling, and acquired, constructed, reconstructed, or erected after December 31, 1993, and (2) 4% of the qualified amounts for leased assets of tangible personal property and other tangible property used in manufacturing, processing or assembling, which are acquired, constructed, reconstructed, or erected after January 1, 1998.

A credit is allowed equal to 10% of the cost or other basis for federal income tax purposes, and the qualified amounts for leased assets, of tangible personal property and other tangible property of a qualified taxpayer, which is acquired, constructed, reconstructed or erected after January 1, 1998.

INCOME TAX—S CORPORATION

A small business corporation having an election in effect under Subchapter S of the IRC is required to file an annual tax return using Form RI-1120S. Such corporation shall not be subject to the Rhode Island income tax on corporations, but is subject to and liable for a franchise tax (minimum \$500), except that such corporation shall be

subject to the Rhode Island income tax, to the extent of such income as is subject to federal tax under said Subchapter S, and in those cases will be required to file Form RI-1120S along with RI Schedule S.

REGISTRATION

See C Corporation section above.

FORMS

Form RI-1120S, Rhode Island Business Corporation Tax Return.

RATES

If an S corporation is taxable for federal purposes, it must attach a Schedule S and pay tax due at a 7% tax rate.

DUE DATE

On or before the 15th day of the third month following the close of the taxable year.

DUE DATE EXTENSION

An automatic six-month extension of time for the filing of Form RI-1120S may be requested by filing Form RI-7004 by the 15th of the third month following the close of the taxable year.

The extension request may be granted provided Form RI-7004 is filed together with a payment equal to the full amount of tax reasonably estimated to be due for the taxable year based on income, or franchise whichever shall yield the greater tax. Payment of a minimum amount if a larger amount is due will void the extension.

ELECTRONIC FILING

<https://www.ri.gov/taxation/business/index.php>

ELECTRONIC PAYMENT

<https://www.ri.gov/taxation/business/index.php>

https://www.officialpayments.com/pc_template_standard.jsp?JSESSIONID=JtW3VpQL2rJhX0m!803037654!1805482405&body=pc_step2_body.jsp

WEBSITE

www.tax.ri.gov

MAILING ADDRESS/PHONE NUMBER

Rhode Island Division of Taxation
One Capitol Hill, Suite 9
Providence, RI 02908-5811
(401) 574-8829

COMPOSITE RETURNS FOR S CORPORATIONS

A pass-through entity may file a composite income tax return on behalf of electing nonresident members.

In order to be included in the composite filing, the nonresident member must complete Form RI 1040C-NE, Rhode Island Nonresident Income Tax Agreement/Election to be Included in a Composite Return, and file it with the pass-through entity from which they are receiving the Rhode Island source income prior to the filing of Form RI-1040C by the pass-through entity. The entity must keep all of these election forms on file and be able to furnish them to the Rhode Island Division of Taxation upon request.

A nonresident member whose only source of income within a state is from one or more pass-through entities may elect to be included in a composite return filed pursuant to this section.

A nonresident member that has been included in a composite return may file an individual income tax return and shall receive credit for tax paid on the member's behalf by the pass-through entity.

ALLOWED OR NOT ALLOWED

Allowed

FORMS

Form RI-1040C, Composite Income Tax Return.

Form RI 1040C-NE, Nonresident Member Election to be Included in a Composite Return.

Form 4868C, Application for Automatic Six-Month Extension of Time to File Form 1040C.

RATES

Rhode Island's highest marginal rate on the members' pro rata or distributive shares of income of the S corporation from doing business in, or deriving income from sources within Rhode Island; the highest marginal rate is 5.99%.

DUE DATE

Form RI-1040C is due on or before the fifteenth day of the third month following the close of the taxable year of the qualified electing nonresident members (March 15 for calendar-year taxpayers). If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is the due date.

DUE DATE EXTENSION

An automatic six-month extension is available if a corporation files a Form RI-4868C on or before the original due date of the return.

ELECTRONIC FILING

<https://www.ri.gov/taxation/business/index.php>

ELECTRONIC PAYMENT

<https://www.ri.gov/taxation/business/index.php>

https://www.officialpayments.com/pc_template_standard.jsp?JSESSIONID=JtW3VpQL2rJhX0m!803037654!1805482405&body=pc_step2_body.jsp

WEBSITE

<http://www.tax.ri.gov/>

MAILING ADDRESS/PHONE NUMBER

Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5806
(401) 574-8829

ESTIMATED TAX FOR S CORPORATIONS

S corporations that have income subject to federal tax under Subchapter S will be subject to the Rhode Island income tax and in those cases will be required to file Form RI-1120C and pay estimated tax if the S corporation's estimated tax on any basis for such taxable year can reasonably be expected to exceed \$500.

Estimated Rhode Island composite income tax payments are required for a member included on Form RI-1040C if the aggregate tax liability derived from or connected with Rhode Island sources from the pass-through entity is expected to be \$250 or more for the taxable year.

FORMS

Form RI-1120ES, Rhode Island Declaration of Estimated Tax Voucher.

Form RI-1040-C ES, Composite Income Tax Estimated Payment Voucher.

RATES

The amount of the estimated tax should equal the amount of the advance required to be paid.

DUE DATE

The due dates and amounts of the installments are as follows: The 15th day of the third month of the taxable year (40%) and the 15th day of the sixth month of the taxable year (60%).

ELECTRONIC FILING

<https://www.ri.gov/taxation/business/>

ELECTRONIC PAYMENT

<https://www.ri.gov/taxation/business/>

https://www.officialpayments.com/pc_template_standard.jsp?JSESSIONID=JtW3VpQL2rJhX0m!803037654!1805482405&body=pc_step2_body.jsp

WEBSITE

<http://www.tax.ri.gov/>

MAILING ADDRESS/PHONE NUMBER

Form RI-1040ES:
Rhode Island Division of Taxation
Dept. #90
P.O. Box 9702
Providence, RI 02940-9702
(401) 574-8829

Form 1040-C ES:
Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5807
(401) 574-8829

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Form RI-1096PT is used to report the Rhode Island withholding of a pass-through entity with nonresident partners, members, beneficiaries, and shareholders. If the pass-through entity has no nonresident members, it is not required to file Form RI-1096PT.

FORMS

Form RI-1096PT, Pass-Through Withholding Return and Transmittal.

Form RI-1099PT, Rhode Island Pass-Through Withholding.

Form RI-4868PT, Pass-Through Withholding Extension Payment.

The pass-through entity is required to file Form RI-1096PT showing the amount of Rhode Island withholding for all nonresident members for whom Rhode Island taxes were withheld. This does not include any nonresident members who have elected to file a composite return using Form RI-1040C-NE.

RATES

Rhode Island pass-through withholding rate: tax rate for C corporations is 7%. For Subchapter S corporations, individuals, LLCs, partnerships, and trusts, the rate is 5.99%.

DUE DATE

An S corporation must file Form RI-1096PT on or before the fifteenth day of the third month following the close of the pass-through entity's taxable year. (Limited liability companies, partnerships, and trusts must file Form RI-1096PT on or before the fifteenth day of the fourth month following the close of the pass-through entity's taxable year).

DUE DATE EXTENSION

A six-month extension is available. While the extension will extend the date to file the return, it does not extend the date to pay any tax due with the RI-1096PT. To file for an extension of time to file, complete Form RI-4868PT. The form must be filed on or

before the original due date of Form 1096PT along with payment of a properly estimated amount of tax due for the return.

ELECTRONIC FILING

<https://www.ri.gov/taxation/business/>

ELECTRONIC PAYMENT

<https://www.ri.gov/taxation/business/>
https://www.officialpayments.com/pc_template_standard.jsp?JSESSIONID=JtW3VpQL2rJhX0m!803037654!1805482405&body=pc_step2_body.jsp

WEBSITE

<http://www.tax.ri.gov/>

MAILING ADDRESS/PHONE NUMBER

Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5806
(401) 574-8829

S CORPORATION TREATMENT

Small business corporations having an election in effect under Subchapter S of the IRC are not subject to the tax on net income, except to the extent they are taxed federally.

RECOGNIZE FEDERAL S ELECTION

There is no separate state election to be treated as an S corporation for Rhode Island purposes. The federal election authorizing S corporation status is recognized for state purposes.

INCOME TAX—PARTNERSHIPS, LLC

Limited liability companies, limited liability partnerships, limited partnerships, general partnerships, and single-member limited liability companies not treated as a corporation on the federal level, are required to file an annual tax return using Form RI-1065.

COMPOSITE RETURNS

See Composite Returns for S Corporations section above.

FORMS

Form RI-1065, Rhode Island Partnership Income Return.

Form RI-7004, Automatic Six-Month Extension Request.

RATES

See Composite Returns for S Corporations section above.

DUE DATE

Form RI-1065 is due on or before the fifteenth day of the third month following the close of the taxable year.

DUE DATE EXTENSION

An automatic six-month extension of time for the filing of Form RI-1065 may be requested using Form RI-7004. The extension request may be granted provided Form RI-7004 is filed together with a payment equal to the full amount of tax reasonably estimated to be due for the taxable year based on income, or franchise whichever shall yield the greater tax. Payment of a minimum amount if a larger amount is due will void the extension.

ELECTRONIC FILING

<https://www.ri.gov/taxation/business/index.php>

ELECTRONIC PAYMENT

<https://www.ri.gov/taxation/business/index.php>

https://www.officialpayments.com/pc_template_standard.jsp?JSESSIONID=JtW3VpQL2rJhX0m!803037654!1805482405&body=pc_step2_body.jsp

WEBSITE

<http://www.tax.ri.gov/>

MAILING ADDRESS

Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5811

INCOME TAX—INDIVIDUAL

An individual income tax return must be filed by: 1) Every resident individual required to file a federal return for the tax year or having Rhode Island income in excess of his or her federal personal exemptions (Form RI-1040, or for tax years beginning before 2011, Form RI-1040S); 2) Every nonresident individual having Rhode Island source income; 3) Every resident estate or trust required to file a federal return for the tax year or having Rhode Island income; 4) Every nonresident estate or trust having Rhode Island source income in excess of its federal exemptions.

FORMS

Form RI-1040, Resident Individual Income Tax Return.

Form RI-4868, Application for Extension of Time to File an Individual Income Tax Return.

RATES

Tax rate ranges from 3.75% to 5.99%.

DUE DATE

Fifteenth day of the fourth month following the end of the taxable year.

DUE DATE EXTENSION

File Form RI-4868 by the 15th day of the fourth month following the end of the taxable year to receive a six-month extension of time to file Form RI-1040.

ELECTRONIC FILING

<https://www.ri.gov/taxation/business/index.php>

ELECTRONIC PAYMENT

<https://www.ri.gov/taxation/business/index.php>

https://www.officialpayments.com/pc_template_standard.jsp?JSESSIONID=JtW3VpQL2rJhX0m!803037654!1805482405&body=pc_step2_body.jsp

WEBSITE

<http://www.tax.ri.gov/>

MAILING ADDRESS/PHONE NUMBER

If you are making a payment, mail your return to:

Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908- 5807

Mail your payment with Form RI-1040V to:

Rhode Island Division of Taxation
Dept. #85
P.O. Box 9703
Providence, RI 02940-9703
(401) 574-8829

FED RETURN ATTACHED TO STATE RETURN

Not Required

IRC CONFORMITY

Rhode Island's personal income tax calculation starts with federal adjusted gross income. Rhode Island permits individuals to take only the Rhode Island standard deduction, and does not permit itemized or additional deductions. Therefore, no IRC § 199A deduction is allowed.

NET WORTH OR STOCK TAX

For tax years beginning on or after January 1, 2015, Rhode Island does not impose a franchise tax.

GROSS RECEIPTS TAX

Rhode Island does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Rhode Island has five counties, which, along with the numerous municipalities, may impose a local business license tax. Contact the local government office to determine if it imposes a business license tax and, if it does, the reporting and payment requirements.

Bristol County:	http://www.bristolri.us/
Kent County:	http://www.countyoffice.org/ri-kent-county/
Newport County:	http://www.countyoffice.org/ri-newport-county/
Providence County:	http://www.countyoffice.org/ri-providence-county/
Washington County:	http://www.countyoffice.org/ri-washington-county/

STATE SALES AND USE TAX

The Rhode Island sales tax is a levy imposed on the retail sale, rental, or lease of many goods and services at a rate of 7%. Any sale is a retail sale if the property or service sold will be used and not resold in the regular course of business. The tax is collected by the vendor and remitted directly to the state.

If you purchase taxable goods and services for use by your business without paying Rhode Island tax, you must pay use tax to the state by filing a Consumer's Use Tax Return. It should also be noted that individuals who purchase taxable goods and services for their personal use without paying Rhode Island tax should also pay use tax to the state by filing a Consumer's Use Tax Return.

TAXATION OF CONTRACTORS AND CONSTRUCTION

Contractors and subcontractors are taxable on purchases of materials, supplies, tools and equipment, including rentals and replacement parts, used in fulfilling either a lump-sum, cost-plus, or time and material contract with an upset or guaranteed price that may not be exceeded, or any other kind of construction contract.

The tax does not apply to contracts to sell materials at an agreed price and to perform related services for an additional agreed price or on a time-consumed basis, or when the contractor engages in the business of selling the materials or supplies at retail. In both cases, the contractor is a retailer and must have a permit to make sales at retail. The contractor must give a resale certificate to the seller of the materials, and must collect the tax from the person to whom the materials or supplies are sold. The contractor is also accountable for use tax in the event the contractor makes any use of the property other than retention, demonstration, or display while holding it for resale or in the event the contractor makes out-of-state purchases subject to the use tax.

General or prime contracting services are not subject to the sales tax because such services are not specifically enumerated as taxable.

Contractors who have contracts with exempt agencies, institutions, and organizations are exempt on purchases of materials and supplies that are essential to and utilized in the construction project. Sales of tangible personal property for use on a federal construction project are taxable unless taxing such would violate the U.S. Constitution.

Any individual, partnership, joint venture, corporation, state, municipal government, or exempt organization awarding a construction contract in Rhode Island to a nonresident contractor must withhold 3% of the contract price to secure payment of any sales and use tax that may be due in carrying out the contract. A nonresident contractor is one who does not maintain a regular place of business in Rhode Island. Upon completion of the contract, the nonresident contractor is required to notify the Tax Administrator in writing by certified or registered mail (in duplicate) to audit his/her records for the particular project. At such time the contractor is required to have available on the job site or within Rhode Island, sales and use tax records and

employees' personal income tax withheld records. Receipted copies of this request are to be furnished by the Tax Administrator to the nonresident contractor and to the person holding the funds. The Tax Administrator shall, within 30 days after receipt of the request, audit the records and provide by certified mail to the person holding the funds and to the nonresident contractor, either a certificate of no tax due or a notice of taxes due. The person holding the funds is required to pay over to the Tax Administrator the amount set forth in the notice of taxes due, including interest and penalties, but not in excess of 3% of the contract price. Monies withheld in excess of taxes due the Tax Administrator may be paid over to the nonresident contractor. If the Tax Administrator does not furnish a certificate of no tax due or a notice of taxes due within 30 days after receipt of the request for the making of the audit, the person holding the funds may remit the full amount due to the nonresident contractor. The Tax Administrator shall not have any claim against such funds in the hand of the person holding the funds.

REGISTRATION

See Qualification/Registration section for guidance on Sales and Use Tax registration.

FORMS

Form T-204M, Sales and Use Tax Monthly Return.

Form T-204Q, Sales and Use Tax Quarterly Return.

Form T-204R, Sales and Use Tax Annual Reconciliation.

RATES

The sales tax rate is 7%. It applies to gross receipts from retail sales and charges for rentals of living quarters in hotels, rooming houses, or tourist camps for periods of 30 days or less.

The use tax rate is 7% and is imposed on storage, use, or consumption in Rhode Island of tangible personal property, prewritten computer software delivered electronically or by load and leave, or services purchased from retailers, including motor vehicles, trailers, and airplanes.

DUE DATE

Form T-204M – By the 20th of each month for the previous month.

Form T-204Q – By the last day of the month following the end of each quarter.

Form T-204R – By January 31 following the end of each year.

DUE DATE EXTENSION

Time for filing returns may be extended for cause, but not beyond one month. Taxpayers granted an extension must add interest at the rate calculated annually by the tax administrator.

ELECTRONIC FILING

Required for taxpayers who are required to pay by EFT. Optional for other taxpayers.

<https://www.ri.gov/taxation/business/index.php>

ELECTRONIC PAYMENT

A seller is required to remit payments electronically if the seller's average monthly sales and use tax liability in the previous calendar year was at least \$200. A seller that fails to remit payments electronically is subject to a penalty of the lesser of \$500 or 5% of the amount not remitted electronically, unless the failure was due to reasonable cause. Payments of \$10,000 or more must be remitted by EFT.

<https://www.ri.gov/taxation/business/index.php>

https://www.officialpayments.com/pc_template_standard.jsp?JSESSIONID=JtW3VpQL2rJhX0m!803037654!1805482405&body=pc_step2_body.jsp

WEBSITE

<https://www.ri.gov/taxation/business/index.php>

MAILING ADDRESS

State of Rhode Island
Department of Revenue
Division of Taxation
One Capitol Hill
Providence, RI 02908

LOCAL SALES AND USE TAX (City/County/Special)

Rhode Island is one of the few states with a single, statewide sales tax. The state sales tax rate is 7%. There are no local sales and use taxes beyond the state rate.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form TX-17, Quarterly Tax and Wage Report.

Form RI-941D, Daily Withholding Return.

Form 941QM, Quarter-Monthly Withholding Return.

Form 941M, Monthly Withholding Return.

Form 941Q, Quarterly Withholding Return.

Form 941A, Annual Withholding Return.

Form W3, Employer's Reconciliation Return.

For additional Rhode Island withholding forms, go to:

<http://www.tax.state.ri.us/taxforms/withholding.php>

RATES

Employers are required to compute the Rhode Island Withholding Tax in accordance with the Percentage Method Schedule or the Withholding Tax Tables.

DUE DATE

Form RI-941D: Next day after the date the payroll is paid – must be electronic.

Form 941QM: Within three banking days after the last day of the quarter-monthly period.

Form 941M: On or before the 20th day of succeeding month. (March, June, September, and December are to be filed on or before the last day of the following month).

Form 941Q: On or before the last day of the month following the end of the quarter.

Form 941A: On or before the last day of the month following the year-end.

Form W3: File on or before February 28.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

The tax administrator is authorized to provide by rule for the payment of any tax, including employer taxes, by EFT, where the tax required to be paid in connection with the filing of any return, report, or other document with the Division of Taxation exceeds ten thousand dollars (\$10,000). Provided, however, in all instances where a taxpayer is

required to pay employment taxes to the Internal Revenue Service by electronic funds transfer, the taxpayer shall pay Rhode Island income tax withheld by EFT.

ELECTRONIC PAYMENT

<https://www.ri.gov/taxation/tx17/>

WEBSITE

<http://www.uitax.ri.gov/index.php>

PHONE NUMBER

(401) 574-8484

NEW HIRE

All employers with business operations in Rhode Island are required to report all newly hired employees who live or work in Rhode Island within 14 days of the employee's first day on the job. State and federal law require employers to report paid individuals regardless of whether the person is considered an employee by federal tax code standards. Employees who are returning to the payroll after a lapse in pay of 60 calendar days or more must also be reported. Some payroll processing services automatically report newly-hired employees. Meeting the requirements of the state New Hire law is the employer's responsibility. If you use a payroll processing service, make sure they are sending reports on behalf of your organization.

To register to report New Hires or report New Hires if already registered, go to:
<https://ri-newhire.com/>

INDEPENDENT CONTRACTOR TREATMENT

Businesses do not withhold or pay taxes to independent contractors.

Independent contractors have an independent trade, business, or profession. Their services are offered to the public. Independent contractors have the right to control the means and methods of how the work is performed.

A written contract is not enough to be legally classified as an independent contractor. If the employer retains the right to control what will be done and how it will be done, the individual is performing services as an employee.

TERMINATION

Call Taxpayer Assistance at: (401) 574-8829 for information.

UNEMPLOYMENT

FORMS

TX-17, Quarterly Tax and Wage Report.

Unemployment compensation is subject to federal and state income tax and requirements exist pertaining to estimated tax payments.

RATES

Unemployment Insurance (UI) taxable wage base is \$23,600 in 2019 year for most employers in Rhode Island.

Tax rates for individual employers vary according to their experience with the UI system. These rates range from a minimum of 1.1% to a maximum of 9.7%. The lower an employer's "experience rate," the less tax the employer pays. The 2019 rate for new employers is 1.46%.

DUE DATE

Employer tax reports, tax payments, and wage reports are due by the last day of the month following the end of each calendar quarter. Quarterly due dates are April 30, July 31, October 31, and January 31.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://www.ri.gov/taxation/BAR/login.php>

ELECTRONIC PAYMENT

<https://www.ri.gov/taxation/BAR/login.php>

WEBSITE

<http://www.dlt.state.ri.us/ui/>

MAILING ADDRESS/PHONE NUMBER

Division of Taxation
Employer Tax Section
One Capitol Hill, Suite 36
Providence, RI 02908-5829
(401) 574-8700

NEW HIRE

<https://ri-newhire.com/>

TERMINATION

Call Taxpayer Assistance at: (401) 243-9137 for information.

PROPERTY TAX

PERSONAL PROPERTY

All personal property belonging to the inhabitants of Rhode Island, whether individuals, co-partnerships, or corporations, and all tangible personal property located in the state belonging to nonresidents, are subject to taxation unless otherwise specially provided.

FORMS

All taxpayers must file a return with the assessors of every city and town where they have real or tangible personal property. The return must give an accurate account of all their ratable estate. The date when the tax is due is determined by each municipality.

RATES

Varies by municipality.

DUE DATE

Varies by municipality.

DUE DATE EXTENSION

Varies by municipality.

ELECTRONIC FILING

Varies by municipality.

REAL PROPERTY

All taxpayers must file a return with the assessors of every city and town where they have real or tangible personal property. The return must give an accurate account of all their ratable estate. The date when the tax is due is determined by each municipality.

REGISTRATION

Real property within the State of Rhode Island, unless specifically exempted, is subject to ad valorem taxation. Specific classes of real property are exempted from ad valorem taxation based upon the nature of the use to which the property is put, such as certain agricultural property and open space land, or by virtue of the nature of the owner

of the property, such as governmentally-owned property and nonprofit organization-owned property.

DUE DATE

Varies by municipality.

DUE DATE EXTENSION

Varies by municipality.

ELECTRONIC FILING

Varies by municipality.

ELECTRONIC PAYMENT

Varies by municipality.

INTANGIBLES

Intangible personal property is exempt from property tax.

FUEL TAX

REGISTRATION

Any motor carrier based in Rhode Island and operating one or more qualified motor vehicles in at least one other IFTA member jurisdiction must file an IFTA License Application in Rhode Island.

If a carrier qualifies as an IFTA licensee but does not wish to participate in the IFTA program, trip permits must be obtained to travel through member jurisdictions in accordance with the regulations of each member jurisdiction.

FORMS

IFTA Quarterly Fuel Use Tax Return.

IFTA License Application.

RATES

The fee for an initial license application, or for reinstatement of a revoked license, is \$10. There is no charge for license renewals. The fee for decals is \$10 per qualified motor vehicle, per year. Both license and decals are renewable annually, on a calendar-year basis – January 1 through December 31. A renewal form will be sent to all accounts in good standing.

If a licensee fails to file a return, files a late tax return, or fails to remit any tax due, the licensee is subject to penalty and interest. The penalty for failure to file a tax report when due is the greater of \$50 or 10% of the net tax due to all member jurisdictions. Interest is computed on all delinquent taxes due each jurisdiction. The current interest rate can be found under interest rates at: <http://www.iftach.org/>

DUE DATE

Employer tax reports, tax payments, and wage reports are due by the last day of the month following the end of each calendar quarter. Quarterly due dates are April 30, July 31, October 31, and January 31.

The IFTA Quarterly Fuel Use Tax Return will be sent to all licensees at least 30 days prior to the due date. Failure to receive the quarterly tax return does not release the licensee from reporting obligations. The due date for the quarterly tax return is the last day of the month immediately following the close of the quarter for which the return is being filed.

WEBSITE

http://www.tax.ri.gov/taxforms/sales_excise/ifta.php

MAILING ADDRESS

Rhode Island Division of Taxation
Excise Tax Section
One Capitol Hill
Providence, RI 02908-5800

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Rhode Island requires electronic submission of unclaimed property if holders have greater than 20 properties to report.

- Resources to facilitate the electronic submission are available from the National Association of Unclaimed Property Administrators at:
<http://www.naupa.org/reporting/>
- Additional electronic reporting software is available at:
<http://www.wagers.net/>

If holders have fewer than 20 properties to report, you may submit your holdings by following these instructions:

<https://d10k7k7mywg42z.cloudfront.net/assets/54b96254d4c96178c7001526/HoldersPackage031307.pdf>

Additional information related to Rhode Island Unclaimed Property Law are at the following link: <http://webserver.rilin.state.ri.us/Statutes/TITLE33/33-21.1/INDEX.HTM>

MINIMUM WAGE

As of year 2019, Rhode Island's minimum wage is \$10.50 per hour.

DAVIS BACON

For information, visit: <http://www.dlt.ri.gov/pw/>

DRUG TESTING FACILITIES

For information, visit: <http://www.bhddh.ri.gov/>

For a listing of drug testing centers in Rhode Island, visit:
http://www.testcountry.com/drug-testing-center-facilities/rhode_island.htm

OTHER

CFMA Chapter in Rhode Island:

Ocean State, RI: <http://cafe.cfma.org/oceanstateri/home>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

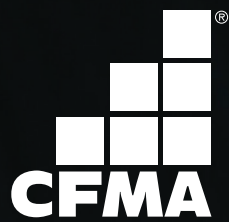
April 2, 2019

DATE OF LAST UPDATE

May 21, 2015

SUBJECT MATTER EXPERT

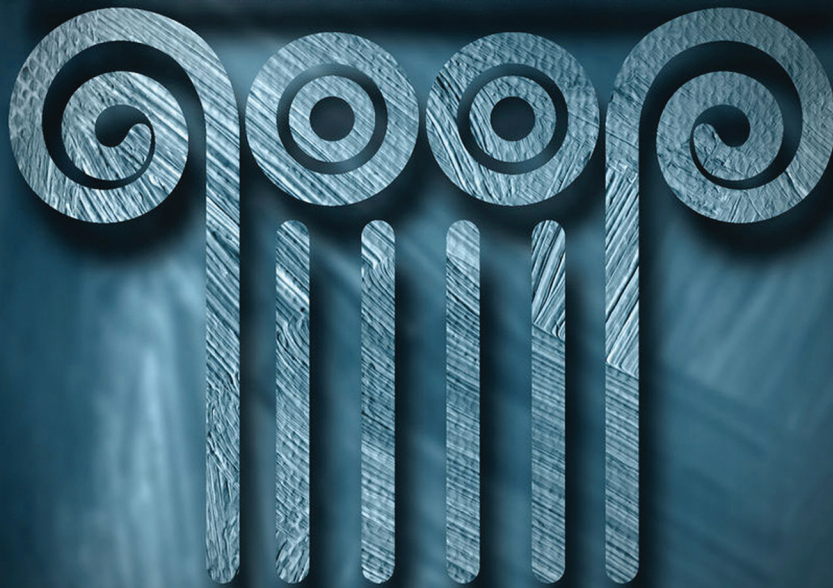
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



SOUTH CAROLINA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration requires the following information to be completed, as applicable, depending on the type of entity that you are registering:

1. Business Type, Residency, Name.
2. Register/Reserve Name.
3. Secretary of State Registrations:
 - a. Registered Agent/Office
 - b. Stocks and Shares
 - c. Organizers/Officers/Partners
 - d. Other Forms:
 - Articles of Incorporation (Domestic Corp.)
 - Articles of Organization (Domestic LLC)
 - CL-1 Form (Domestic and Foreign Corp.)
 - Application for Certificate of Authority to Transact Business (Foreign Corp., LLC, LLP, and LP)
 - Application of Registration (Domestic LLP and Domestic and Foreign LP)

FORMS

Initial registration is completed by going to the following website and signing up to obtain a login ID with the state:

<https://scbos.sc.gov/starting/step2#>

After you sign in, the business portal walks you through step-by-step of the information needed to complete your registration. You will also be able to apply for your FEIN, if not already obtained, as well as register for the following:

- Corporate tax accounts with the Department of Revenue (DOR).
- Employer withholding and unemployment tax accounts with the DOR and Employment Security Commission.
- Business personal property tax accounts with DOR.
- Apply for different sales tax licenses.

In addition, forms can be obtained and printed from the Secretary of State's website as noted below and filed in paper form accordingly.

RATES, FEES, COSTS

There are numerous forms and fees, such as:

Articles of Incorporation	\$110.00
Articles of Organization	\$110.00
CL-1 Form	\$ 25.00
Application for Certificate of Authority to Transact Business (LLP)	\$100.00
Application for Certificate of Authority to Transact Business (Others)	\$110.00
Application of Registration	\$100.00
Application of Registration (LP-Foreign)	\$ 10.00
Application to Reserve Name (LLC)	\$ 25.00
Application to Reserve Name (Others)	\$ 10.00

Note: Rates are subject to change. Rates are as of May 30, 2015.

WEBSITE

<http://www.sos.sc.gov/Library%20of%20Forms%20and%20Fees>

MAILING ADDRESS/PHONE NUMBER

South Carolina Secretary of State's Office
Attn: Corporate Filings
1205 Pendleton Street, Suite 525
Columbia, SC 29201
(803) 734-2158

ADDITIONAL ASSISTANCE

The South Carolina Business One Stop (SCBOS) website has FAQ's as well as forms, instructions, etc.

In addition, the SCBOS offers five support options including a live support help center from Monday to Friday, 8:30 am to 4:45 pm. Phone (803) 898-5690 or e-mail: scboshelp@sctax.org. You can go to the following website for additional contact options:

<https://sc.gov/Pages/default.aspx>

ANNUAL RENEWALS

Renewals are required annually for both domestic and foreign LLP's only.

FORMS

Application for Certificate of Authority to Transact Business (Foreign).

Application of Registration (Domestic).

RATES

Cost of renewal is \$100.00.

DUE DATE

One year from effective date.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://businessfilings.sc.gov/businessfiling>

ELECTRONIC PAYMENT

<https://businessfilings.sc.gov/businessfiling>

WEBSITE

<http://www.sos.sc.gov/Library%20of%20Forms%20and%20Fees>

MAILING ADDRESS/PHONE NUMBER

South Carolina Secretary of State's Office
Attn: Corporate Filings
1205 Pendleton Street, Suite 525
Columbia, SC 29201
(803) 734-2158

REGISTRATION WITH DEPARTMENT OF REVENUE

Registration is required for businesses that will have reporting requirements for withholding, sales and income taxes, use tax, etc.

FORMS

Form SCDOR-111

RATES

There is no cost for a contractor to register with the DOR for South Carolina.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://businessfilings.sc.gov/businessfiling>

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://www.sctax.org/forms/download>

MAILING ADDRESS/PHONE NUMBER

South Carolina Department of Revenue
Registration Unit
Columbia, SC 29214-0140
(803) 896-1350

LICENSES—GC & SPECIALTY

REGISTRATION

Registration is required for general, mechanical, burglar, fire alarm, and certain residential contractors.

TESTS AND EXAMS

Examinations for general and mechanical contractors are administered by PSI Examination Services (PSI). For an application package or information regarding testing, call PSI at 800-733-9267, website at: www.psionline.com or via e-mail at: SCCC@psionline.com

For a listing of the different classifications and exam requirements go to the following website:

<http://www.llr.state.sc.us/POL/Contractors/index.asp?file=Clb%20examinations.htm>

All applicants applying for either a Burglar or Fire Alarm License or both must have an employee pass a technical exam for each license. In addition, the employee must pass an examination on the South Carolina Code of Laws that regulate alarm businesses. All technical exams are administered through PSI. Complete listing is as follows:

- Burglar alarm contractors are required to be NTS Level 1 certified.
- Fire alarm contractors are required to be NTS Level 1 or NICET Level II certified.
- This is in addition to the exams that must be taken through PSI.

For Fire Protection/Sprinkler License the applicant must submit a current certificate from NICET with the application indicating they have passed Level III or IV Fire Sprinkler Technician Written Competency Exam.

Residential specialty contractors include the following:

1. Electrical.
2. Home Builders.
3. Specialty Contractor.
4. Residential Heating and Air Conditioning.
5. Home Inspector.
6. Plumbing.

For specific exam requirements for each go to the following website:

<http://www.llr.state.sc.us/POL/ResidentialBuilders/index.asp?file=pub.htm>

FORMS

General and Mechanical Forms:

Form 165, Initial Application/Reinstatement Application/Waiver Application.
Form 170, S.C. Code of Laws Take Home Exam.
Form 172, Financial Statement for Groups 1-2 for initial licensing or Groups 1-4 for renewals.
Form 173, Dual Qualifying Party Request to Qualify Two Separate Entities.
Form 180, Revision Application to Existing License.
Form 181, Revision Application to add Qualifying Party Back to License.
Form 120, Construction Manager Registration Application.
Form 175, 2013-2015 Mechanical Contractors Renewal Form.

Burglar/Fire Alarm Forms:

Form 126, New/Additional Registered Employee Application.
Form 130, Initial License Application.
Form 135, Revision Application.
Form 140, Burglar/Fire Renewal Form.
Affidavit of Eligibility.

Fire Protection/Sprinkler Forms:

Form 141, Fire Sprinkler Renewal Forms.
Form 145, Application.
Form 155, Revision Application.

Residential:

Residential Electrician License Application (RBE).
Residential Home Builders License Application (RBB).
Residential Specialty Contractor Registration Application (RBS).
Residential Heating and Air Conditioning Application (RBH).
Home Inspector Application and List (RBI).
Residential Plumbing License (RBP).
Certificate of Authorization (COA).
Others.

RATES

General and Mechanical Contractor Licenses:

Biennial License Fee	\$350.00
(effective July 1, 2014) reduced to	\$135.00
Biennial Certificate Fee	\$ 10.00

Burglar/Fire Alarm Licenses:

Burglar Alarm License	\$200.00
Fire Alarm License	\$200.00
Burglar and Fire License	\$400.00

Branch Office	\$ 50.00
Add Qualifying Party	\$ 10.00
<u>Fire Protection/Sprinkler Licenses:</u>	
Fire Sprinkler Contractor	\$200.00
Branch Office	\$ 50.00
Add Qualifying party	\$ 50.00
<u>Residential:</u>	
RBB Application Fee	\$100.00
RBB License Fee	\$160.00
COA License Fee	\$100.00
RBE Application Fee	\$100.00
RBE License Fee	\$160.00
RBH Application Fee	\$100.00
RBH License Fee	\$160.00
RBI Application Fee	\$ 80.00
RBP Application Fee	\$100.00
RBP License Fee	\$160.00
RBS License Fee	\$100.00
Note: Rates are subject to change.	

DUE DATE

General and Mechanical Contractor – Biennially on July 31.

Burglar/Fire Alarm – Biennially on July 31.

Fire Protection/Sprinkler – Biennially on July 31.

Residential – Biennially on June 30.

Note: Late fees apply if not renewed by the due date in addition to reinstatement fees.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<http://www.llr.sc.gov/pol.asp?file=pol/obs.htm>

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

General, mechanical, burglar/fire alarm, and fire protection/sprinkler:
<http://www.llr.state.sc.us/POL/Contractors/>

Residential:
<http://www.llr.state.sc.us/POL/ResidentialBuilders/>

MAILING ADDRESS/PHONE NUMBER

South Carolina Contractor's Licensing Board
110 Centerview Dr.
Columbia, SC 29210
(803) 896-4300
Office Hours: 8:30 am – 5:00 pm

RECIPROCITY STATES

For general and mechanical contractors and states whereby a waiver can be obtained are identified on the following website:
<http://www.llr.state.sc.us/POL/Contractors/index.asp?file=CLB%20How%20to%20apply.htm>

For residential builders licensing, North Carolina and South Carolina general contractors have a reciprocity agreement.

EQUITY REQUIREMENT

Equity requirements are determined by group classification for general and mechanical contractors as follows:

<u>Group</u>	<u>General</u>	<u>Mechanical</u>
One	\$ 6,000	\$ 3,500
Two	\$ 20,000	\$ 6,000
Three	\$ 70,000	\$ 10,000
Four	\$150,000	\$ 25,000
Five	\$250,000	\$100,000

FINANCIAL STATEMENT REQUIREMENTS

You must submit a financial statement for general and mechanical contractors, no more than 12 months old. It must be in the name of the licensee. The following is required by group:

1. Groups 1 & 2 – Owner prepared financial statement with an affidavit of accuracy (Form 172, must be notarized);
2. Groups 3 & 4 – Financial statement compiled (or reviewed) by a licensed certified public accountant or a licensed public accountant in accordance with

- Generally Accepted Accounting Principles (GAAP), including all disclosures required by GAAP;
3. Group 5 – Financial statement audited by a licensed certified public accountant or licensed public accountant in accordance with GAAP, including all disclosures required by GAAP.

LOCAL LICENSES

REGISTRATION

Many municipalities and counties have zoning restrictions and license requirements that must be met in order to do business in their jurisdictions.

FORMS

Each municipality or county will have their specific forms that will be required to be completed as necessary.

RATES

Various – Refer to specific municipality or county for details.

DUE DATE

Various – Refer to specific municipality or county for details.

DUE DATE EXTENSION

Various – Refer to specific municipality or county for details.

ELECTRONIC FILING

Various – Refer to specific municipality or county for details.

ELECTRONIC PAYMENT

Various – Refer to specific municipality or county for details.

WEBSITE

Municipal Association of South Carolina:

<http://www.masc.sc/Pages/Default.aspx>

South Carolina Association of Counties:

<http://www.sccounties.org/local-taxes-and-user-fees>

MAILING ADDRESS/PHONE NUMBER

Municipal Association of South Carolina
1411 Gervais St.
P.O. Box 12109
Columbia, SC 29211

(803) 799-9574

E-mail: mail@masc.sc

South Carolina Association of Counties

1919 Thurmond Mall

P.O. Box 8207

Columbia, SC 29202-8207

(803) 252-7255

E-mail: scac@scac.sc

INCOME TAX

INCOME TAX—C CORPORATION

A return is required to be filed by all corporations doing business in South Carolina or having income sourced within the state.

South Carolina's corporate income tax rate is 5%. Calculation of taxable income is based on the federal taxable income, modified by South Carolina additions and subtractions. The accounting period and method must be the same as the federal.

A copy of the federal income tax return and all supporting documents must be attached to the South Carolina return.

Nonresident corporations calculate their taxable income in the same way as resident corporations, but must be sure to allocate/apportion income based on South Carolina activity if the entity is subject to tax in another state.

A dissolved corporation must file a final return within three months after formal dissolution.

FORMS

Form SC 1120, Corporate Income Tax Return.

Form SC1120 – CDP, Corporate Declaration of Estimated Payment Coupons.

Form SC1120-T, used to pay tax when an extension is requested and can be filed electronically at: www.sctax.org under DOR ePay.

If no corporate income tax or license fees are due, the federal extension is acceptable as the South Carolina extension if the corporate return is received by the extended due date.

Amended returns: check the "amended" box on the face of the SC1120 return and provide an explanation of the adjustments made. A copy of the federal 1120X must be attached to the South Carolina amended return.

RATES

The South Carolina corporate income tax rate is 5%.

Failure to file penalty – applies if corporation fails to file return by due date. The penalty is 5% of the amount of tax due if failure is for not more than one month, with an additional 5% for each additional month (or fraction of), not to exceed an aggregate of 25%.

Failure to pay penalty – applies if corporation fails to pay any tax by the due date. The penalty is 0.5% of the amount of tax if failure is for not more than one month, with an additional 0.5% for each additional month (or fraction of), not to exceed an aggregate of 25%.

Negligence penalty – applies if corporation underpays its tax liability due to negligence or disregard of regulations. The penalty is 5% of the underpayment plus 50% of the interest payable.

Substantial understatement penalty – applies if corporation substantially understates its tax. The penalty is 25% of the understatement. A substantial understatement is the greater of 10% of the tax liability or \$10,000.

Interest – applies when corporation fails to remit the tax due. The underpayment interest rate is 3% per annum. The interest must be calculated on the full amount of tax, exclusive of penalties, from the time the tax was due until paid fully.

DUE DATE

The corporate income tax return is due on the 15th day of the fourth month following the close of a taxable year.

DUE DATE EXTENSION

The extension request is due the same day as the due date for the related tax return.

ELECTRONIC FILING

Corporations can file their South Carolina 1120/1120S electronically along with their federal corporate returns.

Electronic filing is required if funds are remitted electronically or if the related federal return is filed electronically. Mandated for tax preparers that filed 100 or more returns for a tax period for same tax year.

ELECTRONIC PAYMENT

Corporate filers can submit corporate declaration payments (SC1120-CDP), corporate tax/license fee payments (SC1120-V), and extension payments (SC1120-T) directly to the South Carolina Department of Revenue via DOR ePay.

Go to: www.sctax.org and look for the DOR ePay logo. Payments must be submitted by credit card or by Electronic Funds Transfer. Corporations must use their assigned South Carolina Corporate Income Tax File Number in order to transmit their payments.

WEBSITE

www.sctax.org

MAILING ADDRESS/PHONE NUMBER

If tax is due:

South Carolina Department of Revenue
Corporate Taxable
Columbia, SC 29214-0033

If expecting refund or zero return:

South Carolina Department of Revenue
Corporate Refund
Columbia, SC 29214-0032
(803) 898-5000

ESTIMATED TAX

Estimated tax payments are required if a corporation's estimated tax (income less credits) is \$100 or more.

FORMS

Form SC1120-CDP is used for estimated tax payments. Alternatively, the quarterly payments can be made online at: www.sctax.org

RATES

See Income Tax section above.

DUE DATE

Estimates are generally due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year.

DUE DATE EXTENSION

South Carolina extension is automatic with the federal extension, Form 7004. Payment of taxes at the extension date is with Form SC1120-T.

If no income tax or license fee is due and the taxpayer has requested a federal extension, the federal extension will be accepted as a South Carolina extension if the corporate return is received within the time as extended by the IRS.

A copy of the federal or South Carolina extension(s) must be attached to the return when filed.

There is no extension for payment of corporate income tax or license fee. The tax must be paid by their due date to avoid assessment of late penalties and interest.

Note: SC1120 does not extend the extension to the Business Personal Property Return. Form PT-100 must be filed separately.

ELECTRONIC FILING

An alternative from using Form SC1120-T for filing South Carolina extensions is to file online at: www.sctax.org using the DOR ePay system.

ELECTRONIC PAYMENT

See above

WEBSITE

www.sctax.org

MAILING ADDRESS/PHONE NUMBER

South Carolina Department of Revenue
Corporation Return
Columbia, SC 29214-0100
(803) 898-5000

ALTERNATIVE MINIMUM TAX

Not Applicable

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

South Carolina conforms to the IRC as of February 9, 2018. South Carolina has decoupled from the business interest deduction limitations of IRC §163(j) as amended by the Tax Cuts and Jobs Act.

ALLOCATION AND APPORTIONMENT FACTORS

South Carolina requires the allocation of certain items of income (less related expenses) both within and without the state. Items of income that are directly allocated to the state are excluded from the apportioned income and the apportionment factors.

The following income items are specifically allocated:

Interest received from intangible property not connected with the taxpayer's business, less all related expenses, is allocated to the state of the corporation's principal place of business or the domicile of an individual taxpayer.

Dividends received from corporate stocks not connected with the taxpayer's business, less all related expenses, is allocated to the state of the corporation's principal place of business or the domicile of an individual taxpayer.

Rents and royalties received from the lease or rental of real estate or tangible personal property, less all related expenses, are allocated to the state where the property was located at the time the income was derived providing the property was not used in or connected with the taxpayer's trade/business during the taxable year.

Gains and losses from the sale of real property are allocated to the state in which the real property is located except to the extent the gain represents the return of amounts deducted as depreciation.

Gains and losses from sales of intangible personal property not connected with the business of the taxpayer and not held for sale to customers in the regular course of business, are allocated to the state of the corporation's principal place of business or domicile of an individual taxpayer.

All income from personal services received by a resident individual is allocated to the state. All income from personal services received by a nonresident individual for services rendered in this state is allocated to this state.

General Apportionment Formula – South Carolina uses a single-factor apportionment formula based solely on sales.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

South Carolina has not adopted the UDITPA.

OTHER MULTISTATE COMPACT

Not applicable. South Carolina has not adopted the Multistate Tax Compact.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

South Carolina has not adopted an apportionment formula specific for construction contractors.

SPECIFIC EXCLUSION OF INCOME ITEMS

Net gain, rather than gross proceeds, from the sale of property used in the trade or business is included in the sales factor.

SPECIFIC EXCLUSION OF COST ITEMS

No specific items noted.

CREDITS AND TAX INCENTIVES

Corporate Income Tax Credits:

- New Jobs Credit (Form TC-4).
- Capital Investment Credit (Form TC-11).
- Family Independence Payments Credit (Form TC-12).
- Research Expenses Credit (Form TC-18).
- Corporate Headquarters Credit (Form TC-8).

A more complete listing of corporate income tax credits can be found on Form SC1120-TC.

INCOME TAX—S CORPORATION

South Carolina recognizes the federal election. No other election is required.

REGISTRATION

Rules are identical with C corporations.

FORMS

Form SC1120S, used to file South Carolina S corporation returns.

Form SC1120S-WH, used to calculate withholding tax on income of income of nonresident shareholders.

The forms used for requesting extensions, estimated taxes, and calculation of underpayment penalties are the same as those used for C corporations.

RATES

South Carolina imposes a corporate tax rate of 5% on the excess net passive income and/or built-in gains which are added to federal income.

DUE DATE

March 15.

DUE DATE EXTENSION

Same as for C corporations.

ELECTRONIC FILING

Same as for C corporations.

ELECTRONIC PAYMENT

Same as for C corporations.

WEBSITE

www.sctax.org

MAILING ADDRESS/PHONE NUMBER

Same as for C corporations.

COMPOSITE RETURNS FOR S

South Carolina allows partnerships and S corporations to file a composite return on behalf of nonresident partners or shareholders that are individuals, trusts, or estates in which the income is taxed to the trust or estate. Corporate partners and shareholders may not participate in a composite return.

ALLOWED OR NOT ALLOWED

Allowed

FORMS

Schedule NR, attached to SC1120S.

RATES

If a partner, shareholder or member provides an I-338 Composite Affidavit, at the participant's election, active trade or business income is taxed at the active trade or business income rate (3%) and tax all other taxable income at the graduated rate for individuals. If a partner, shareholder or member does not provide an I-338 affidavit, the composite return must not include any personal deductions or exemptions, and any active trade or business income is taxed at the active trade or business income rate and all other income at 7%.

DUE DATE

Fifteenth day of the third month following the close of the taxable year.

DUE DATE EXTENSION

Same as above.

ELECTRONIC FILING

Same as above.

ELECTRONIC PAYMENT

Same as above.

WEBSITE

Same as above.

MAILING ADDRESS/PHONE NUMBER

Same as above.

ESTIMATED TAX FOR S

Not applicable – withholding payment is due with S corporation return.

FORMS

Not applicable – see withholding section below.

RATES

Not applicable – see withholding section below.

DUE DATE

Not applicable – see withholding section below.

DUE DATE EXTENSION

Not applicable – see withholding section below.

ELECTRONIC FILING

Not applicable – see withholding section below.

ELECTRONIC PAYMENT

Not applicable – see withholding section below.

WEBSITE

Not applicable – see withholding section below.

MAILING ADDRESS/PHONE NUMBER

Not applicable – see withholding section below.

REQUIRED

Not applicable – see withholding section below.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

S corporations must withhold income taxes at a 5% rate on nonresident shareholder's share of South Carolina taxable income of the corporation, whether or not distributed.

FORMS

The income taxes withheld on nonresident shareholder income is included on Form SC1120S-WH, which is filed with Form SC1120S.

RATES

Withholding on nonresident S shareholders is at a rate of 5%.

DUE DATE

S corporations must complete a return and pay the withheld funds to the DOR by the 15th day of the third month following the close of the tax year.

DUE DATE EXTENSION

Same as for C corporations.

ELECTRONIC FILING

Same as for C corporations.

ELECTRONIC PAYMENT

Same as for C corporations.

WEBSITE

Same as for C corporations.

MAILING ADDRESS/PHONE NUMBER

Same as for C corporations.

PAYMENT ON INCOME OR DISTRIBUTIONS

No specific items noted.

S CORPORATION TREATMENT

No specific items noted.

C TREATMENT

No specific items noted.

RECOGNIZE FEDERAL S ELECTION

Yes

STATE S ELECTION REQUIRED?

No, South Carolina recognizes the federal election.

INCOME TAX—PARTNERSHIPS, LLC

Partnerships and LLCs are not directly taxed like C or S corporations. The partners are liable for tax on their distributive shares of partnership/LLC income.

COMPOSITE RETURNS

Yes, composite returns are allowed, but not required for nonresident partners.

FORMS

Form SC1065, used by partnerships/LLCs to file their partnership return. Must include a complete copy of federal Form 1065.

Form SC8736, used to request extension of time to file.

Form I-338, Composite Return Affidavit.

Form I-309, Nonresident Shareholder or Partner Affidavit and Agreement Income Tax Withholding.

RATES

Partnerships/LLCs themselves are not taxed, but their individual partners are.

If a partner, shareholder or member provides an I-338 Composite Affidavit, at the participant's election, active trade or business income is taxed at the active trade or business income rate (3%) and tax all other taxable income at the graduated rate for individuals. If a partner, shareholder or member does not provide an I-338 affidavit, the composite return must not include any personal deductions or exemptions, and any active trade or business income is taxed at the active trade or business income rate and all other income at 7%.

DUE DATE

March 15 or the 15th day of the third month after the end of the year.

DUE DATE EXTENSION

Same as above.

ELECTRONIC FILING

Electronic filing not yet available.

Partnership can be filed with 2D barcode.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.sctax.org

MAILING ADDRESS/PHONE NUMBER

South Carolina Department of Revenue
Partnership Return
Columbia, SC 29214-0008
(803) 898-5000

INCOME TAX—INDIVIDUAL

Income taxes are imposed on the taxable income of individuals, estates, and trusts.

Residents are taxable on their entire income from all sources, whether derived in or out of state, but are eligible for a credit for income taxes paid to other states.

Nonresidents are taxable only on their South Carolina taxable income.

Part-year residents may choose to file as a full-year resident or a non-resident depending on which method is more advantageous.

FORMS

Form IIT Book 2014 – Individual Income Tax Packet.

Form SC1040 – Individual Income Tax Return.

Form SC1040 X – Amended Individual Income Tax Return.

Form SC1040ES – Individual Declaration of Estimated Tax.

Form SC4868 – Request for Extension of Time to File.

Form SC2210 – Underpayment of Estimated Tax.

RATES

A graduated rate schedule applies to individual returns ranging from 3% to a maximum rate of 7%. Income tax brackets are adjusted annually for inflation.

DUE DATE

April 15

DUE DATE EXTENSION

The South Carolina extension is automatic with the federal extension. A copy of the extension must be attached to the South Carolina return.

Corporations and individuals have six months with the form.

ELECTRONIC FILING

Electronic filing is available and is required for taxpayers who have made electronic payments for any purpose or who have filed a federal return electronically.

There are several options for filing and making payments electronically at:
<http://www.sctax.org/services/file-and-pay-now>

ELECTRONIC PAYMENT

See above.

WEBSITE

<http://www.sctax.org/tax/individual-income>

MAILING ADDRESS/PHONE NUMBER

If mailing return with a refund or no tax payment due:
South Carolina 1040 Processing Center
P.O. Box 101100
Columbia, SC 29211-0100

If mailing return with a tax payment due:
Taxable Processing Center
P.O. Box 101105
Columbia, SC 29211-0105
(803) 898-5000

FED RETURN ATTACHED TO STATE RETURN

Attach a copy of your federal return to your state return when you file a Schedule C, D, E, or F or filed a SC Schedule NR, SC1040TC, I-319, or I-335.

STATE CONSTRUCTION-RELATED CREDITS

No specific items noted.

IRC CONFORMITY

South Carolina conforms to the IRC as of February 9, 2018, and specifically decouples from IRC § 199A.

ALTERNATIVE MINIMUM TAX

South Carolina does not have alternative minimum tax for individuals.

NET WORTH OR STOCK TAX

REGISTRATION

Not applicable, but see additional commentary below.

TAXABLE BASIS

A business license fee is an excise tax levied on the privilege of doing business, with the value of the privilege measured by the capital stock and paid-in capital surplus of the corporation.

The tax base is apportioned using a single-sales factor.

FORMS

The tax is paid on Form SC1120.

RATES

The fee is based on capital stock and paid-in or capital surplus at a rate of \$1 for every \$1,000 or fraction thereof, plus a flat additional charge of \$15.

The minimum license fee is \$25.

DUE DATE

The license fee is due at the same time as the annual corporate income tax return.

DUE DATE EXTENSION

See above – Corporate Income Tax.

ELECTRONIC FILING

See above – Corporate Income Tax.

ELECTRONIC PAYMENT

See above – Corporate Income Tax.

WEBSITE

See above – Corporate Income Tax.

MAILING ADDRESS/PHONE NUMBER

See above – Corporate Income Tax.

ESTIMATED TAX

See above – Corporate Income Tax.

FORMS

See above – Corporate Income Tax.

RATES

See above – Corporate Income Tax.

DUE DATE

See above – Corporate Income Tax.

DUE DATE EXTENSION

See above – Corporate Income Tax.

ELECTRONIC FILING

See above – Corporate Income Tax.

ELECTRONIC PAYMENT

See above – Corporate Income Tax.

WEBSITE

See above – Corporate Income Tax.

MAILING ADDRESS/PHONE NUMBER

See above – Corporate Income Tax.

GROSS RECEIPTS TAX

REGISTRATION

South Carolina does not have a general gross receipts tax. The South Carolina public utilities license tax – \$1 per \$1,000 of value of property owned and used in the state plus \$3 per \$1,000 of gross receipts.

Life insurance companies must pay 0.75% of total premiums collected. All other companies – 1.25% of total premiums collected, and other insurance companies pay set percentages of premiums collected.

These taxes are outside the scope of this memo.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

A retail license is required of every person in the business of selling tangible personal property at retail in South Carolina. A license must be obtained for each location of a business selling tangible personal property as well.

A retail license may be obtained by mail, online, or in person.

By mail: complete Form SCTC-111 and mail the application with \$50.00 to:
South Carolina Department of Revenue
Registration Unit
Columbia, SC 29214-0140

By internet: <https://dor.sc.gov/>

Construction Industry Specific Rules

Construction contractors must pay sales tax on purchases of building materials to be used in a construction contract. However, sales of tangible personal property to a construction contractor are not taxable when the tangible personal property is subsequently processed, partially or completely fabricated, or manufactured in South Carolina by the contractor, for use in the performance of a construction contract if the property is transported to, assembled, installed, or erected at a job site outside of South Carolina.

A maximum tax of \$300 applies to sales and leases of self-propelled light construction equipment with compatible attachments limited to a maximum of 160 net engine horsepower. A construction contractor purchasing such equipment should provide a completed Form ST-405 to the seller to limit the tax to \$300. Form ST-405 is available at: <http://www.sctax.org/forms/sales/st-405-form>

Federal Government Contracts in SC – Purchases of tangible personal property that become part of real property owned by the federal government are exempt from sales tax. The exemption does not apply to purchases of tangible personal property used or consumed by the purchaser to facilitate the performance of the contractor (i.e., equipment and supply purchases). The specific requirements to qualify for the exemption are discussed in SC Revenue Ruling #04-9, 05/13/2004, which is available at: <http://www.sctax.org/policy/rr04-9-doc>

Tax on Transient Construction Property – Generally, a use tax (which complements the sales tax) applies to motor vehicles, machines, machinery, tools or other equipment brought into South Carolina for use in a construction contract. The use tax applies to the portion of the sales price of the machinery represented by the ratio of the duration of time in use in South Carolina to the total useful life. However, sales or

use tax legally due and paid to another state on such equipment will be allowed as a credit up to the amount of South Carolina tax actually due, but only if that other state has a similar credit.

FORMS

Form ST 400, Sales Tax Book.

Form SCTC-111, to apply for a retail license.

Form ST-3, State Sales and Use Tax Return (6%).

Form ST-3 Instructions. Step-by-step instructions for Form ST-3.

Form ST 389 May 2014, Schedule for Local Taxes (May 2014 and after).

Form ST 389 March 2015, Schedule for Local Taxes (March 2015 and after).

Form ST 389 Instructions. Step-by-step instructions for Form ST 389.

RATES

South Carolina imposes the following state tax rates under the sales/use tax law:

- General Sales and Use Tax Rate – 6%.
- Manufactured Home – 5% + 2% for amounts over \$6,000.
- Sales to Persons 85 and Older – 5%.

DUE DATE

Sales and use tax returns are due by the 20th of the month following the end of the month, calendar quarter or year, depending on the sellers filing period:

- For monthly filers – due on the 20th of the month following the month in which the sales occurred.
- For calendar-quarter filers – due on the 20th of the month following the end of the calendar quarter in which sales occurred.
- For calendar-year filers – due on the 20th of the month following the end of the calendar year in which the sales occurred.

Taxpayers are allowed the option of filing quarterly or annually instead of monthly as approved by the DOR.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing any payment can be completed at: www.sctax.org

ELECTRONIC PAYMENT

See above.

WEBSITE

www.sctax.org

MAILING ADDRESS/PHONE NUMBER

Charleston Service Center:
2 South Park Circle, Suite 100
Charleston, SC 29407
Phone: (843) 852-3600
Fax: (843) 556-1780

Columbia Main Office:
300A Outlet Pointe Boulevard
Columbia, SC 29210
Phone: (803) 898-5000
Fax: (803) 898-5822

Florence Service Center:
1452 West Evans Street
P.O. Box 5418
Florence, SC 29501
Phone: (843) 661-4850
Fax: (843) 662-4876

Greenville Service Center:
545 North Pleasantburg Drive, Suite 300
Greenville, SC 29607
Phone: (864) 241-1200
Fax: (864) 232-5008

Myrtle Beach Service Center:
1330 Howard Parkway
P.O. Box 30427
Myrtle Beach, SC 29577
Phone: (843) 839-2960
Fax: (843) 839-2964

Rock Hill Service Center:

Business and Technology Center
454 South Anderson Road, Suite 202
P.O. Box 12099
Rock Hill, SC 29730
Phone: (803) 324-7641
Fax: (803) 324-8289

GRANDFATHERING OF RATE CHANGES

No specific items noted.

GOVERNMENT PROVIDED MATERIALS

See Federal Government Contracts above.

TAXABLE SERVICES

Not Applicable

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

A county may impose an additional sales and use tax of 1% upon voter approval in a referendum. Information regarding localities that impose a local tax can be found at: <http://www.sctax.org/sales/tax-rates-st427-doc>

Purchases of building materials by a construction contractor are exempt from local sales tax. Construction contractors should submit Form ST-10-C to the South Carolina DOR to apply for an exemption certificate for a job located in a county that imposes a local sales and use tax. Form ST-10-C is available at: <http://www.sctax.org/forms/sales/st-10c-form>

FORMS

Various – Refer to Specific County for details.

RATES

Various – Refer to Specific County for details.

DUE DATE

Various – Refer to Specific County for details.

DUE DATE EXTENSION

Various – Refer to Specific County for details.

ELECTRONIC FILING

Various – Refer to Specific County for details.

ELECTRONIC PAYMENT

Various – Refer to Specific County for details.

WEBSITE

Various – Refer to Specific County for details.

MAILING ADDRESS/PHONE NUMBER

Various – Refer to Specific County for details.

GRANDFATHERING OF RATE CHANGES

Various – Refer to Specific County for details.

GOVERNMENT PROVIDED MATERIALS

Various – Refer to Specific County for details.

TAXABLE SERVICES

Various – Refer to Specific County for details.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

There are two types of state withholding returns:

1. SC Withholding Quarterly Tax Return (WH-1605).
2. SC Withholding Quarter/Annual Reconciliation (WH-1606).

RATES

Use the withholding tables (WH-1603) to determine the amount of tax to withhold, depending on the employee's salary, number of exemptions, and frequency of payment.

Resident employers/withholding agents (principal place of business is in South Carolina) are required to make payment of withholding taxes at the same time that their federal payments are due.

Nonresident employers/withholding agents (principal place of business outside of South Carolina) are required to make payments either quarterly or monthly. If the South Carolina liability is less than \$500 for the quarter, the payment is due by the last day of the month following the end of the quarter. Once the statement withholding reaches \$500 or more during the quarter, it is due by the 15th of the following month.

DUE DATE

Quarterly returns are due by the end of the month following the end of the quarter for the first, second, and third quarters of the calendar year or April 30, July 31, and October 31, respectively.

The fourth quarter/annual reconciliation is due by the last day of the February following the calendar year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Website: www.sctax.org

Business Tax Telefile system: (803) 898-5918.

ELECTRONIC PAYMENT

DORePay: <https://dor.sc.gov/services/file-and-pay-now>

EFT: (800) 476-0311 (after registration).

WEBSITE

<http://www.sctax.org/Tax+information/Withholding+Tax/default.htm>

MAILING ADDRESS/PHONE NUMBER

South Carolina Department of Revenue
Withholding
Columbia, SC 29214-0004
(803) 898-5000
E-mail: WithholdTax@sctax.org

NEW HIRE

South Carolina employers must report all newly hired and rehired employees. This information will be used to ensure that noncustodial parents live up to their financial responsibilities to their children.

Website: <http://www.scnewhire.com/>

In addition: The South Carolina Illegal Immigration and Reform Act requires all employers to verify the legal status of new employees and prohibits the employment of any worker who is not legally in this country and authorized to work. The South Carolina Department of Labor, Licensing and Regulation is in charge of enforcing this law. More information can be located at the following website:

<http://www.llr.state.sc.us/Immigration/>

In addition to completing and maintaining the Federal Employment Eligibility Verification Form (Form I-9), all South Carolina employers must within three business days after employing a new employee:

1. Verify the employee's work authorization through the E-Verify federal work authorization program administered by the U.S. Dept. of Homeland Security.
2. Employers may no longer confirm a new employee's employment authorization with a driver's license or state identification card.

TERMINATION

South Carolina is an "at-will state," which means that employees may be terminated for any reason, a good reason, a bad reason, or no reason. The employee may also quit for similar reasons without providing notice to employer.

INDEPENDENT CONTRACTOR TREATMENT

Generally, the classification of a worker as an independent contractor only becomes an issue after a worker has made a complaint or filed a claim for unemployment or workers' compensation benefits. There are various penalties that could be incurred if a company is found improperly classifying an independent contractor including workers compensation, lost wages, attorney fees, and unemployment taxes in addition to federal exposure.

South Carolina courts determine independent contractor classification using the "right to control" test. This test does not focus on whether an employer actually exercises control over the work of the individuals, but whether "there exists the right and authority to control and direct the particular work or undertaking as to the manner or means of its accomplishment" [see *Anderson v. West*, 241 S.E.2d 551 (S.C. 1978)].

The court looks at four factors:

1. Direct evidence of the right to, or exercise of, control.
2. The method of payment.
3. The furnishing of equipment.
4. The right to fire. [*Porter v. Labor Depot*, 643 S.E 2d 96 (S.C. Ct. App. 2007)].

UNEMPLOYMENT

FORMS

Employers must file a Quarterly Contribution and Wage Report (UCE-120/101) each quarter. The forms are due as follows:

January – March:	April 30
April – June:	July 31
July – September:	October 31
October – December:	January 31

RATES

When employers become liable for unemployment taxes they are classified as "new employers" and are assigned a new employer rate. Tax rates are re-determined each calendar year based on the employer's history as of the preceding June. An employer's exact rate depends on its experience with the Unemployment insurance (UI) system and current economic conditions.

UI taxes are only charged on the first \$14,000 of wages earned by an individual for 2019. Once you have paid taxes on the first \$14,000 of an individual's wages, you

do not owe any additional taxes for the remainder of the calendar year. Contribution rates range from 0.06% to 5.46%. New employers use 1.09%.

Once an employer has accomplished 12 months of liability, they will have their tax rated computed on the date of the next rate computation based on their own history.

DUE DATE

Taxes are owed based on the amount of wages paid to your employees in a quarter, as reported on your quarterly wage report. All quarterly payments must be made by the respective due dates as listed below:

January – March:	April 30
April – June:	July 31
July – September:	October 31
October – December:	January 31

DUE DATE EXTENSION

If you cannot pay your taxes on time, send a written request for an extension to the below address before payment is due:

South Carolina Department of Employment and Workforce (DEW)
Delinquency Unit
P.O. Box 995
Columbia, SC 29202

DEW may, if a show of good cause, grant an extension for making payment. However, the extension will bear interest at one percent per month.

For questions contact the delinquency unit at: (803) 737-3085.

ELECTRONIC FILING

<https://dor.sc.gov/>

ELECTRONIC PAYMENT

See links above in Electronic Filing.

WEBSITE

<https://dor.sc.gov/>

MAILING ADDRESS/PHONE NUMBER

South Carolina Department of Employment and Workforce

Contribution Section
P.O. Box 7103
Columbia, SC 29202
(803) 737-3080
E-mail: uitax@dew.sc.gov

NEW HIRE

No specific items noted.

TERMINATION

No specific items noted.

INDEPENDENT CONTRACTOR TREATMENT

Businesses that employ independent contractors are not liable for UI tax contributions on those individuals. The DEW decides whether a worker's employment status is that of an employee or an independent contractor. Although a contract between parties is considered, the fact that it states the relationship as independent contractor does not bind the DEW in its determination.

PROPERTY TAX

PERSONAL PROPERTY

Property tax is generally assessed and taxed locally. The property tax may be imposed on:

1. All real and personal property in South Carolina.
2. The personal property of residents of the state, including:
 - a. Property kept or used temporarily out of state with the intention of bringing it back into the state.
 - b. Property that has been sent out of state for sale and not sold yet.
3. All moneys, credits and investments in bonds, stocks, joint-stock companies, or otherwise of residents.

REGISTRATION

There is no registration. Filing requirements are determined based on ownership of property as of January 1 of the tax year.

FORMS

- PT-100, Business Personal Property Tax Return.
- PT-139, Water and Sewer Companies Property Tax Return.
- PT-300, Manufacturer's Property Tax Return.
- PT-401, Property Tax Exemption Application.
- PT-417, Private Carline Tax Return.
- PT-418, Airline Property Tax Return.
- PT-420, Utility and Railroad Company Property.

RATES

Property taxes are based on the assessed value of the property. Generally, property is valued by the county assessor and assessed at a percentage of its value. Tax is then levied by multiplying the assessed value by the local tax rate.

Tax rates vary locally. The actual rate is the aggregate of all local levies imposed by the county, town, school district, and special taxing district.

DUE DATE

The business personal property return is due on the last day of the fourth month following the close of the tax year.

DUE DATE EXTENSION

No extensions allowed

ELECTRONIC FILING

Determined by county

ELECTRONIC PAYMENT

South Carolina Business One Stop, the state's online business portal, offers electronic filing for Business Personal Property Returns (Form PT-100).

WEBSITE

<https://dor.sc.gov/>

<https://dor.sc.gov/tax/business-personal-property>

MAILING ADDRESS/PHONE NUMBER

South Carolina Department of Revenue
P.O. Box 125
Columbia, SC 29214-0301
(803) 898-5222

REAL PROPERTY

Real property – refers not only to land, but all structures and other things therein contained or annexed or attached to the land that pass to the vendee by the conveyance of the land.

For the purpose of determining the property's assessment ratio, all mobile homes, some motor homes and boats, and all improvements to leased real property made by a lessee are considered real property.

Real property other than agricultural real property is appraised to determine fair market value. A countywide reappraisal takes place every five years. Usually a countywide reassessment program is implemented the following year. For purposes of this reassessment, any increase in the fair market value of any parcel of real property will be limited to 15% within a five-year period.

INTANGIBLES TAX

REGISTRATION

South Carolina does not have an intangibles tax.

FUEL TAX

REGISTRATION

The point of taxation for motor fuel is when the product is removed from the terminal. Licensed suppliers are responsible for reporting and remitting the user fees and other applicable fees on product removed from the terminal.

The user fee for gasoline and low sulfur diesel must be charged by the supplier and fuel vendor regardless of how the product will be used. There are refund provisions that allow end users to receive a refund based on how the product was used. There are also refund provisions for companies selling motor fuel to exempt users. Refund applicants that are not required to license under the motor fuel provision must complete a refund registration form to set up a refund account.

FORMS

Forms including application for refund, can be located at the following website:

<http://www.sctax.org/forms/motor-fuel>

RATES

User fee rate for gasoline and low sulfur diesel is:

July 1, 2018 – June 30, 2019:	\$0.20 per gallon
July 1, 2019 – June 30, 2020:	\$0.22 per gallon
July 1, 2020 – June 30, 2021:	\$0.24 per gallon
July 1, 2021 – June 30, 2022:	\$0.26 per gallon
July 1, 2022:	\$0.28 per gallon

DUE DATE

Bonded Importer (L-2105); Exporter (L-2112); Manufacturer (L-2195); Miscellaneous (L-2123); Occasional Importer (L-2107); Supplier (L-2119); Tank Wagon Importer (L-2110); Terminal Operator Monthly (L-2098); and Transporter (L-2176) – Due the 22nd day of the current month for the previous month's activity.

Fuel Blender (L-2115) – Due the last day of the current month for the previous month's activity.

Terminal Operator Annual (L-2101) – Due February 26 for the previous calendar-year activity.

Fuel Vendor Annual (L-2114) – Due February 28 for the previous calendar-year activity.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://dor.sc.gov/tax/motor-fuel>

User guide can be found here:

<http://www.sctax.org/Electronic+Services/Electronic+Services---Motor+Fuel.htm>

ELECTRONIC PAYMENT

Need to complete Form D-128-EFT Registration Application which then will allow for ACH debit or credit from taxpayer account via telephone or internet through a DOR agent.

User guide can be found here:

<http://www.sctax.org/publications/motor-fuel-user-guide-doc>

WEBSITE

<http://www.sctax.org/tax/motor-fuel>

MAILING ADDRESS/PHONE NUMBER

South Carolina Department of Revenue
Motor Fuel
P.O. Box 125
Columbia, SC 29214-0139
(803) 896-1990
E-mail: motfuellic@sctax.org

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

In South Carolina, virtually any intangible property not in the possession of its owner can be considered unclaimed property. Examples include dormant bank accounts, uncashed checks (including paychecks), unclaimed insurance proceeds, forgotten utility deposits, uncashed dividend checks, and unexchanged shares of stock.

If there has been no activity in the account for a set period of time, usually five years, the funds are remitted to the State Treasurer's Office Palmetto Payback Program in the owner's name and held until the funds are claimed. No more than 120 days before the holder files their report, the holder must send a written notice to the apparent owner that states the holder is in possession of property which has been deemed abandoned and will be remitted to the state; only accounts of \$50 or more require this due diligence.

State Treasurer's Office
Unclaimed Property Program
P.O. Box 11778
Columbia, SC 29211

Website: <http://www.treasurer.sc.gov/unclaimed-property/>

(803) 737-4771

E-mail: payback@sto.sc.gov

IMPACT FEES

1999 Code of Laws of SC, 6-1-910 et seq. – SC Development Impact Fee Act.

Services funded with impact fees include: roads, water, sewer, parks and recreation, and police and fire. Per unit fees vary widely from the highest single fee at \$2,500. Challenges include movement among municipal officials to give school boards authority to assess impact fees.

STATE ISSUES OTHER THAN TAXES

Labor, budget constraints, etc. Various website for updates:

<http://www.scag.gov/current-cases>

MINIMUM WAGE

No specific state minimum wage law; therefore, South Carolina follows the federal rate of \$7.25 per hour.

REGISTERED AGENTS

All business registrations with the Secretary of State require, by law, an agent with a physical address in South Carolina. An agent can be almost anyone of legal age and a legal residence of South Carolina. Individuals that can be designated an agent include, but not limited to, an organizer of a business, a member of a LLC, an employee of the business, an attorney, or an accountant. An agent's name and address are publically available and are displayed on the Secretary of State's website.

DAVIS BACON

South Carolina does not have a state prevailing wage law. South Carolina is considered a Davis-Bacon state as public works projects fall under the federal rules and are governed by the federal Department of Labor.

There are prevailing wage filing requirements for South Carolina Davis-Bacon jobs including certified payroll reports which must be completed and sent in on a weekly basis. Some South Carolina contracting agencies may ask for additional paperwork, and you will need to confirm with them prior to any project.

The following website will provide the applicable rates: <http://www.wdol.gov/>

DRUG TESTING FACILITIES

South Carolina law doesn't restrict or prohibit applicant drug testing. Employers don't have to implement applicant testing to qualify as a drug-free workplace. However, to qualify as a drug-free workplace for workers' compensation purposes, a South Carolina employer must conduct random drug testing among all employees. The employer must conduct a follow-up test within 30 minutes of the initial test. The employee must be notified within 24 hours of positive test results.

A listing of drug facilities can be located at the following website:

http://www.testcountry.com/drug-testing-center-facilities/south_carolina.htm

COMMUNICATIONS

South Carolina Revenue Ruling #92-11 – Manufacturers and Construction Contractors (Sales and Use Tax).

OTHER

CFMA Chapter in South Carolina:

South Carolina, Greenville, SC:

<http://cafe.cfma.org/SouthCarolinaGreenvilleSC/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

April 2, 2019

DATE OF LAST UPDATE

May 11, 2015

SUBJECT MATTER EXPERT

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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



SOUTH DAKOTA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Non-profit and for-profit corporations must be registered with the Secretary of State's (SOS) office. Out of state corporations must be registered before doing business in the state.

If you operate a business as a proprietorship and do not include the last name of each owner in the business name you must file a fictitious name statement. Corporations, partnerships, associations, cooperatives, and limited liability companies that are conducting business in South Dakota under any name other than their corporate name are also required to file. Register a Fictitious Business Name online at: https://apps.sd.gov/st08bnrs/secure/ASPX/BNRS_Process.aspx

FORMS

Domestic Corporation – File Articles of Incorporation with the Secretary of State.

Foreign Corporation – Apply for Certificate of Authority Foreign Corporation. Must be accompanied by a Certificate of Good Standing (may also be called Certificate of Fact or Certificate of Existence) from the SOS of the state of its incorporation. Certificate must be dated within 90 days prior to the application date.

Domestic Limited Liability Companies – File Articles of Organization with the Secretary of State. Forms are available on SOS website or can submit your own.

Foreign Limited Liability Companies – Apply for Certificate of Authority Foreign Limited Liability Company. Must be accompanied by a Certificate of Existence issued by the SOS or other official having custody of the organizational records in the state or country under whose law it is organized.

Domestic Limited Liability Partnership – File Statement of Qualification of a Domestic Limited Liability Partnership.

Foreign Limited Liability Partnership – File Statement of Qualification of a Foreign Limited Liability Partnership.

One original and one photocopy must be included in all filings.

PDF Fillable forms available on the SOS website:
<https://sdsos.gov/business-services/corporations/corporate-forms/>

RATES, FEES, COSTS

Articles of Incorporation – Domestic Corporation	\$150
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Certificate of Authority – Foreign Corporation	\$750
Articles of Organization – Domestic LLC	\$150
Certificate of Authority – Foreign LLC	\$750
Statement of Qualification – Domestic LLP	\$125
Statement of Qualification – Foreign LLP	\$125
Fictitious Name Registration (Payable ONLY by Visa, MasterCard, or Discover)	\$ 10

WEBSITE

<https://sdsos.gov/business-services/>

MAILING ADDRESS/PHONE NUMBER

Capitol Building
500 E Capitol Ave., Suite 204
Pierre, SD 57501
Phone: (605) 773-3537
Fax: (605) 773-6580
E-mail: sdsos@state.sd.us

ADDITIONAL ASSISTANCE

<http://sd.gov/business.aspx>

ANNUAL REPORT

All corporations, Limited Liability Companies, and Limited Liability Partnerships must file an annual report each year whether or not the corporation is actively engaged in business. Otherwise, the entity will be delinquent.

FORMS

PDF Fillable Forms available at:
<https://sdsos.gov/business-services/corporations/corporate-forms/>

RATES

All corporations, LLCs, and LLPs	\$ 50
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DUE DATE

Anniversary month of incorporation or qualification.

DUE DATE EXTENSION

30 days.

ELECTRONIC FILING

<https://sos.sd.gov/account/>

ELECTRONIC PAYMENT

Available with online filing.

WEBSITE

<https://sdsos.gov/business-services/>

MAILING ADDRESS/PHONE NUMBER

Capitol Building
500 E. Capitol Ave., Suite 204
Pierre, SD 57501
Phone: (605) 773-3537
Fax: (605) 773-6580
E-mail: sdsos@state.sd.us

REGISTRATION WITH DEPARTMENT OF REVENUE

There is no threshold to reach before a license is needed; if you are operating a taxable business, a license is needed.

Contractors must register for a Contractor's Excise Tax and Use Tax Licenses. Some contractors who are also retailers must also obtain a Sales Tax License. Online registration only.

FORMS

Online registration only.

RATES

No fee to register for tax license.

DUE DATE

Prior to beginning business in South Dakota.

ELECTRONIC FILING

<https://apps.sd.gov/rv23cedar/main/main.aspx>

ELECTRONIC PAYMENT

No fee to register for tax license.

WEBSITE

http://dor.sd.gov/Taxes/Business_Taxes/

MAILING ADDRESS/PHONE NUMBER

South Dakota Department of Revenue
445 E. Capitol Ave.
Pierre, SD 57501-3185
(605) 773-3311

LICENSES—GC & SPECIALTY

REGISTRATION

Electrical, plumbing, and asbestos abatement work require state licenses. Highway construction projects over \$100,000 require pre-qualification by the state.

There is no license required for general contractors.

TESTS AND EXAMS

Electrical licensing exams must be requested by contacting the South Dakota Electrical Commission at (800) 233-7765 and will only be given after receipt of the appropriate application.

Plumbing licensing exams are available by appointment in Pierre, South Dakota. Exams are also held in Sioux Falls and Rapid City, South Dakota, but only when enough applications have been received to warrant staff travel to those locations.

FORMS

Electrical: <https://dlr.sd.gov/electrical/forms.aspx>

Plumbing: <https://dlr.sd.gov/>

RATES

Visit the following website for fee and reciprocity information:

Electrical: <https://dlr.sd.gov/electrical/forms.aspx>

Plumbing: <https://dlr.sd.gov/plumbing/default.aspx>

DUE DATE

Prior to performing any work as an electrician or a plumber.

WEBSITE

Electrical: <https://dlr.sd.gov/electrical/forms.aspx>

Plumbing: <https://dlr.sd.gov/plumbing/forms.aspx>

MAILING ADDRESS/PHONE NUMBER

South Dakota Electrical Commission:
Department of Labor and Regulation
308 S. Pierre St.
c/o 1320 E. Sioux Ave.
Pierre, SD 57501
Phone: (800) 233-7765 or (605) 773-3573
Fax: (605) 773-6213

South Dakota Plumbing Commission:
308 S. Pierre St.
c/o 1320 E. Sioux Ave.
Pierre, SD 57501
Phone: (605) 773-3429
Fax: (605) 773-5405

RECIPROCITY STATES

For reciprocal agreements under the South Dakota Electrical Commission, go to:
https://dlr.sd.gov/electrical/reciprocal_agreements.aspx

LOCAL LICENSES

REGISTRATION

South Dakota has 66 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. A local business license is typically required based on the job's location.

FORMS

Each county or city will have specific forms for the local license.

RATES

Some local municipalities in South Dakota impose an occupational tax on wages paid within their jurisdiction. Contact the local municipality to determine if an occupational tax is imposed and the reporting and payment requirements.

INCOME TAX

South Dakota does not impose a corporate income tax.

NET WORTH OR STOCK TAX

South Dakota does not impose a franchise tax.

GROSS RECEIPTS (BUSINESS 7 OCCUPATION) TAX

REGISTRATION

South Dakota's Gross Receipts Tax for contractors is called the Contractor's Excise Tax.

TAXABLE BASIS

All receipts derived from contracting activities plus the value of any owner-furnished materials. Work performed in other states or work performed as a subcontractor is exempt. Prime contractors issue a Prime Contractors' Exemption Certificate to all subcontractors. (Note: Some utility projects do not allow exemptions for work performed as a subcontractor. This is identified at the time the contract is issued). Work performed on Indian Territory is also subject to the contractor's excise tax, but is remitted to the tribe via an agreement with the State of South Dakota.

A contractor cannot take a deduction from its gross receipts for the cost of the property sold, cost of the materials used, the cost of services or labor purchased, amounts paid for interest or discounts, taxes, or any other expenses or losses.

FORMS

Contractor's excise tax return – available as a fillable PDF at:
http://dor.sd.gov/Taxes/Business_Taxes/Forms/Contractors_Excise_Tax_Forms.aspx

Your business must file a tax return each reporting period even if you did not conduct business or receive income. Businesses filing paper returns are sent a tax return and worksheet for each reporting period. It is your responsibility to contact the Department of Revenue (Department) if you do not receive a return. If you file electronically, you will not receive a paper return.

RATES

The contractors' excise tax is a 2% tax imposed upon the gross receipts of contractors who are engaged in construction services or realty improvements in South Dakota.

DUE DATE

Electronic returns are due the 23rd of each month with payment due the second to last working day of the month. Paper returns with payments are due the 20th of each month. Returns and payments for other filing periods – every other month, semi-annually, or on a seasonal basis – are due the last day of the month following the reporting period.

If a due date falls on a Saturday, Sunday or legal holiday, the next business day is the due date.

DUE DATE EXTENSION

Returns not filed within 30 days following the month the return is due are subject to a penalty of 10% of the tax due. The minimum penalty is \$10 and is assessed even if no tax is due. Interest on taxes not paid by the due date accrues at 1.25% for each month or partial month after the due date. Minimum interest assessed for the first month is \$5.

ELECTRONIC FILING

Optional for sales, use, or contractor's excise tax taxpayers. To file electronically, go to: <http://dor.sd.gov/epath>

ELECTRONIC PAYMENT

Optional for sales, use, or contractor's excise tax taxpayers. To pay electronically, go to: <http://dor.sd.gov/epath>

WEBSITE

http://dor.sd.gov/Taxes/Business_Taxes/

MAILING ADDRESS/PHONE NUMBER

Remittance Center
P.O. Box 5055
Sioux Falls, SD 57117-5055
(605) 773-3311

LOCAL BUSINESS LICENSE TAX

REGISTRATION

South Dakota has 66 counties, which, along with the numerous municipalities, may impose a local business license tax. Contact the local government office to determine if it imposes a business license tax and, if it does, reporting and payment requirements.

STATE SALES AND USE TAX

South Dakota imposes a 4.5% sales tax on both goods and services sold in South Dakota.

All contractors are responsible for paying sales or use tax on purchases of products or services. This includes materials installed in construction projects and all equipment, tools, and supplies used by the contractor.

FORMS

Forms are only available electronically. They can be found at:
<https://apps.sd.gov/rv23cedar/main/main.aspx>

RATES

South Dakota levies a sales and use tax of 4.5% plus applicable municipal tax on purchases of materials and equipment and sales taxable services consumed by contractors in the fulfillment of contracts, including state contracts.

In most cases, when a contractor is not subject to sales tax as they are subject to the state's 4.5% use tax.

DUE DATE

Electronic returns are due the 23rd of the month. Electronic payments are due the second to last working day of the month. Paper returns and payments are due the 20th of the following month. Returns and payments for other filing periods – every other month, semi-annually, or on a seasonal basis – are due by the last day of the month following the reporting period.

If the due date falls on a Saturday, Sunday or legal holiday, the next business day is the due date.

DUE DATE EXTENSION

Returns not received within 30 days following the month the return is due are subject to a 10% penalty. The minimum penalty is \$10 and is assessed even if no tax is due. Interest is charged at a rate of 1.25% per month or part thereof for any tax unpaid after the due date. The minimum interest assessed the first month is \$5.

ELECTRONIC FILING

Preferred method for sales, use, or contractor's excise tax taxpayers. To file electronically, go to: <http://dor.sd.gov/epath>

ELECTRONIC PAYMENT

Optional for sales, use, or contractor's excise tax taxpayers. To pay electronically, go to: <http://dor.sd.gov/epath>

WEBSITE

http://dor.sd.gov/Taxes/Business_Taxes/

MAILING ADDRESS/PHONE NUMBER

Remittance Center
P.O. Box 5055
Sioux Falls, SD 57117-5055
(800) 829-9188 or (605) 773-3311
E-mail: bustax@state.sd.us

GRANDFATHERING OF RATE CHANGES

No tax increase may be levied on materials incorporated in construction work pursuant to construction contracts bid or entered into on or before the effective date of the tax increase.

GOVERNMENT PROVIDED MATERIALS

Materials furnished by an exempt owner entity may be purchased free from sales tax. However, the contractor who installs those materials must pay use tax on the cost of the materials and include the value of those materials in their gross receipts for contractor's excise tax purposes.

TAXABLE SERVICES

South Dakota's sales and use tax applies to all services unless state law specifically exempts the service.

Contractors cannot purchase services for resale. The service provider is responsible for state and municipal sales tax on services based on where the contractor receives the service. If the contractor receives the service at the seller's location, sales tax applies at that location. Services delivered to the contractor are taxed where delivered. If the delivery address is not known, then sales tax applies based on the contractor's address.

Services performed on tangible personal property are subject to sales tax where the property is delivered to the customer. This includes services such as repairs, rag cleaning, fabrication, and millwork finishing.

Services to real property are subject to sales tax at the property location where the service is performed. This includes services such as carpet installation, surveying or staking, pest control, lawn care, and security services.

Other services are subject to sales tax where the customer receives the service. This includes services such as consulting, architecture, engineering, legal, third-party administrative, and accounting.

Use tax is based on where the product or service is used. Because services may be used at locations other than where the service was originally received, the contractor must be aware of the tax rates in each location they work.

If the contractor includes the cost of a service in the amount billed for the construction contract, the service cost becomes part of the amount subject to contractors' excise tax.

LOCAL SALES AND USE TAX (CITY, COUNTY, SPECIAL)

REGISTRATION

Several municipalities impose a local sales and use tax in addition to the state sales and use tax. Local sales and use taxes are collected and administered by the State of South Dakota. No local registration is required.

See the Sales and Use Tax section above for further guidance on local taxation.

RATES

Varies by location. Local sales and use tax rates are available at:
http://dor.sd.gov/Taxes/Business_Taxes/Newsroom/Tax_Rates/

WEBSITE

http://dor.sd.gov/Taxes/Business_Taxes/

MAILING ADDRESS/PHONE NUMBER

Remittance Center
P.O. Box 5055
Sioux Falls, SD 57117-5055
(800) 829-9188 or (605) 773-3311
E-mail: bustax@state.sd.us

EMPLOYMENT TAXES

WITHHOLDING

FORMS

South Dakota has no individual income tax; therefore, no withholding is required.

UNEMPLOYMENT

If an employer is liable by FUTA (Federal Unemployment Tax Act) in another state, that employer automatically becomes liable for reporting to South Dakota when they commence work in the state.

An employer who is not liable in another state becomes liable for paying unemployment taxes in South Dakota after paying \$1,500 or more in gross wages during a calendar quarter or has a full-time or part-time employee for any part of a week for 20 or more weeks. Contributions are payable quarterly and vary from contractor to contractor.

REGISTRATION

The Unemployment Insurance Employer Registration website allows employers to electronically register their South Dakota business for unemployment insurance. Employers may then file quarterly wage reports online.

To register for unemployment insurance, go to:
https://apps.sd.gov/LD00General/default.aspx?URL_GUID=https://apps.sd.gov/ld94empuimenu/default.aspx?lgb1vf1bkrxn3jvp2lljedwi

FORMS

Unemployment insurance forms, such as Form 1, Employer's Report to Determine Liability, are available in print form or electronically:

Download printable forms at: <https://dlr.sd.gov/ui/forms.aspx#tax>

Reporting can be performed electronically at:
<https://apps.sd.gov/ld75uibp20/secure/qtrwageEntry/qtrwageentry.htm>

RATES

Initial rate for new contractors is 6% plus .55% investment fee. If the contractor has a positive account balance after the first year, the rate drops to 3% plus the investment fee. Subsequent years are experience rated.

Taxable wage base for 2019 is \$15,000. All rates are subject to change.

Late filing penalty of \$5 per month the report is late plus late payment penalty of \$5/month tax is not paid. Interest is 1.5% per month the payment is late.

DUE DATE

Last day of the month following the end of a calendar quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://apps.sd.gov/ld75uibp20/secure/qtrwageEntry/qtrwageentry.htm>

ELECTRONIC PAYMENT

<https://apps.sd.gov/ld75uibp20/secure/qtrwageEntry/qtrwageentry.htm>

WEBSITE

<http://dlr.sd.gov/>

MAILING ADDRESS/PHONE NUMBER

Unemployment Insurance Division
P.O. Box 4730
Aberdeen, SD 57402-4730
Phone: (605) 626-2312
Fax: (605) 626-3347

NEW HIRE

All employers must report employees to the New Hire Reporting Center within 20 calendar days of their first day of work. The report must include the employee's social security number, name, and address. It must also include the employer's federal identification number, name, and address. Employees must be reported again if they were rehired 30 days or more after a termination or lay-off.

For more information, go to: https://dlr.sd.gov/ui/new_hire_reporting/forms.aspx

Electronic New Hire reporting can be done here:
https://apps.sd.gov/ld00general/default.aspx?URL_GUID=https://apps.sd.gov/ld22newhire/main.aspx?liynlzmhmgbyhbibow2nxk1

INDEPENDENT CONTRACTOR TREATMENT

Services performed by an individual for remuneration is covered employment unless the following two conditions are met: 1) The worker is free from control or direction of the performance of the contract for services, and 2) The worker must be engaged in an independently established trade, occupation, or business.

For more information on determining whether an individual is a contractor or employee, see the Independent Contractor vs. Employee Fact Sheet on the South Dakota Department of Labor and Regulation's website.

PROPERTY TAX

PERSONAL PROPERTY

South Dakota does not impose a personal property tax.

REAL PROPERTY

Property taxes are administered by local government entities. Information on South Dakota real property tax, contacts, forms, FAQs, etc. is available on the South Dakota Department of Revenue website at: http://dor.sd.gov/Taxes/Property_Taxes/

DUE DATE

Generally, April 30 and October 31 of each year.

MAILING ADDRESS/PHONE NUMBER

445 E. Capitol Ave.
Pierre, SD 57501-3185
(605) 773-3311 or (800) 829-9188 option 2
E-mail: proptax@state.sd.us

INTANGIBLES

Intangibles are exempt to the same extent as tangible personal property.

FUEL TAX

REGISTRATION

Motor fuel tax is assessed on gasoline, ethanol blends, undyed diesel fuel, liquefied petroleum gas, aviation fuel, jet fuel, and compressed natural gas. Depending on your business activities, a highway contractor may require the following in addition to their highway contractor's license:

- An Importer's License is required if they purchase and bring fuel into South Dakota by truck or railcar.
- An Exporter's License is required if they export or remove fuel from South Dakota by truck or railcar.
- A Transporter's License is required if they transport fuel in or out of South Dakota in lots greater than 4,200 gallons.

FORMS

Registration online ONLY at: <https://apps.sd.gov/rv23cedar/main/main.aspx>

RATES

Fuel Type	Tax Rate 2018-2019
Gasoline	0.28
Natural Gasoline	0.28
Undyed Diesel Fuel	0.28
Undyed Biodiesel	0.28
Undyed Biodiesel Blends	0.28
Undyed Kerosene	0.28
Ethyl Alcohol	0.14
Methyl Alcohol	0.14
Undyed Kerosene	0.28

DUE DATE

Last day of the month following the end of a calendar quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing and payment is required for Motor Fuel Supplier, Motor Fuel Importer/Exporter, Motor Fuel LNG, and Motor Fuel Ethanol Producer license holders.

South Dakota offers its EPath system to file and pay fuel taxes. Licensees may create an EPath account at any time. If you do not have a tax license, you may create an EPath account when completing your online tax application. If you did not apply for EPath at the time of registration, you may create an EPath account at any time after you receive your registration number: <https://apps.sd.gov/rv23cedar/main/main.aspx>

ELECTRONIC PAYMENT

See Electronic Filing.

WEBSITE

http://dor.sd.gov/Motor_Vehicles/Motor_Fuel/

MAILING ADDRESS/PHONE NUMBER

445 E. Capitol Ave.
Pierre, SD 57501
Phone: (605) 773-4109 or (800) 829-9188
Fax: (605) 773-4109
E-mail: motorv@state.sd.us

OTHER (TAXES, FEES, REGISTRATION, ETC.)

UNCLAIMED PROPERTY PROGRAM

South Dakota requires that a holder report to the treasurer property which is presumed to be “abandoned” or “unclaimed” after the stated dormancy period for each property type.

Unclaimed property reports and remittance are due November 1 for property reportable to the State of South Dakota as of the preceding June 30. Holders who have never reported should include all property that has been held for the appropriate dormancy period. Remittance should be made payable to the South Dakota State Treasurer.

All holders are encouraged to report electronically, but holders reporting 10 or more records must file electronically.

IMPACT FEES

Locally administered.

MINIMUM WAGE

\$9.10 per hour

REGISTERED AGENTS

<https://sdsos.gov/>

DAVIS BACON

The South Dakota Department of Labor and Regulation (Labor and Management Division) is responsible for enforcing laws covering wages and hours, and youth employment (child labor). The Labor and Management Division also handles questions about labor laws and makes rulings about public employment disputes.

For more information, including state wage laws, visit:
https://dlr.sd.gov/employment_laws/forms.aspx

DRUG TESTING FACILITIES

For a list of drug testing centers in South Dakota, go to:
http://www.testcountry.com/drug-testing-center-facilities/south_dakota.htm

OTHER

CFMA Chapter in South Dakota:

Siouxland, Sioux Falls, SD: <http://cafe.cfma.org/SiouxlandSiouxFallsSD/Home/>

Effective on 5/1/2017 South Dakota DOR issued Guidance on Tax Treatment of Sales of Products, Services to Tribal Groups.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

AUTHOR

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April 2, 2019

DATE OF LAST UPDATE

May 6, 2015

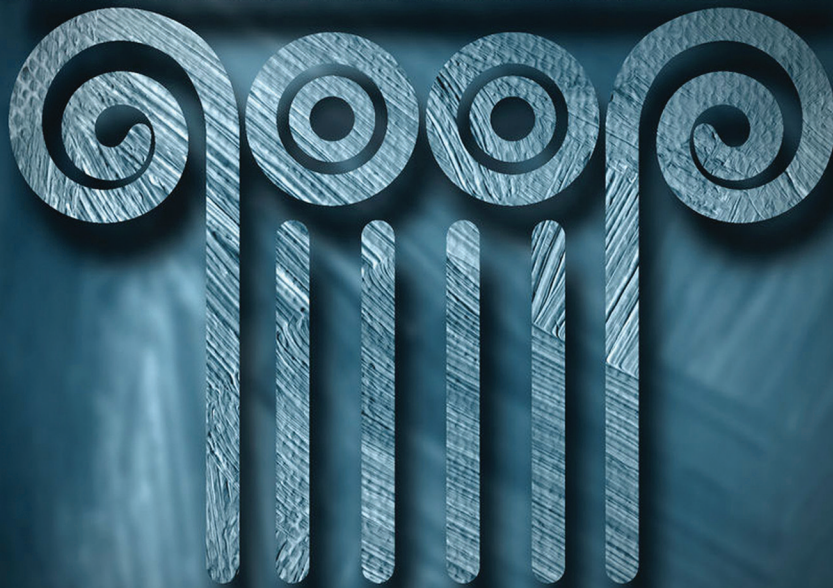
SUBJECT MATTER EXPERT

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Crowe LLP
55 Campau Avenue N.W., Suite 500
Grand Rapids, MI 49503-2609
(616) 242-6171
John.Eardley@crowe.com



CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



TENNESSEE

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

All domestic and foreign entities must obtain a Certificate of Authority from the Tennessee Secretary of State before transacting business within Tennessee. Among other actions, registration involves selecting a name.

FORMS

All registration forms can be found at: <http://sos.tn.gov/taxonomy/term/401>

Domestic

Corporation:

Form SS-4402, Application for Registration of Assumed Name.

Form SS-4428, Application for Reservation of Name.

Form SS-4417, For-Profit Charter – Domestic.

Limited Liability Company:

Form SS-4230, Application for Registration of Assumed Name.

Form SS-4228, Application for Reservation of Name.

Form SS-4270, Articles of Organization, Limited Liability Company.

Form SS-4232, Certificate of Formation.

Limited Partnership:

Form SS-4476, Application for Reservation of Limited Partnership Name.

Form SS-4470, Limited Partnership Certificate.

Limited Liability Partnership:

Form SS-4493, Application for Registration of Assumed Name.

Form SS-4487, Application for Reservation of Name.

Form SS-4482, Certificate.

General Partnership:

Form SS-4238, Request for Certificate of Existence/Authorization.

Nonprofit Corporations:

Form SS-4402, Application for Registration of Assumed Name.

Form SS-4428, Application for Reservation of Name.

Form SS-4418, Charter – Domestic (Nonprofit).

Foreign

Corporation:

Form SS-4431, Application for Certificate of Authority.

Form SS-4402, Application for Registration of Assumed Name.

Form SS-4429, Application for Registration of Foreign Corporate Name.

Form SS-4428, Application for Reservation of Name.

Limited Liability Company:

Form SS-4233, Application for Certificate of Authority.

Form SS-4230, Application for Registration of Assumed Name.

Form SS-4236, Application for Registration of Foreign LLC Name.

Limited Partnership:

Form SS-4473, Application for Registration of Foreign Limited Partnership.

Form SS-4476, Application for Reservation of Limited Partnership Name.

Limited Liability Partnership:

Form SS-4493, Application for Registration of Assumed Name.

Form SS-4487, Application for Reservation of Name.

Form SS-4486, Notice of Registration – Foreign.

General Partnership:

Form SS-4238, Request for Certificate of Existence/Authorization.

Nonprofit Corporations:

Form SS-4432, Application for Certificate of Authority (Nonprofit).

Form SS-4402, Application for Registration of Assumed Name.

Form SS-4429, Application for Registration of Foreign Corporate Name.

Form SS-4428, Application for Reservation of Name.

RATES, FEES, COSTS

Domestic

Corporation:

Form SS-4402, Application for Registration of Assumed Name \$ 20.00

Form SS-4428, Application for Reservation of Name \$ 20.00

Form SS-4417, For Profit Charter-Domestic \$100.00

Limited Liability Company:

Form SS-4230, Application for Registration of Assumed Name \$ 20.00

Form SS-4228, Application for Reservation of Name \$ 20.00

Form SS-4270, Articles of Organization, Limited Liability Company,
(per member) (minimum fee of \$300, maximum fee of \$3,000) \$ 50.00

Form SS-4232, Certificate of Formation \$ 20.00

Limited Partnership:

Form SS-4476, Application for Reservation of Limited Partnership Name \$ 20.00

Form SS-4470, Limited Partnership Certificate \$100.00

Limited Liability Partnership:

Form SS-4493, Application for Registration of Assumed Name \$ 20.00

Form SS-4487, Application for Reservation of Name \$ 20.00

Form SS-4482, Certificate (per member) (minimum fee of \$250.00, maximum fee of \$2,500)	\$ 50.00
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General Partnership:

Form SS-4238, Request for Certificate of Existence/Authorization	\$ 20.00
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Nonprofit Corporations:

Form SS-4402, Application for Registration of Assumed Name	\$ 20.00
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Form SS-4428, Application for Reservation of Name	\$ 20.00
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Form SS-4418, Charter – Domestic (Nonprofit)	\$100.00
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Foreign

Corporation:

Form SS-4431, Application for Certificate of Authority	\$600.00
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Form SS-4402, Application for Registration of Assumed Name	\$ 20.00
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Form SS-4429, Application for Registration of Foreign Corporate Name	\$ 20.00
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Form SS-4428, Application for Reservation of Name	\$ 20.00
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Limited Liability Company:

Form SS-4233, Application for Certificate of Authority (per member) (minimum fee of \$300.00, maximum fee of \$3,000)	\$ 50.00
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Form SS-4230, Application for Registration of Assumed Name	\$ 20.00
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Form SS-4236, Application for Registration of Foreign LLC Name	\$ 20.00
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Limited Partnership:

Form SS-4473, Application for Registration of Foreign Limited Partnership	\$600.00
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Form SS-4476, Application for Reservation of Limited Partnership Name	\$ 20.00
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Limited Liability Partnership:

Form SS-4493, Application for Registration of Assumed Name	\$ 20.00
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Form SS-4487, Application for Reservation of Name	\$ 20.00
---	----------

Form SS-4486, Notice of Registration-Foreign (per member) (minimum fee of \$250.00, maximum fee of \$2,500)	\$ 50.00
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General Partnership:

Form SS-4238, Request for Certificate of Existence/Authorization	\$ 20.00
--	----------

Non Profit Corporations:

Form SS-4432, Application for Certificate of Authority (Nonprofit)	\$600.00
--	----------

Form SS-4402, Application for Registration of Assumed Name	\$ 20.00
--	----------

Form SS-4429, Application for Registration of Foreign Corporate Name	\$ 20.00
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Form SS-4428, Application for Reservation of Name	\$ 20.00
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ELECTRONIC FILING

Certain registrations can be filed and paid for online (credit/debit card required,) although the selection of certain options requires that documents be printed and mailed to the Secretary of State.

Note that a convenience fee (\$4.25 for a corporation and \$8.25 for an LLC) will be charged if filing fees are paid online by credit or debit card.

ELECTRONIC PAYMENT

Fees may be paid by credit or debit card. Note that a convenience fee (\$4.25 for a Corporation and \$8.25 for an LLC) will be charged if filing fees are paid online by credit or debit card.

WEBSITE

<https://tnbear.tn.gov/ecommerce/default.aspx>

MAILING ADDRESS/PHONE NUMBER

Division of Business Services
312 Rosa L. Parks Avenue
Snodgrass Tower, 6th Floor
Nashville, TN 37243
(615) 741-2286

ADDITIONAL ASSISTANCE

For additional assistance, go to: <http://sos.tn.gov/contacts>

ANNUAL REPORTS

FORMS

Corporations, limited liability companies and domestic limited liability partnerships can prepare online, then print and mail the annual reports with payment. This option assists with the preparation of the report but does not require online payment and a convenience fee is not charged.

<https://tnbear.tn.gov/Ecommerce/AnnualReportID.aspx?NoPayment=Y>

RATES

A filing fee of \$20.00 must accompany the annual report.

Note that there is an additional \$20.00 fee if any changes are made to the registered agent and/or registered office.

DUE DATE

Annual reports can be submitted from the first day of the fiscal year ending month of record to the first day of the fourth month following the company's fiscal year closing.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

A business may file its annual report online:

<https://tnbear.tn.gov/Ecommerce/AnnualReportID.aspx>

ELECTRONIC PAYMENT

Corporations, limited liability companies and domestic limited liability partnerships can e-file their annual report on the Tennessee Secretary of State website. Note that filing online requires payment of a convenience fee: \$2.25 for a corporation and \$8.25 for an LLC or LLP.

WEBSITE

<https://tnbear.tn.gov/ecommerce/annualreportinstr.aspx>

MAILING ADDRESS/PHONE NUMBER

Tennessee Secretary of State, Attn: Annual Report
312 Eighth Ave. N, 6th Floor
William R. Snodgrass Tower
Nashville, TN 37243
(615) 741-2286

REGISTRATION WITH DEPARTMENT OF REVENUE

All businesses doing business in Tennessee must register with the Department of Revenue (Department). All tax types may be applied for using the paper form application, Form RV-F1300501. Certain taxes may be applied for online as noted in the electronic filing section below.

Businesses must register with the Department within 15 days after becoming subject to tax.

The Department notes that the company should allow 7-10 business days for processing.

Companies must complete one application for each business location in Tennessee. Except for business tax, the company will receive the appropriate certificate of registration, license, or permit for each location, which must be publicly displayed at the location for which it is issued. The business tax license must be obtained from the county clerk or city official based on where the business is located. The business license fee of \$15 must be remitted to the local county or city official.

FORMS

Form RV-F1300501, Tennessee Department of Revenue Application for Registration.

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available for the following taxes: business tax (gross receipts), franchise and excise tax, sales and use tax, television and telecommunications tax, automobile rental surcharge tax, tire fee and used motor oil. To register online, visit:
<https://tntap.tn.gov/eservices/>

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tntap.tn.gov/eservices/>

MAILING ADDRESS/PHONE NUMBER

Division of Business Services
312 Rosa L. Parks Avenue
Snodgrass Tower, 6th Floor
Nashville, TN 37243
(615) 741-2286

LICENSES—GC & SPECIALTY

REGISTRATION

Tennessee requires some types of professionals to obtain licenses. For a list of these licenses navigate to: <https://www.tn.gov/content/tn/business/licenses-permits.html>

The Board for Licensing Contractors regulates several state license professions as follows: contractors, home improvement contractors, limited licensed electricians, limited licensed plumbers and pre-licensed exam course providers.

A Contractor's license is required first prior to contracting for various types of projects when acting as a: prime (general) contractor, subcontractor, or construction management.

For more information see the FAQ section of the Tennessee Board for Licensing Contractors: <https://www.tn.gov/commerce/regboards/contractors.html>

FORMS

See above.

RATES

See above.

DUE DATE

See above.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

See above.

ELECTRONIC PAYMENT

See above.

WEBSITE

<https://www.tn.gov/commerce/regboards/contractors.html>

MAILING ADDRESS/PHONE NUMBER

Board for Licensing Contractors
500 James Robertson Parkway
Nashville, TN 37243-1150
(615) 741-8307

LOCAL LICENSES

REGISTRATION

The local government in your area, such as that of your city or county, may require specific permits and licenses. Each municipality may have its own unique regulations. Here are some of the most common licenses and permits you may need:

- Alarm Permit.
- Building Permit.
- Business License and/or Tax Permit.
- Health Permit.
- Occupational Permit.
- Signage Permit.
- Zoning Permit.

INCOME TAX

INCOME TAX—C CORPORATION

Tennessee imposes a joint franchise-income tax on all corporations doing business in Tennessee.

The starting basis for Tennessee taxable income is the federal taxable income (loss) before net operating loss and special deduction. A corporation must use the same accounting period for Tennessee tax purposes as it does for federal tax purposes. A copy of the federal return including all supporting schedules and attachments are required to be filed with the Tennessee Department of Revenue.

FORMS

Form FAE 170, Franchise – Excise Tax Return.

Form FAE 172, Quarterly Franchise – Excise Tax Declaration.

Form FAE 173, Application for Extension of Time to File Franchise – Excise Tax Return.

RATES

In the 2018 tax year Tennessee imposes a tax on corporate income (excise tax) at a rate of 6.5%. Additionally, Tennessee imposes a franchise tax at a rate of \$.25 per \$100 (.25%) on a taxpayer's net worth. There is no enacted rate change at this time.

The penalty for late payment or underpayment of corporation tax is 5% of the unpaid balance for every month that the payment is late, up to 25%.

DUE DATE

A Tennessee Franchise, Excise Tax Return must be filed and payment must be made on or before the 15th day of fourth month following the close of the taxpayer's taxable year.

DUE DATE EXTENSION

The extension request, Form FAE 173, is due the same day as the due date for the related tax return.

Note that if no payment is due with the extension, a copy of Form FAE 173 is not required to be filed, provided that the taxpayer attaches a copy of the federal extension request to the return when filed.

ELECTRONIC FILING

Required

ELECTRONIC PAYMENT

Required.

WEBSITE

<https://www.tn.gov/content/tn/revenue.html>

MAILING ADDRESS/PHONE NUMBER

Mail paper return to:

Not Applicable

Toll free: 1-(800) 342-1003

Out-of-state: (615) 253-0600

ESTIMATED TAX

Any taxpayer having a combined franchise and excise tax liability of \$5,000 or more for the tax year must make estimated tax payments.

FORMS

Form FAE 172, Quarterly Franchise – Excise Tax Declaration.

RATES

Safe harbor is 100% of the prior year's tax liability or 90% of the current year tax liability. If there was no liability for the prior year, the required payment is \$100.

DUE DATE

The estimates are due on the 15th of the 4th, 6th, and 9th months of the tax year and the first month of the succeeding year. 25% of the tax due should be paid by the date of the first estimate; 50% of the tax due should be paid by the date of the second estimate; 75% of the tax due should be paid by the date of the third estimate; and 100% of the tax due should be paid by the date of the fourth estimate.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required

ELECTRONIC PAYMENT

Required

WEBSITE

<https://apps.tn.ov/fnetax>

MAILING ADDRESS/PHONE NUMBER

Not applicable. Payments made electronically.
Toll free: 1-(800) 342-1003
Out-of-state: 615-253-0600

ALTERNATIVE MINIMUM TAX

The minimum franchise tax is \$100.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Tennessee conforms to the current IRC but has decoupled from the business interest deduction limitations of IRC 163(j) for tax years beginning after 2019.

ALLOCATION AND APPORTIONMENT FACTORS

Tennessee employs a three-factor formula with a triple-weighted sales factor.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Tennessee has not adopted UDITPA.

OTHER MULTISTATE COMPACT

Tennessee has not enacted the Multistate Tax Compact into its state law. The state is a member of the National Nexus Program.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

There is no special apportionment formula for construction contractors; consequently the general apportionment rules apply: Contractors should use a three-factor apportionment formula with a double-weighted receipts factor.

SPECIFIC EXCLUSION OF INCOME ITEMS

No specific exclusion of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

Tennessee allows various credits, including the following, to be taken against the franchise and excise tax:

- Jobs Tax Credit.
- Rural Opportunity Initiative Enhanced Job Credit.
- Industrial Machinery Tax Credit.
- Data Center Tax Credit.
- Integrated Supplier and Integrated Customer Tax Credit.
- Headquarters Tax Credit.

More detailed information on these credits is available at:

https://www.tn.gov/content/dam/tn/transparenttn/documents/Tax_Credit_Analysis_FINAL_12-30-2016.pdf

Additional tax credit information is available in the return instructions.

INCOME TAX—S CORPORATION

Tennessee imposes a joint franchise-income tax on all S corporations doing business in Tennessee.

Tennessee does not follow federal treatment of S corporation entities. Tennessee imposes entity-level taxes on S corporations doing business in the state. An S corporation doing business in Tennessee must file its excise tax return as though it was a C corporation.

REGISTRATION

Rules for S corporation registration are identical to C corporations.

FORMS

Forms for S corporations are identical to C corporations.

RATES

Rates are same as C corporation tax.

DUE DATE

Due date is the same as C corporation tax.

DUE DATE EXTENSION

Extension due date is the same as C corporation tax.

ELECTRONIC FILING

Required. See C corporation tax section.

ELECTRONIC PAYMENT

Required. See C corporation tax section.

WEBSITE

[https://tntap.tn.gov/eservices/ /](https://tntap.tn.gov/eservices/)

MAILING ADDRESS/PHONE NUMBER

See C corporation tax section.

COMPOSITE RETURNS FOR S

Since Tennessee imposes entity level taxes on pass-through entities, it does not require or have provisions for composite return filings.

ESTIMATED TAX FOR S

See C corporation tax section.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Since Tennessee imposes entity level taxes on pass-through entities, it does not require or have provisions for withholding.

RECOGNIZE FEDERAL S ELECTION

Tennessee taxes S corporations similar to C corporations.

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Tennessee imposes a joint franchise-income tax on all partnerships and LLCs doing business in Tennessee.

REGISTRATION

Rules for LLC and partnership registration are identical to C corporations.

FORMS

Forms for partnerships and LLCs are identical to C corporations.

RATES

Rates are the same as C corporation tax.

DUE DATE

Due date is the same as C corporation tax.

DUE DATE EXTENSION

Extension due date is the same as C corporation tax.

ELECTRONIC FILING

Required. See C corporation tax section.

ELECTRONIC PAYMENT

Required. See C corporation tax section.

WEBSITE

<https://www.tn.gov/content/tn/revenue.html>

MAILING ADDRESS/PHONE NUMBER

See C corporation tax section.

COMPOSITE RETURNS FOR PARTNERSHIPS, LLCs

Since Tennessee imposes entity level taxes on pass-through entities, it does not require or have provisions for composite return filing.

ESTIMATED TAX FOR PARTNERSHIPS, LLCs

See C corporation tax section.

WITHHOLDING ON NON-RESIDENT MEMBERS

Since Tennessee imposes entity level taxes on pass-through entities, it does not require or have provisions for withholding.

INCOME TAX—INDIVIDUAL

A person whose legal domicile was in Tennessee for at least part of the year and whose taxable interest and dividend income exceeds \$1,250 (\$2,500 if married filing jointly) during the tax year must file an individual income tax return.

Some exemptions exist based on taxpayer's age and total annual income.

FORMS

Form INC 250, Hall Individual Income Tax Return.

RATES

The Tennessee individual income tax rate is 3% in 2018 tax year, 2% in 2019 and 1% in 2020. The tax is eliminated January 1, 2021.

DUE DATE

The Tennessee individual income tax returns are due on or before April 15.

DUE DATE EXTENSION

See form instructions for extension instructions.

ELECTRONIC FILING

Required

ELECTRONIC PAYMENT

Required.

WEBSITE

<https://www.tn.gov/content/tn/revenue.html>

MAILING ADDRESS/PHONE NUMBER

Tennessee Department of Revenue
Andrew Jackson State Office Building
500 Deadrick Street
Nashville, TN 37242
(615) 253-0600

FED RETURN ATTACHED TO STATE RETURN

Not Required.

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Tennessee.

IRC CONFORMITY

Qualified business income is not subject to Tennessee's personal income tax and therefore, there is no deduction permitted for the 20% IRC §199A Pass-through deduction, which was enacted as part of the 2017 Tax Cuts and Jobs Act.

ALTERNATIVE MINIMUM TAX

Tennessee does not impose an alternative minimum tax on individuals.

NET WORTH OR STOCK TAX

Tennessee imposes a franchise tax on the greater of net worth or book value of property owned or used in Tennessee. The tax rate is \$0.25 per \$100 (.25%). This tax is assessed along with the excise tax. See section 4.

GROSS RECEIPTS TAX

As of January 1, 2016, as part of the Revenue Modernization Act, Tennessee adopted economic nexus. This system of nexus is based on sales and sales alone applied to the corporate income and franchise taxes described above as well as the Tennessee Business Tax. The economic nexus states that if any of the following applies to a taxpayer then the taxpayer has nexus and is subject to the business tax:

1. Taxpayer is commercially domiciled in the state.
2. Taxpayer owns or uses capital in the state.
3. Taxpayer has systematic and continuous business activity in the state (that produces gross receipts).
4. Taxpayer has a bright line presence (annual totals):
 - a. Receipts greater than \$500,000 (or 25% of total receipts),
 - b. Property greater than \$50,000 (or 25% of total property), or
 - c. Payroll greater than \$50,000 (or 25% of total payroll).

Tennessee Business Tax

Engaging in any vocation, occupation, business, or business activity listed in Tenn. Code Ann. §§ 67-4-708(1) – (5) is taxable privilege subject to a Tennessee Business Tax. Depending on the location a taxpayer may also be subject to a Municipal Business Tax.

Taxpayers without a physical presence in Tennessee are not subject to the Municipal Business Tax.

REGISTRATION

The tax is administered by the State Department of Revenue. The application can be submitted electronically: <https://tntap.tn.gov/eservices/>

RATES

The rates of tax vary by business classification and ranges from 0.001 to 0.003 for retailers and .00025 to .00037 for wholesalers. Classification 4 is for contractors (among other things), the general rate is 0.001.

DUE DATE

The Business Tax is reported and remitted on an annual return due April 15.

DUE DATE EXTENSION

N/A

ELECTRONIC FILING

Recommended

ELECTRONIC PAYMENT

Recommended

WEBSITE

[https://tntap.tn.gov/eservices/ /](https://tntap.tn.gov/eservices/)

MAILING ADDRESS/PHONE NUMBER

Mail paper return to:

Tennessee Department of Revenue
Andrew Jackson State Office Building
500 Deaderick Street
Nashville, TN 37242

Toll free: 1-(800) 342-1003

Out-of-state: (615) 253-0600

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, some cities, counties, and municipalities throughout Tennessee might have additional registration requirements that may affect your business. Contact the local government office and/or the county assessor's office in your jurisdiction for further guidance.

STATE SALES AND USE TAX

REGISTRATION

Businesses or individuals that manufactures, distributes, sells, rents, or leases tangible personal property or provides a taxable service in Tennessee are required to register for sales tax, even though the product sold may be tax exempt. However, businesses or individuals that sell, on the average, less than \$400 per month and pay tax to their suppliers do not need to register until their average monthly sales exceed \$400. Businesses that purchase untaxed merchandise from out-of-state suppliers for use and consumption within Tennessee must register and pay the use tax directly to the Tennessee Department of Revenue.

Sales and use tax registration may be completed either by mailing in a paper application or completing the application online at: <https://apps.tn.gov/bizreg/>

In order to register for Tennessee sales and use tax, the business must complete the Tennessee Department of Revenue Application for Registration, Form RV-F1300501.

Three general types of exemptions are provided in Tennessee sales or use tax law. These are: exempt entities, exempt items, and exempt transactions. Many exempt transactions and sales to exempt entities require that the purchaser claiming the exemption provide specific documentation to the dealer. The dealer is required to keep the exemption documentation on file to support the exempt sales for audit purposes.

FORMS

Form SLS 450, Tennessee Department of Revenue State and Local Sales and Use Tax Return.

RATES

Generally, the state sales and use tax rate is 7%.

DUE DATE

The 20th day of the month following the reporting period.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

An electronic filing option is available for Tennessee sales and use tax returns:

[https://tntap.tn.gov/EServices/ /](https://tntap.tn.gov/EServices/)

ELECTRONIC PAYMENT

Required if filing electronically.

WEBSITE

<https://www.tn.gov/content/tn/revenue/taxes/sales-and-use-tax.html>

MAILING ADDRESS/PHONE NUMBER

Tennessee Department of Revenue
Andrew Jackson State Office Building
Nashville, TN 37242
(615) 253-0600

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Generally, sales to the government of the United States are exempt from the sales and use tax. Sales to state or local governmental units and agencies are not subject to the sales or use tax. A contractor's labor is not subject to tax if performed in conjunction with government property.

Contractors purchasing materials and supplies pursuant to a contract with the United States government are exempt from Tennessee sales or use tax provided that title to the items purchased passes to the government immediately upon transfer from the vendor. Note, however, that purchases of services used to fulfill a government contract remain taxable if the contractor accepts and receives the services and the service is merely incidental to the primary purpose of the government contract.

There is no general exemption for sales by the federal or state governments. As a result, unless some other exemption applies, persons buying property or taxable services from governments must pay tax.

TAXABLE SERVICES

Unlike sales of property, sales of services are presumed not taxable, unless one of those listed below:

- The sale, rental or charges for any rooms, lodgings, or accommodations furnished to persons by any hotel, inn, tourist court, tourist camp, tourist cabin, motel, or any place in which rooms, lodgings, or accommodations are furnished to persons for a

consideration. The tax does not apply, however, to rooms, lodgings, or accommodations supplied to the same person for a period of ninety (90) continuous days or more; charges for or the value of the use of any time-share estate or perpetual interest in a trust, partnership, nonprofit corporation, or limited liability company that has as its substantial purpose the ownership and control of real property; or charges for or amounts paid as a standard fee for the service of facilitating the exchange of one (1) time-share interval for another or the service of making a reservation for a time-share interval via a reservation system.

- Charges for services rendered by persons operating or conducting a garage, parking lot, or other place of business for the purpose of parking or storing motor vehicles. The tax does not apply, however, to charges for such services made by the state and its political subdivisions when providing on-street parking space for which charges are collected, or when operating or conducting a garage or parking lot that is unattended and the charges are collected by parking meters.

- The furnishing, for consideration, of intrastate, interstate, or international telecommunication services.

- The performing, for consideration, of any repair services with respect to any kind of tangible personal property or computer software.

- The laundering or dry cleaning of any kind of tangible personal property, excluding coin-operated laundry, dry cleaning, or car wash facilities, where a charge is made for the laundering or dry cleaning; provided, that this shall not apply to the bathing of animals provided by a licensed veterinarian when rendered for a medical purpose in conjunction with the practice of veterinary medicine.

- The installing of tangible personal property that remains tangible personal property after installation and the installing of computer software, where a charge is made for the installation, whether or not the installation is made as an incident to the sale of tangible personal property or computer software, and whether or not any tangible personal property or computer software is transferred in conjunction with the installation service.

- The enriching of uranium materials, compounds, or products that is performed on a cost-plus basis or on a toll enrichment fee basis.

- The renting or providing of space to a dealer or vendor without a permanent location in this state or to persons who are registered for sales tax at other locations in this state but who are making sales at this location on a less than permanent basis. This does not apply to the renting or providing of space to a craft fair, antique mall, or book fair or gun show, if the book fair or gun show is sponsored by a not-for-profit corporation. This also does not apply to the renting or providing of space at a flea market or the renting or providing of space at conventions, trade shows, or expositions, if the conventions, trade shows, or expositions do not allow the general public to enter the exhibit area for the purpose of making sales or taking orders for sales.

- The furnishing, for consideration, of ancillary services.
- (July 1, 2015 and later). Charging a fee for subscription to, access to, or use of television services provided by any electronic means, except for video programming services or direct-to-home satellite television services.

LOCAL SALES AND USE TAX (City/County/Special)

In addition to the Tennessee statewide sales tax, the state allows a local sales tax option. The local jurisdictions impose sales tax rates between 1% and 2.75%.

EMPLOYMENT TAXES

WITHHOLDING

Tennessee does not require payroll tax withholding on employee wages.

UNEMPLOYMENT

REGISTRATION

All employers doing business in Tennessee are liable for unemployment insurance if the employer:

1. Has a total payroll of \$1,500 or more in any calendar quarter of the current or preceding calendar year;
2. Employs one or more persons during some part of a day in each of 20 weeks in the current or preceding calendar year. The weeks do not need to be consecutive, and both full-time and part-time workers are counted;
3. Is a “successor” to all or part of the business of an employer already liable;
4. Is liable under the Federal Unemployment Tax Act (FUTA) and has at least one employee in Tennessee, regardless of the number of weeks employed or amount of payroll;
5. Is an agricultural employer who pays \$20,000 or more in wages in any calendar quarter or employs 10 or more persons for some part of a day in each of 20 weeks in the current or preceding calendar year (the weeks do not need to be consecutive, and both full-time and part-time workers are counted);
6. Is a domestic employer who pays as much as \$1,000 in cash wages in any calendar quarter in the current or preceding calendar year;
7. Is a state or local government unit or political subdivision, or
8. Is a nonprofit employer who employs four or more persons for some part of a day in each of 20 weeks in the current or preceding calendar year and is exempt under Section 501(c)(3) of the Internal Revenue Code. The weeks do not need to be consecutive and both full-time and part-time workers are counted. Officers of a nonprofit corporation are counted even if such officers do not receive remuneration for their services from the nonprofit corporation.

FORMS

Form LB-0851, Security Wage Report.

Form LB-0456, Premium Report.

RATES

Wage base is currently \$7,000.

New construction employer's rate is 7.0%.

The state employs an unemployment insurance experience rating system. An employer's premium rate is based on its own unemployment insurance experience. The more unemployment benefits charged against an employer's account, in relation to the amount of unemployment premiums the employer has paid, the higher the employer's premium rate will be. Premium rates can be as low as .01% for employers who have paid considerably more premiums than they have been charged in benefits. Conversely, premium rates can be as high as 10.0% for employers who have significantly more benefit charges than they have paid in premiums.

DUE DATE

Reports and payments are due by the last day of the month following the end of each quarter.

DUE DATE EXTENSION

An extension of time to file Wage and Premium Reports and to pay premiums may be granted by the administrator, if good cause for the delay is shown. This extension shall not exceed 30 days.

To receive an extension of time, an employer must submit his request in writing before the due date for the quarter involved. Requests should include the employer's employer account number and the reason for needing an extension of time.

Send requests to:

Tennessee Department of Labor and Workforce Development,
Employer Accounts Operations
220 French Landing Drive
Nashville, TN 37243-1002.

ELECTRONIC FILING

Every employer with 250 or more employees and every employer agent who reports the wages of 250 or more employees are required by law to report their wage information by magnetic media. To meet this requirement, employers can file their reports on magnetic tape, diskette or CD, or on the internet. To file on the internet, navigate to: <https://tnpaws.tn.gov/Forms/Welcome.aspx>

Employers with fewer than 250 employees are also encouraged to report wage information electronically.

To begin reporting by magnetic tape, diskette or CD, call (615)741-3280 or write:
Tennessee Department of Labor and Workforce Development,
Employer Accounts Operations
220 French Landing Drive
Nashville, TN 37243-1002

ELECTRONIC PAYMENT

Payments may be made electronically by ACH credit.

WEBSITE

Unemployment Insurance tax information:
<https://www.tn.gov/workforce/unemployment.html>

MAILING ADDRESS/PHONE NUMBER

Tennessee Department of Labor and Workforce Development,
Employer Accounts Operations
220 French Landing Drive
Nashville, TN 37243-1002
Toll free: 1-(855) 286-7417
Local: (615) 532-5110

PROPERTY TAX

PERSONAL PROPERTY

The Tennessee property tax is a local tax that is authorized by the Tennessee constitution. All real and personal property is presumed subject to tax, unless exempted. Industrial and commercial property is assessed at 30% of its value. Public utility property is assessed at 55% of its value. All other tangible personal property is assessed at 5% of its value.

REGISTRATION

Not Applicable

FORMS

Personal property

RATES

The rates vary based on asset class and local jurisdiction.

DUE DATE

The assessment date is January 1. Personal property schedules are mailed to each business owner by February 1 of each year. Taxes are payable the first Monday of October each year.

DUE DATE EXTENSION

There is no filing extension provision for Tennessee tangible personal property tax returns.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://www.comptroller.tn.gov/office-functions/pa.html>

MAILING ADDRESS/PHONE NUMBER

Assessment Administration
Division of Property Assessments
Suite 1400, James K. Polk Building

505 Deadrick Street
Nashville, TN 37243-1402
(615) 401-7737

REAL PROPERTY

Real property tax in Tennessee is assessed by local jurisdictions.

INTANGIBLES

Tennessee has not provided a statutory procedure for taxing intangible personal property with the exception of the stock of insurance companies.

FUEL TAX

REGISTRATION

The Tennessee Department of Revenue sends taxpayers the registration form. Call the Tennessee Department of Revenue at (615) 532-5694 to request a new registration form.

FORMS

Form PET 351, Limited User Fuel Tax Return.
Form PET 350, Distributor Monthly Fuel Tax Return.
Form PET 377, Exporter Tax Return & Claim for Refund.
Form 355, Dealer's Liquefied Gas Tax Return.
Form PET 386, Dealer's Compressed Natural Gas Tax Return.
Form PET 368, Blender's Return.
Form PET 374, Annual Terminal Return.
Form PET 372, Petroleum Products Terminal Return.
Form PET 373, Petroleum Products Transporter Return.
Form PET 387, Transportation Fuel Equity Return.

RATES

Rates vary. See specific form instructions for the due date.

DUE DATE

Due dates vary. See specific form instructions for the due date.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Electronic filing option is available:

<https://revenue.webapps.tn.gov/motorfuels/>

ELECTRONIC PAYMENT

No

WEBSITE

Tennessee Motor Fuels Taxes:

<https://www.tn.gov/revenue/taxes/motor-fuel-taxes.html>

MAILING ADDRESS/PHONE NUMBER

Tennessee Department of Revenue
Andrew Jackson State Office Bldg.
500 Deadrick Street
Nashville, TN 37242

Motor Fuels Division: (615) 532-6124

Motor Fuels Refunds: (615) 532-6902

Motor Fuels Registration: (615) 532-5694

OTHER (Taxes, Fees, Registration, Etc.)

UNCLAIMED PROPERTY PROGRAM

Unclaimed property is intangible assets (cash, stocks, or bonds) that a company or other entity is holding that belongs to you that have become abandoned. It includes bank accounts, stocks and dividends, wages, refunds, insurance payments, gift certificates, credit balances, and overpayments, just to name a few.

In Tennessee, most property types are presumed abandoned or unclaimed if there has been no account activity for five years. However, wages and utility deposits are presumed abandoned or unclaimed after one year.

Businesses must report all unclaimed property, no matter how small.

Unclaimed property is required to be remitted to the state only after two things have occurred: 1) there has been no activity on the account for the applicable dormancy period and 2) the holder has attempted to contact the owner at the last known address.

Unclaimed property is required to be reported to the state by May 1.

Tennessee requires all unclaimed property reports to be submitted electronically. The state utilizes the UPEXpress system for electronic reporting:
<https://upexpress.eagletem.com/default.aspx?st=TN>

MINIMUM WAGE

Tennessee does not currently impose a minimum wage above the federal minimum wage of \$7.25.

REGISTERED AGENTS

A foreign or out-of-state business doing business in Tennessee must maintain a registered agent in Tennessee. A registered agent may be an individual who resides in Tennessee, a domestic corporation, a not-for profit domestic corporation, an LLC, or a foreign corporation, not-for-profit foreign corporation, or foreign LLC authorized to transact business in Tennessee.

OTHER

CFMA Chapters in Tennessee:

Knoxville, TN:

<http://cafe.cfma.org/KnoxvilleTN/home/>

Middle Tennessee, Nashville, TN: <http://cafe.cfma.org/MiddleTennesseeTN/Home/>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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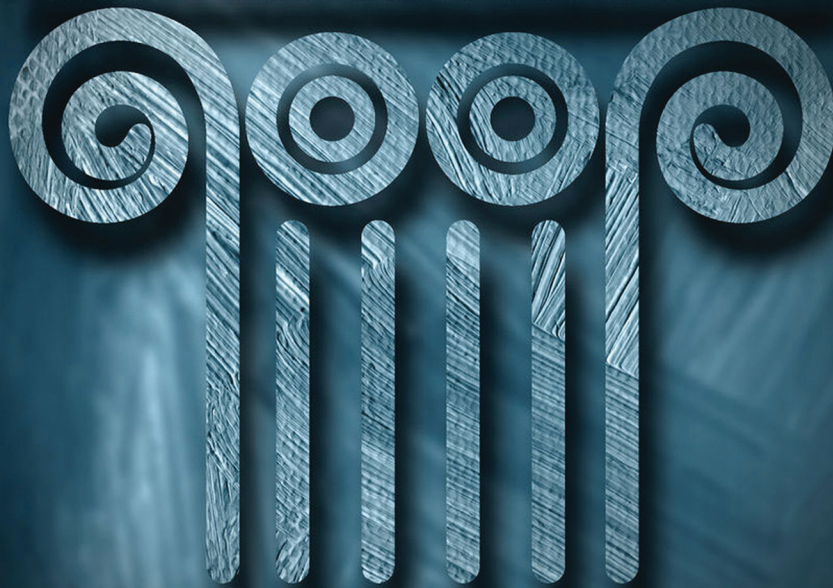
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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



TEXAS

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration is with the Texas Secretary of State (SOS).

Initial registration includes filing the required forms, paying the fee, and appoints a registered agent.

FORMS

Name Reservation Request Form should be mailed to select the corporate name, or it may be done online. The company's name must be distinguishable from the names of other business entities already on file with the Texas Secretary of State. Names may be checked for availability at the Texas Secretary of State (SOSDirect) website:

<http://www.sos.state.tx.us/corp/sosda/>

Domestic corporations are formed by filing a Certificate of Formation For-Profit Corporation (Form 201) with the Texas Secretary of State. The certificate must include the following: corporate name and address, name and address of the agent for service of process, nature of the business, number of shares the corporation is authorized to issue, name and address of the organizer, name and address of board of directors, and effective date of certificate.

Within 90 days of incorporating, initial annual registration is required that lists principal officers and name reservations. Name reservations are valid for 120 days.

Nonprofit corporations submit Certificate of Formation with Form 202.

Professional corporations submit the Certificate of Formation – Professional Corporation, Form 203.

Professional associations submit Form 204 for the Certificate of Formation.

Limited liability companies submit Form 205, Certificate of Formation.

Professional limited liability companies submit Form 206 for the Certificate of Formation.

Limited partnerships submit Form 207 for the Certificate of Formation.

Changes in address or officers require separate registration filing and an additional fee.

Foreign corporations file an Application for Certificate of Authority, Form 301. Similarly, nonprofit corporations file Form 302, professional corporations file Form 303, professional associations file Form 304, LLCs file Form 305, limited partnerships file Form 307, and professional limited liability companies file Form 306.

RATES, FEES, COSTS

Filing fee for Certificate of Formation for a Texas entity with Forms 201, 203, 205, and 206 is \$300.

Certificate of Formation for a Texas professional association or limited partnership with Forms 204 and 207 is \$750.

Certificate of Formation for a Texas nonprofit corporation (Form 202) or cooperative association is \$25.

Registration or renewal as a Texas LLP (Forms 701 and 703) is \$200 per partner.

Foreign entity application for registration (except nonprofit corporation, limited liability partnership, cooperative association, or credit union). (Forms 301, 303, 304, 305, 306, 309, 311, 312, and 313) is \$750.

Foreign nonprofit corporation, cooperative association, or credit union application for registration (Forms 302 and 309) is \$25.

Foreign limited liability partnership application for registration or renewal (Forms 307 and 308) is \$200 per partner in Texas, but not less than \$200 or more than \$750.

In addition, a foreign entity that has transacted business in Texas for more than 90 days without registering is subject to a late filing fee. The late filing fee is equal to the registration fee for each full or partial calendar year that the foreign entity transacted business in Texas without being registered.

Application for Registration cost \$50 per classification of good or service.

Renewal of Registration is \$25 per classification of good or service.

ELECTRONIC FILING

Online registration can be done here:

<http://www.sos.state.tx.us/corp/sosda/index.shtml>

WEBSITE

<http://www.sos.state.tx.us/corp/index.shtml>

MAILING ADDRESS/PHONE NUMBER

Corporations Section
Secretary of State
P.O. Box 13697
Austin, TX 78711
(512) 475-2755

ADDITIONAL ASSISTANCE

The Texas SOS website has FAQ as well as forms, instructions, etc.

ANNUAL RENEWALS

Renewals are required annually.

Renewal applications submitted after expiration will not be accepted for filing and the entity will be required to submit a new application for registration. Renewals should not be submitted earlier than 90 days prior to expiration.

FORMS

Paper forms are available from the SOS. Online filing is generally the preferable procedure.

RATES

Reservation and renewal fees can be found here:
<https://direct.sos.state.tx.us/help/help-corp.asp?pg=fee-revised>

ELECTRONIC FILING

Annual renewals can be done online at: www.sos.state.tx.us/corp/

ELECTRONIC PAYMENT

Payment can be made online with credit cards at: www.sos.state.tx.us/corp/

MAILING ADDRESS/PHONE NUMBER

Same address and phone as the Initial Registration.

REGISTRATION WITH THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

If you are conducting business in Texas, it is likely you will have to register your business with the State Comptroller. Depending on the type of business you conduct, you may also be required to obtain a permit, collect and/or pay tax, and file tax returns. For further information in this regard, please contact the Comptroller's Office by phone or online at: <https://www.window.state.tx.us/taxhelp/>

FORMS

Form AP-114, Texas Nexus Questionnaire (for these non-Texas entities: corporations, limited liability companies, partnerships, associations, joint ventures, holding companies, joint stock companies, and railroad companies).

Form AP-224, Texas Business Questionnaire (for partnerships, associations, trusts, joint ventures, joint stock companies, and railroad companies).

ELECTRONIC FILING

Electronic reporting and WebFile technical support: (800) 531-5441 ext. 3-3630.

MAILING ADDRESS/PHONE NUMBER

Texas Comptroller of Public Accounts
P.O. Box 13528, Capitol Station
Austin, TX 78711-3528
Sales and Use Tax: (800) 252-5555
Franchise Tax: (800) 252-1381

LICENSES—GC & SPECIALTY

ELECTRICAL CONTRACTORS

Anyone who performs electrical work in the State of Texas must be licensed with the Texas Department of Licensing and Regulation (TDLR).

REGISTRATION

You must submit an application, any required supporting documentation, and pay the required fees for each type of license you need.

For further details on licensing requirements for various types of electricians, go to: <http://www.tdlr.texas.gov/electricians/elecfaq.htm#licensing>

TESTS AND EXAMS

To qualify to sit for the Texas electrician exam, file an application with TDLR. Your application will be evaluated and if you meet all the qualifications, you will be eligible to sit for the examination. You will then be mailed a post card informing you how to schedule an examination.

For a full understanding of the examination process refer to: https://candidate.psiexams.com/bulletin/display_bulletin.jsp?ro=yes&actionname=83&bulletinid=350&bulletinurl=.pdf

FORMS

Form ELC007, Master Electrician Application.

Form ELC005, Journeyman Electrician License Application.

For additional license application forms for various types of electricians, visit: https://candidate.psiexams.com/bulletin/display_bulletin.jsp?ro=yes&actionname=83&bulletinid=350&bulletinurl=.pdf

RATES

The original license application fee for a master electrician is \$45.

The license renewal fee for a master electrician is \$45.

For further details on license and renewal fees for various types of electricians, go to: <http://www.tdlr.texas.gov/electricians/elecfaq.htm#licensing>

ELECTRONIC FILING

To apply for a new license or renewal, visit: https://www.tdlr.texas.gov/App_Online/default.asp?LicenseType=ELE

ELECTRONIC PAYMENT

To apply pay for a new license or renewal, visit:
https://www.tdlr.texas.gov/App_Online/default.asp?LicenseType=ELE

WEBSITE

<http://www.tdlr.texas.gov/index.htm>

MAILING ADDRESS/PHONE NUMBER

Texas Department of Licensing and Regulation
P.O. Box 12157
Austin, TX 78711
(512) 463-6599

RECIPROCITY STATES

Texas has reciprocity agreements with the states listed below:

Master Electrician – Louisiana (state contractor's license) and North Carolina (master electrician or unlimited electrical contractor).

Journeyman Electrician – Arkansas, Idaho, Montana, Nebraska, New Mexico, Oklahoma, South Dakota, and Wyoming.

For more information on reciprocity, go to:
<http://www.tdlr.texas.gov/electricians/electfaq.htm#reciprocity>

AIR CONDITIONING AND REFRIGERATION CONTRACTORS

REGISTRATION

Submit a completed application and the \$115 application fee to TDLR. You must qualify for the license and pass the required exam(s).

A completed application with the experience and employment documentation attached, and the license fee of \$115. The license requirements are to provide 48 months of practical experience in air conditioning and refrigeration related work under the supervision of a licensed air conditioning and refrigeration contractor in the preceding 72 months.

TESTS AND EXAMS

To be eligible to take the exam, the applicant must complete and submit:

- A license application.
- The Employment Verification Form detailing the 48 months of practical experience within the preceding 72 months as verified by a licensed air conditioning and refrigeration contractor.
- The license application fee of \$115.

Additional exam content and scheduling information is available here:

<http://www.tdlr.texas.gov/acr/acrexam.htm>

FORMS

Form ACR001, Air Conditioning and Refrigeration Technician Application.

Form ACR002, Air Conditioning and Refrigeration Contractor License Application.

Additional forms for applying for an Air Conditioning and Refrigeration Contractor's License can be found at: <http://www.tdlr.texas.gov/acr/acrforms.htm>

RATES

The license application fee of \$115.

ELECTRONIC FILING

To apply for a new license or renewal, visit:

https://www.tdlr.texas.gov/App_Online/default.asp?LicenseType=ACR

ELECTRONIC PAYMENT

To apply/pay for a new license or renewal, visit:

https://www.tdlr.texas.gov/App_Online/default.asp?LicenseType=ACR

WEBSITE

<http://www.tdlr.texas.gov/index.htm>

MAILING ADDRESS/PHONE NUMBER

Texas Department of Licensing and Regulation
P.O. Box 12157
Austin, TX 78711
(512) 463-6599

RECIPROCITY STATES

Texas reciprocates with South Carolina and Georgia. If you have a Texas license and wish to reciprocate with either state, contact the TDLR and request a Letter of Good Standing.

For more information on reciprocity, go to:
<http://www.tdlr.texas.gov/acr/acrfaq.htm#ACRContractor12>

LOCAL LICENSES

REGISTRATION

Texas has 254 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. A local business license is typically required based on the job's location.

FORMS

Each county or city will have their specific forms for the local license. There are no local or municipal income taxes in Texas.

RATES

Some local municipalities in Texas impose an occupational tax on wages paid within their jurisdiction. Contact the local municipality to determine if an occupational tax is imposed and the reporting and payment requirements.

INCOME TAX

Texas does not impose an income tax. Rather, it has the Texas franchise tax, which is based on gross receipts. See Gross Receipts section below for further information.

NET WORTH OR STOCK TAX

Texas does not impose a net worth or stock tax. Rather, it has the Texas franchise tax, which is based on gross receipts. See Gross Receipts section below for further information.

GROSS RECEIPTS (MARGIN) TAX

REGISTRATION

The gross receipts or margin tax labeled the “Texas franchise tax,” applies to partnerships (general, limited, and limited liability), corporations, LLCs, business trusts, professional associations, business associations, joint ventures, incorporated political committees, and other legal entities. Initial registration includes filing the forms and paying a fee to the Texas SOS: www.sos.state.tx.us/corp/

TAXABLE ENTITIES

The franchise tax is imposed on the following entities that are either organized in Texas or doing business in Texas:

- Corporations; limited liability companies (LLCs), including series LLCs; banks; state limited banking associations; savings and loan associations; S corporations; professional corporations; partnerships (general, limited and limited liability); trusts; professional associations; business associations; joint ventures; and other legal entities.

See Texas Administrative Code Rule 3.581 for information on nontaxable entities.

TAXABLE BASE

Franchise tax liability calculates tax based on the taxable entity’s margin, except for entities that file the EZ Computation. Margin equals the least of four calculations based on eligibility:

Total revenue subtract cost of goods sold;

Total revenue subtract compensation;

70% of total revenue; or

(For reports originally due on or after January 1, 2014) total revenue subtract \$1 million.

FORMS

Franchise tax allows combined reporting; taxable entities that are part of an affiliated group engaged in a unitary business must file a combined group report, Form 05-166, Affiliate Schedule. Members of a combined group must use the same method to compute margin.

An affiliated group is a group of entities (with or without Nexus in Texas) in which a controlling interest (more than 50%) is owned by a common owner, either corporate or non-corporate, or by one or more of the member entities.

Corporations, LLCs, and financial institutions file Form 5-102 for the Public Information Report.

Entities other than corporations, LLCs, and financial institutions file Form-167 for the Public Information Report.

A no-tax-due entity files Form 05-163.

A taxable entity has no tax due for franchise tax if it meets one of the criteria below:

- Has zero Texas receipts;
- Qualifies as a passive entity under TTC 171.0003;
- Is a real estate investment trust (REIT) that meets the qualifications specified in TTC 171.0002(c)(4); or
- Have total revenue, annualized per 12-month period on which the tax is based, below the no-tax-due threshold amount, which is \$1,080,000 for the 2014 and 2015 report years.

Tiered partnerships file Form 05-175 for Tiered Partnership Report.

If the common owner is the entity or individual that owns more than 50% (directly or indirectly) of each affiliate of the combined group, file Form 05-177, Tax Common Owner Information Report.

The taxable entities file Form 05-164 for extension request.

Affiliated entities file Form 05-165, Extension Affiliate List, for extension request.

RATES

- 0.75% for most entities.
- 0.375% for qualifying wholesalers and retailers.
- 0.331% for entities with \$20 million or less in annualized total revenue using the E-Z computation.
- Taxable entities with revenues of \$1,130,000 or less owe no tax.
- Taxable entities with tax due of less than \$1,000 owe no tax.

A \$50 penalty will be applied to tax base when a franchise tax report is filed late.

Tax Code, §171.362, imposes a 5.0% penalty on unpaid franchise tax liability. If any part of the tax is not reported or paid within 30 days after the due date, an additional 5.0% penalty is imposed on the amount of tax that remains unpaid. There is a minimum penalty of \$1.00. Delinquent taxes accrue interest beginning 60 days after the due date. For example, if payment is made on the 61st day after the due date, one day's interest is due. The annual rate of interest on delinquent taxes is the prime rate plus 1%, as published in *The Wall Street Journal* on the first day of each calendar year that is not a

Saturday, Sunday, or legal holiday. The prime rate in 2014 is 3.25%. The interest rate for 2014 Texas Franchise Tax Reports is 4.25% of the unpaid franchise tax liability.

DUE DATE

Franchise tax reports are due on May 15 each year.

If May 15 falls on a Saturday, Sunday, or legal holiday, the next business day becomes the due date.

DUE DATE EXTENSION

The extension request is due the same day as the due date of the franchise tax report, May 15. If granted, the extension for a non-EFT payor will be to November 15.

The extension payment must be at least 90% of the tax that will be due with the report or 100% of the tax reported as due on the prior franchise tax report. The extension request must be made on Form 05-164 and must be postmarked on or before May 15. If a timely filed extension request does not meet the payment requirements, the due date reverts back to May 15 and penalty and interest will apply to any part of the 90% not paid by May 15 and to any part of the 10% not paid by November 15.

Companies that paid more than \$10,000 in franchise tax for the previous state fiscal year are required to make payment electronically to the Texas Comptroller. Companies that are required to pay electronically must pay electronically by August 15. A second extension may be made for filing the return only. In order to make a second extension, the taxpayer must either make payment through the electronic system or mail a paper extension to the Texas Comptroller. When payment is made through the electronic system, a second extension is automatically made by the taxpayer. If payment is not made or payment was made in full earlier than August 15, a second paper extension should be mailed separately to the Texas Comptroller.

IRC CONFORMITY

Texas adopts the IRC as in effect for federal tax year beginning on 01/01/2007. Texas does not follow the federal business interest deduction limitation under IRC §163(j) as enacted by the Tax Cuts and Jobs Act. The computation of cost of goods sold of a taxable entities margin does not include interest, including interest on debt incurred or continued during the production period to finance the production of goods.

ELECTRONIC FILING

If in the preceding fiscal year, you paid:

Less than \$10,000 – Either paper or electronic filing is made. Electronic filing is not required, although this option is encouraged. The electronic filing website may be found at: www.window.state.tx.us/webfile/

\$10,000 or more – Electronic Filing may be made through one of the following:

- Electronic filing with Franchise Tax WebFile at: www.window.state.tx.us/webfile/
- Approved electronic submission software providers.
- Paper filing.

The state fiscal year begins September 1 and ends on August 31.

ELECTRONIC PAYMENT

Payment is less than \$10,000 – Taxpayer may choose any available payment methods.

Mandated for payment of franchise taxes if amount paid in preceding fiscal year in single tax payment category was \$10,000 or more or if Comptroller reasonably anticipates that taxpayer will pay at least same amount in current fiscal year.

WEBSITE

www.window.state.tx.us/taxinfo/franchise/index.html

MAILING ADDRESS AND PHONE NUMBER

Texas Comptroller of Public Accounts
P.O. Box 149348
Austin, TX 78714-9348
Toll free: 1-(800) 252-1381

ESTIMATED TAX

Texas law does not require the filing of estimated tax reports or payments.

LOCAL BUSINESS LICENSE TAX

REGISTRATION

Texas has 254 counties, which along with the numerous municipalities, may provide an initial challenge for local licensing. A local business license is typically required based on the job's location.

FORMS

Each county or city will have their specific forms for the local license. There are no local or municipal income taxes in Texas.

RATES

Some local municipalities in Texas impose an occupational tax on wages paid within their jurisdiction. Contact the local municipality to determine if an occupational tax is imposed and the reporting and payment requirements.

STATE SALES AND USE TAX

REGISTRATION

Entities engaged in business in Texas that: 1) sell or lease tangible personal property; or 2) sell taxable services in Texas are required to obtain a sales tax permit. Registration for sales and use taxes is required in Texas with the Texas Comptroller's office.

The contractors usually pay sales tax at the time of purchasing materials. The general or sub-contractor is generally deemed to be the consumer of materials and are therefore the party who is responsible for payment of the tax.

TYPES OF CONTRACTS

When materials and fixtures are installed under "separated contracts," the contractor must collect and report tax on the greater of the cost of the installed property or the amount stated in the contract.

Under lump-sum contracts, when contractors repair, restore, or remodel residential real estate, or when they construct new realty of any kind, they are consumers of the materials and fixtures they install. For repair, restore, or remodel of residential real estate or for construction of new realty, contractors should not charge nor collect sales tax. When contractors repair, restore, or remodel nonresidential real estate, the entire charge for the job is taxable, regardless of the form of the contract. For repair, restore, or remodel of nonresidential real estate, contractors must charge and collect sales tax.

All Texans are responsible for paying use tax when they buy taxable goods and services for use in Texas and the seller does not charge Texas sales tax, or does not charge the correct amount of Texas sales tax.

Making purchases by telephone, e-mail, or fax from mail order catalogues and websites are typical situations of when Texas use is due.

Items bought in another country are also subject to Texas use tax.

A contractor may be liable for use tax when the materials are purchased in a different jurisdiction or another state at a lesser rate than the rate at the point of use.

FORMS

Form AP-201, Texas Application for Sales and Use Tax Permit.

Form AP-215, Texas Online Tax Registration Signature.

Form 01-114, Texas Sales & Use Tax Return.

Form 01-115, Texas Sales & Use Tax Return Outlet Supplement.
Form 01-116, Texas Sales & Use Tax Return List Supplement.
Form 01-148, Texas Sales & Use Tax Return Credits and Customs

Broker Schedule.

Form 01-118, Texas Sales & Use Tax Prepayment Report.
Form 01-142, Texas Off-Road, Heavy Duty Diesel Equipment Surcharge Return.
Form 01-143, Texas Fireworks Tax Return.
Form 01-156, Texas Use Tax Return, (use for report and pay tax on items brought or delivered from outside the state into Texas).
Form 01-339, Texas Sales and Use Tax Resale Certificate/Exemption Certification.

RATES

State – 6 1/4% (.0625).
City – 1/4% - 2% (.0025 - .02), depending on local rate.
County – 1/2% - 1.5% (.005 - .015), depending on local rate.
Transit Authority – 1/4 % - 1% (.0025 - .01), depending on local rate.
Special Purpose District – 1/8% - 2% (.00125 - .02), depending on local rate.

If you file a report with a postmark after the due date, a \$50 late filing fee will be assessed. The penalty will be assessed regardless of whether you subsequently file the report or whether any taxes or fees were due for the period covered by the late-filed report. The \$50 penalty is due in addition to any other penalties assessed for the reporting period.

If the tax liability is paid 1-30 days late, there is a 5% penalty applied to the amount of sales tax paid after due date. If the tax liability is paid 31-60 days late, there is a 10% penalty applied to the amount of sales tax due. If the payment is more than 60 days late, the penalty is 10% of the amount of sales tax due plus interest.

DUE DATE

When you obtain your Texas sales and use tax permit, you will be instructed to file your tax return on a monthly, quarterly, or yearly basis (the determination is based on the volume of sales expected for your business). This filing requirement will be adjusted based on the amount of taxes that you actually collect.

Most businesses will file monthly returns, but depending on how much tax your business collects, you might qualify to file quarterly or yearly returns.

Taxpayers who file quarterly have reports due on:

April 20 to report January-March.
July 20 to report April-June.
October 20 to report July-September.
January 20 to report October-December.

Taxpayers who file monthly have a report due on the 20th of the month following the reporting month.

For example, the April sales tax report is due May 20.

The comptroller can authorize taxpayers with an established filing history of paying less than \$1,000 per year in state sales tax to file yearly reports. The comptroller will notify taxpayers who qualify.

Taxpayers who file yearly have a report due on January 20 to report sales for the previous year.

Taxpayers required to pay electronically via TEXNET: texnet.cpa.state.tx.us/ must initiate their payment by 6 p.m. CST on the last banking business day prior to the due date in order for the payment to be considered timely.

If a due date falls on a Saturday, Sunday, or legal holiday, the next working day becomes the due date.

INTEREST RATE

Past-due taxes are charged interest beginning 61 days after the due date.

To calculate interest on past-due taxes, visit interest on credits and refunds and on tax due.

ELECTRONIC FILING

If in the preceding fiscal year, you paid:

Less than \$50,000 – Taxpayer may use any available reporting available for this tax or fee. While electronic filing is not required, this option is encouraged.

\$50,000 or more – Taxpayer may use Sales Tax WebFile, Electronic Data Interchange (EDI), or Telefile. If you have a sales tax permit and have no taxable sales to report for the filing period. More restrictions may apply.

Options for filing electronically:

WebFile: http://www.window.state.tx.us/taxinfo/sales/webfile_sales.html

EDI: <http://www.window.state.tx.us/taxinfo/etf/etf.html>

TeleFile: <http://www.window.state.tx.us/taxinfo/sales/telefile.html>

ELECTRONIC PAYMENT

If in the preceding fiscal year, you paid:

Less than \$50,000 – Taxpayer may use any payment methods available for this tax or fee.

From \$50,000 to \$99,999 – Taxpayer is required to use Web Electronic Funds Transfer (EFT) via WebFile, credit card via WebFile (American Express, Discover, and MasterCard), EDI, or TEXNET.

\$50,000 or more – Taxpayer must use EDI or TEXNET for the payment.

WEBSITE

<http://www.window.state.tx.us/taxinfo/sales/>

MAILING ADDRESS/PHONE NUMBER

Comptroller of Public Accounts
P.O. Box 149355
Austin, TX 78714-9355
1-(800) 252-5555 or (512) 463-4600

GRANDFATHERING OF RATE CHANGES

Since rates change frequently for counties and local jurisdictions, a prior rate is grandfathered for valid contracts at the time of a change.

GOVERNMENT PROVIDED MATERIALS

A governmental entity furnishing materials for the contractor shall either provide written notice of the amount of the tax owed on the materials or the governmental entity shall be responsible for the tax.

Tax exempt entities, such as churches, etc. are not tax exempt from sales tax on construction contracts.

LOCAL SALES AND USE TAX (City/County/Special)

LOCAL SALES AND USE TAX

Texas has 254 counties and many local jurisdictions which have sales tax and local option taxes. The Texas state sales and use tax rate is 6.25%, but local taxing jurisdictions (cities, counties, special purpose districts, and transit authorities) may also impose sales and use tax up to 2% for a total maximum combined rate of 8.25%. Refer to the Sales Tax Section for more details.

A contractor's responsibility for local sales and use taxes depends on the type of contract entered into with the customer.

When a contractor constructs a new improvement to realty pursuant to a separated contract or improves residential real property pursuant to a separated contract, the sale is consummated at the job site at which the contractor incorporates taxable items into the customer's real property.

A contractor who has entered into a separated contract with the customer must collect local taxes on the charge for materials based on the location of the job site. A contractor who has entered into a lump-sum contract with the customer is the consumer of all materials used to perform a lump-sum contract. The lump-sum contractor should pay tax to suppliers on all materials at the time of purchase, unless the contractor maintains a valid tax-free inventory or holds a direct pay permit. When the local sales taxes collected by the supplier are less than the 2% local tax cap, additional local use taxes are due based on the location where the goods are first stored or used.

Local use tax is not due if the supplier collected a local sales tax for the same type of taxing jurisdiction. When a lump-sum contractor has items shipped to the jobsite from outside of Texas, the contractor is responsible for accruing local taxes based on the location of the jobsite. The lump-sum contractor must accrue local use tax based on the purchase price of the taxable item. The local use tax is due in the reporting period in which the item was first stored, used, or otherwise consumed in a local taxing entity.

MULTIPLE LOCAL TAXING JURISDICTIONS

For residential repair and remodeling or new construction of an improvement to realty, when a contractor is improving real property under a separated contract, and the job site is crossed by the boundaries of one or more local taxing jurisdictions, the local taxes due on any separately stated charges for taxable items incorporated into the real property must be allocated to the local taxing jurisdictions based on the total square footage of the real property improvement located within each jurisdiction, including the square footage of any standalone structures that are part of the construction, repair, or remodeling project.

When taxable services are performed to repair, remodel, or restore nonresidential real property, including a pipeline, transmission line, or parking lot, that is crossed by the boundaries of one or more local taxing jurisdictions, the local taxes due on the taxable services, including materials and any other charges connected to the services performed, must be allocated among the local taxing jurisdictions based upon the total mileage or square footage, as appropriate, of the repair, remodeling, or restoration project located in each jurisdiction.

RATE DETAILS AND OTHER INFORMATION

City – 1/4% (.0025) - 2% (.02), depending on local rate. Texas cities have the option of imposing an additional local sales tax for a combined total of state and local taxes of 8 1/4 % (.0825).

County – 1/2% (.005) - 1.5% (.015), depending on local rate. Texas counties have the option of imposing an additional local sales tax for a combined total of state and local taxes of 8 1/4% (.0825).

Transit – 1/4 % (.0025) - 1% (.01), depending on local rate. Texas transit authorities have the option of imposing an additional local sales tax for a combined total of state and local taxes of 8 1/4% (.0825).

Special Purpose Districts – 1/8% (.00125) - 2% (.02), depending on local rate. Texas special purpose districts have the option of imposing an additional local sales tax for a combined total of state and local taxes of 8 1/4% (.0825).

EMPLOYMENT TAXES

Texas does not have state income tax. However, employers are required to pay unemployment tax.

The Texas Unemployment Compensation Act (TUCA) establishes the provisions of the Unemployment Insurance (UI) system in Texas, which defines employment and establishes which types of employers participate in the unemployment tax system. These employers are referred to as “liable employers.” Liable Texas employers include sole proprietorships, partnerships, Limited Liability Companies (LLC), Professional Limited Liability Companies (PLLC), Limited Partnerships (LP), Limited Liability Partnerships (LLP), Professional Corporations (PC), Professional Associations (PA), corporations and foundations, associations, trusts, estates, banking institutions, political subdivisions, and government agencies.

REGULAR EMPLOYMENT

Under any of the following circumstances, employers become liable to pay unemployment taxes if they:

- Have Texas employees and are subject to the Federal Unemployment Tax Act (FUTA) in Texas or another state.
- Pay at least \$1,500 in total gross wages to employees in any calendar quarter.
- Pay at least one employee for a minimum of one hour a day during 20 different weeks in a calendar year.
- Have been designated as a 501(c)(3) organization by the IRS and have at least four full- or part-time employees for 20 different weeks in a calendar year.
- Acquire or take over, through any means, the total or partial assets of a business, trade, organization, or workforce that is liable for the UI tax.

REGISTRATION

Register with the Texas Workforce Commission (TWC) within 10 days of paying an employee wages and becoming liable for unemployment tax under TUCA. Employers can register online for a new unemployment tax account at Unemployment Tax Registration.

FORMS

After registering online, you will receive a TWC tax account number and confirmation of your registration. Employers who do not want to register online can mail in completed Employer’s Registration Forms – Status Report Form C1 & C-1FR.

RATES

TWC calculates experience-rated employers' tax rates as of October 1 to be effective for the following calendar year, and mails notices of the rates to employers in December.

TAX RATE FORMULA

The effective tax rate for experience-rated employers is the sum of five components. The amount of tax you pay is the sum of five tax components multiplied by your taxable wages. You pay unemployment tax on the first \$9,000 that each employee earns during the calendar year. Your taxable wages are the sum of the wages you pay up to \$9,000 per employee per year.

General Tax Rate (GTR) + Replenishment Tax Rate (RTR) + Obligation Assessment Rate (OA) + Deficit Tax Rate (DTR) + Employment and Training Investment Assessment (ETIA) = Effective Tax Rate.

New employers use greater of the average rate for all employers in the NAICS code to which they belong or 2.7% for 2019 (includes an employment training investment assessment of 0.1%).

Effective tax rate ranges between a minimum 0.46% and 6.46% for 2018, and minimum tax rate of 0.36% and a maximum of 6.36% for 2019.

DUE DATES

For tax report and payment due dates, go to: <http://www.twc.state.tx.us/tax-report-payment-due-dates>

WEB SITE

www.twc.state.tx.us/ui/tax/unemployment-tax-rates.html

MAILING ADDRESS

TWC Ombudsman
Texas Workforce Commission
101 E. 15th St., Rm. 665
Austin, TX 78778-0001

PROPERTY TAX

PROPERTY TAX

Property taxes are local taxes that provide the largest source of money for local governments to fund schools, streets, roads, police, fire protection, and many other government services. Texas has no state property tax.

Local taxing units: – counties, cities, and school districts – assess and collect property taxes on all real and income-producing tangible personal property not exempt by state or federal law. Personal property – including automobiles, airplanes, boats, and travel trailers – that does not produce income is mostly exempt from taxation.

Total tax rates vary from location to location and may change yearly.

DUE DATE

Property tax collection starts October 1 until January 31 of the following year. On February 1, penalty and interest charge begin accumulating on unpaid tax bills.

PENALTIES

A 10% penalty is automatically assessed if a rendition is not filed. There is a 50% penalty and criminal offenses for filing a fraudulent rendition.

INTANGIBLES

Although the Texas Constitution authorizes the taxation of intangible personal property, most intangibles are exempt from taxation. The following intangibles however, are taxable:

- Intangible property of insurance companies, and
- Intangible property of savings and loan associations.

FUEL TAX

INTERNATIONAL FUEL TAX AGREEMENT (IFTA)

IFTA is an agreement that provides for the consolidated reporting of motor fuels (i.e., gasoline, diesel fuel, liquefied gas, compressed natural gas, liquefied natural gas) taxes for qualifying commercial motor vehicles traveling in more than one state or province of Canada. IFTA is not a separate tax or fee.

FORMS

Form 56-101, IFTA Fuel Tax Report.

Form 56-102, IFTA Fuel Tax Report Supplement.

For additional forms, go to: <http://www.window.state.tx.us/taxinfo/taxforms/06-forms.html>

Obtain information on how to report biodiesel fuel here:
<http://www.window.state.tx.us/taxinfo/fuels/biodiesel.pdf>

All paper reports must be filed using the updated forms or you can use the EDI software to file online.

RATES

Tax rates are set by each of the member jurisdictions. Interstate carriers based in Texas report fuel tax paid in all member jurisdictions.

The current annual interest rate is 5% and the monthly interest rate is 0.417%.

DUE DATES

The IFTA report is due the last day of the month immediately following the close of the quarter being filed. If the due date is a Saturday, Sunday, or legal holiday, the next business day is considered the due date.

DIESEL FUEL

FUEL TAX

A fuel tax is imposed on:

- The net gallons of diesel fuel removed from the terminal rack or imported into this state, other than in the bulk transfer/terminal system.

- The terminal operator in this state unless at the time of removal the terminal operator has a terminal operator's license issued for the facility from which the diesel fuel is withdrawn, the terminal operator verifies that the person who removes the diesel fuel has a supplier's license, and the terminal operator does not have a reason to believe that the supplier's license is not valid.

- The gallons of diesel fuel blended in this state outside the bulk transfer/terminal system.

- The gallons of diesel fuel brought into this state in the fuel supply tanks of a commercial motor vehicle licensed as an interstate trucker, or an IFTA licensed vehicle.

FORMS

For forms related to the Texas fuel tax, go to:
<http://www.window.state.tx.us/taxinfo/taxforms/06-forms.html>

RATES

Twenty cents per gallon on diesel fuel removed from a terminal, imported, blended, and sold to an unauthorized person or other taxable use not otherwise exempted by statute.

Texas imposes a \$50 late filing penalty on every report filed after the due date, even if no tax was due for the period or the report was eventually filed.

DEDUCTIONS

Deductions apply to the timely payment of the tax:

Suppliers and importers – 2%.

Distributors and importers – 1.75%.

DUE DATES

- Suppliers, permissive suppliers, distributors, importers, exporters, and blenders – monthly: 25th day of the month following the end of the calendar month.

- Dyed diesel fuel bonded users and interstate truckers (except IFTA licensed), quarterly: 25th day of the month following the end of the calendar quarter; or yearly, if qualified: January 25.

- IFTA licensees – Quarterly: last day of the month following the end of the calendar quarter.

ELECTRONIC FILING

If in the preceding fiscal year, you paid:

- Less than \$10,000 – You may use any available filing methods available (WebFile, EDI, Telefile, or Paper Report) for fuel tax or fee. While electronic filing is not required, this option is encouraged.

- \$10,000 or more – Use the guidelines at the following site to determine your specific filing requirements: <https://comptroller.texas.gov/taxes/fuels/diesel.php>

Options for filing electronically:

WebFile: http://www.window.state.tx.us/taxinfo/sales/webfile_sales.html

EDI: <http://www.window.state.tx.us/taxinfo/etf/etf.html>

TeleFile: <http://www.window.state.tx.us/taxinfo/sales/telefile.html>

ELECTRONIC PAYMENT

If in the preceding fiscal year, you paid:

- Less than \$10,000 – You may use any available filing methods available for sales tax or fee.

- \$10,000 or more – Use the guidelines at the following site to determine your specific payment requirements: <https://comptroller.texas.gov/taxes/fuels/>

WebFile: http://www.window.state.tx.us/taxinfo/sales/webfile_sales.html

EDI: <http://www.window.state.tx.us/taxinfo/etf/etf.html>

TEXNET: <https://texnet.cpa.state.tx.us/>

For more information on paying electronically, go to:
<https://comptroller.texas.gov/>

MAILING ADDRESS/PHONE NUMBER

Texas Comptroller of Public Accounts
P.O. Box 13528, Capitol Station
Austin, TX 78711-3528
1-(800) 252-5555 or (512) 463-4600

OTHER (TAXES, FEES, REGISTRATION, ETC.)

The Texas Comptroller's office serves the state by collecting more than 60 separate taxes, fees, and assessments, including local sales taxes collected on behalf of more than 1,400 cities, counties, and other local governments around the state.

Minimum Wage

For 2018 and 2019 years the minimum wage is \$7.25.

For details on all 60 separate taxes, fees, and assessments, visit:
<http://www.window.state.tx.us/taxes/#TexasTaxes>

OTHER

CFMA Chapters in Texas:	
Central Texas, Austin, TX:	http://cafe.cfma.org/CenTex/Home/
Dallas/Ft. Worth, TX:	http://cafe.cfma.org/DallasFtWorthTX/Home/
San Antonio, TX:	http://cafe.cfma.org/SanAntonioTX/Home/
Houston, TX:	http://cafe.cfma.org/HoustonTX/Home/
Heart of Texas, Temple, TX:	http://cafe.cfma.org/heartoftexas/Home/

Effective on 8/18/2017 texas issued Private Letter Ruling No. 2017010130 - Sales Tax Guidance to Government Contractor

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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SUBJECT MATTER EXPERT

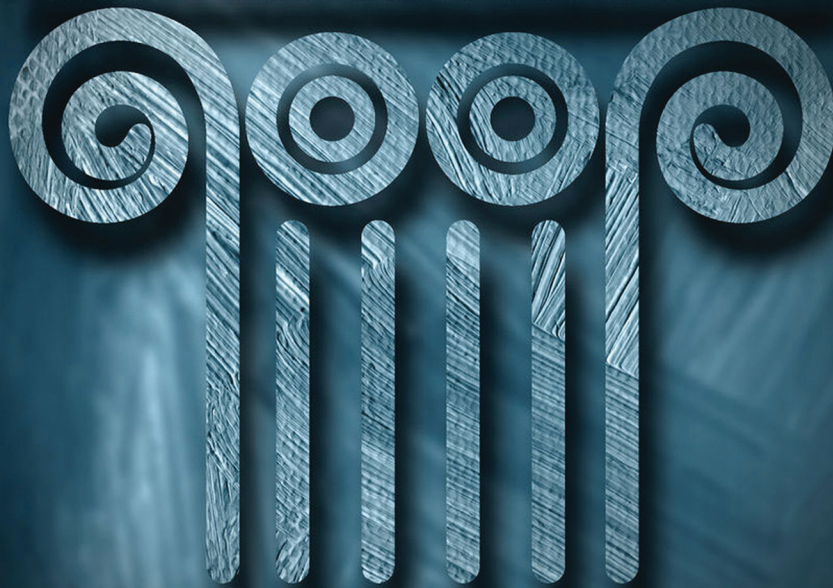
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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



UTAH

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

All businesses in Utah are required by law to register with the Utah Department of Commerce either as a Doing Business As (DBA), corporation, limited liability company, or limited partnership. Businesses are also required to obtain a business license from the city or county in which they are located.

FORMS

Online registration is available at the State of Utah OneStop Business Registration System. Form TC-69, Utah Business and Tax Registration, is a single form for both business and tax registration. The form is available from the Utah State Tax Commission's website at <http://tax.utah.gov/forms/current/tc-69.pdf>

To register a DBA, use the Business Name Registration/DBA Application, available at all Department of Commerce registration locations, online at: <http://commerce.utah.gov/> or by phone at (801) 530-4849.

RATES, FEES, COSTS

The initial filing fee to register in Utah for tax and with the state is \$22 and made payable to "State of Utah." Any subsequent changes or updates to the registration is \$15.

WEBSITE

<http://tax.utah.gov>

MAILING ADDRESS/PHONE NUMBER

Utah Division of Corporations & Commercial Code
160 East 300 South, 2nd floor
Salt Lake City, UT 84111
(801) 530-4849

ADDITIONAL ASSISTANCE

The Secretary of State website is comprehensive with all forms needed and fairly user-friendly to navigate.

ANNUAL RENEWALS

Renewals are required annually.

FORMS

Renewals are handled with the annual filing of the “Annual Report/Renewal form” or can also be completed upon receipt of a notice from the Utah Department of Commerce, Division of Corporations & Commercial Code (Division):
<http://corporations.utah.gov/renbus.html>

An entity number and renewal ID are required to complete the renewal online.

RATES

Business registration and DBA renewals are \$22 annually. DBA’s and business trusts renew every three years.

DUE DATE

Business registration renewals are due by their anniversary date. An entity can file the report up to 60 days before the anniversary date.

DUE DATE EXTENSION

There is no extension.

ELECTRONIC FILING

Electronic filing is available up to 60 days before the anniversary of original filing.

ELECTRONIC PAYMENT

Electronic payment options are available.

WEBSITE

<http://corporations.utah.gov/>

MAILING ADDRESS/PHONE NUMBER

Utah Division of Corporations & Commercial Code
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111
(801) 530-4849

REGISTRATION WITH DEPARTMENT OF REVENUE

All corporations must register with the state before transacting business. Foreign corporations must register their corporate name. A foreign corporation may also use a fictitious name if its real name is unavailable in Utah.

A domestic, for-profit corporation is formed in Utah by filing *Articles of Incorporation* with the Utah Division of Corporations and Commercial Code. Must be filed in duplicate, with original signatures on one copy.

FORMS

Form TC-69, Utah State Business and Tax Registration. Utah also has what it calls “OneStop Business Registration” where companies, including foreign corporations, can find information, receive live help, and register their businesses entirely online.

RATES

Form TC-69 registers the corporation for state and tax purposes. The initial filing fee is \$22 and requires annual renewals for \$22 made out to “State of Utah.”

All domestic, for-profit corporations filing *Articles of Incorporation* are subject to a \$70, one-time fee. Any subsequent changes or modifications are \$37.

WEBSITE

<http://osbr.utah.gov>

MAILING ADDRESS/PHONE NUMBER

Utah Division of Corporations & Commercial Code
160 East 300 South, 2nd floor
Salt Lake City, UT 84111
(801) 530-4849

LICENSES—GC & SPECIALTY

REGISTRATION

All individuals or business entities intending to engage in construction work in Utah must obtain a state issued contractor license through the Utah Department of Occupational and Professional Licensing (DOPL). At least one individual must be selected to act as the qualifier for the license, which requires the individual to pass the necessary tests prior to applying for the license.

Licenses require either two years or four years of legally valid experience under a licensed contractor. W-2's or K-1's are required as part of the application. If an individual is licensed in another state as a sole proprietor, then Schedule C's must be submitted with the application. 1099's are not accepted. General contractor licenses (E100 – General Engineering, B100 – General Building, and R100 – Residential & Small Commercial Building) require that at least half of the needed experience is in a supervisory position.

TESTS AND EXAMS

All applicants are required to take the Utah Business and Law exam. The exam consists of 60 questions. The test covers state and federal laws, accounting procedures, construction trade licensing acts, taxes, mechanic lien laws, OSHA requirements, risk management, and other general business law questions.

Most Utah contractor license classifications also require a trade exam. Trade exams range from 30 to 100 questions. The trade exams include questions on bidding, estimating, job scheduling, code questions, and trade material.

The DOPL uses psi licensure certification for testing.

FORMS

The initial application is a lengthy document that requires financial information, several affidavits, a credit check, as well as a contractor's license bond in the amount of \$50,000.

RATES

The initial application fee is \$210 for an application processing fee, which includes the first classification. Additional primary classifications (e.g., E-100, B-100, or R-100) are \$210 each. Supplemental classifications are \$110 each.

Primary classifications require bi-annual renewals for \$113. There is no renewal fees for supplemental classifications.

DUE DATE

Unlike many other states, Utah's license renewal schedule is not based on the licensee's date of initial licensure. Under Utah's renewal system, all licenses in each occupation or profession expire as a group on the same day every two years. Therefore, the length of a licensee's first renewal cycle depends on how far into the current renewal cycle initial licensure was obtained. Each renewal cycle thereafter is for a full two years.

At least 60 days prior to the expiration date of a license, DOPL will mail a renewal notice to the licensee's address of record as provided to DOPL by the individual licensee. (Failure to notify DOPL of an address change could prevent a licensee from timely receiving renewal notification and other important correspondence from DOPL).

New licenses issued during the last four months of an established renewal cycle will be licensed for a full two-year renewal period plus the period of time remaining in the current renewal cycle. However, renewal fees are not prorated.

DUE DATE EXTENSION

Not applicable at this time.

ELECTRONIC FILING

Not applicable at this time.

ELECTRONIC PAYMENT

Not applicable at this time.

WEBSITE

<http://www.dopl.utah.gov/licensing/contracting.html>

MAILING ADDRESS/PHONE NUMBER

Utah Department of Occupational and Professional Licensing
160 East 300 South, 4th Floor
P.O. Box 146741
Salt Lake City, UT 84145-6741
(801) 530-6628

RECIPROCITY STATES

Utah does not have reciprocity. Instead, Utah allows for licensure by endorsement. A license by endorsement may be issued to a person in another state or

foreign country where the education, experience, and examination requirements are, or were at the time of license was issued, substantially equal to the requirements of Utah. Although this list is not exclusive, Utah has determined that certain license classifications with the following states is substantially similar to Utah: Arizona, California, Louisiana, Nevada, and South Carolina.

If the applicant was licensed in any of the above states but did not take the trade classification examination included on the Reciprocal State License Classification Chart, then they must take the Utah trade classification examination.

Examinations given in any other state are not acceptable substitutes for the Utah trade classification examinations.

EQUITY REQUIREMENT

While there is no equity or net worth requirement in Utah, Utah law requires that every active contractor's license must maintain general liability insurance and financial responsibility.

FINANCIAL STATEMENT REQUIREMENTS

Applicants for licensure as a contractor, and a licensee applying for renewal or reinstatement of a contractor's license shall demonstrate to the Division and the Commission the applicant's or licensee's financial responsibility before the issuance of or the renewal or reinstatement of a license by:

1. Completing a questionnaire developed by the Division; and
2. Signing the questionnaire, certifying that the information provided is true and accurate; or
3. Submitting a bond in an amount and form determined by the Commission with the concurrence of the director.
4. A licensee, including an individual who holds an ownership interest in an unincorporated entity licensee, shall maintain financial responsibility throughout the period of licensure.
5. The Division may audit the financial responsibility of an applicant or licensee on a random basis or upon finding of a reasonable need.
6. The burden to demonstrate financial responsibility is upon the applicant, licensee, or owner of an unincorporated entity licensee, as the case may be.
7. The Division may audit the personal financial information of the applicant.

LOCAL LICENSES

REGISTRATION

By law, all business are required to obtain a license with the local municipality in which they are doing business. General standards exist for licensure; however, each city and county also have unique requirements and procedures. It is best to contact the city or county where your office is located to know the exact standards that are set for licensure.

Counties have jurisdiction over the unincorporated areas of the county. If your business is in an unincorporated area of the county, you should contact your county office.

It is generally required to obtain a business license in each city and county a business operates. A list and contact information of all Utah counties and cities is available online at the Utah Department of Commerce, Division of Corporations and Commercial Code at the following website: <http://corporations.utah.gov>

When establishing a new business, business owners are advised to obtain a federal Employer Identification Number (EIN) and a state sales and use tax license, if applicable, before applying for a business license.

The application for a city or county business license will usually require approvals from one or more of the following departments:

- Planning and Zoning.
- Building and Housing.
- Health.
- Police or Sheriff.
- Fire.

FORMS

Each county or city will have their specific forms for the local license.

RATES

Local governments are authorized to levy local sales and use taxes that the Utah State Tax Commission administers, collect, and enforces. In most instances, all local sales and use, and related taxes are collected and remitted to the Utah State Tax Commission with the applicable state tax.

There may be instances where businesses will be required to pay taxes directly to their local government. Contact the local county or city offices directly for specifics.

INCOME TAX

INCOME TAX—C CORPORATION

Utah imposes a corporation franchise tax based on net income on domestic and foreign corporations for the privilege of exercising their corporate franchise or for the privilege of doing business in the state.

The franchise tax is imposed upon corporations qualified or incorporated under the laws of Utah, whether or not they do business therein, and also upon corporations doing business in Utah, whether or not they are qualified or incorporated under the laws of Utah.

A complementary net income tax applies to corporations which are not subject to the franchise tax but derive income from Utah sources. The net income tax is computed in the same manner as the corporation franchise tax, except a deduction is permitted for income from direct federal obligations.

FORMS

Form TC-20, Utah Corporate Franchise or Income Tax Return.

Form TC-559, (Corporation/Partnership Payment Coupon) is used to pay estimated taxes or make a payment with an extension request (just check the applicable box on the form when mailing with a payment).

RATES

4.95%. There is no enacted rate change at this time. It is not a graduated schedule.

The minimum tax is \$100.

The underpayment penalty is the greater of \$20 or:

2% of unpaid tax, if tax is paid 1 to 5 days after original return due date.

5% of unpaid tax, if tax is paid 6 to 15 days after original return due date.

10% of unpaid tax, if tax is paid 16 or more days after original return due date.

A late filing penalty is 10% of the unpaid tax or \$20, whichever is greater.

Additional penalties may also be assessed for underpayment due to negligence and underpayment due to fraud.

Interest on an unpaid balance accrues at 2% per month.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year.

Amended returns claiming a refund have a general statute of three years from the original filing due date plus the extension period, or two years from the date the tax was paid, whichever is later.

DUE DATE EXTENSION

Utah allows for an automatic extension of up to six months.

ELECTRONIC FILING

Electronic filing of the returns is available but not required.

ELECTRONIC PAYMENT

Payment by e-check or credit card is available but not required.

ESTIMATED TAX

Every corporation with a tax liability of \$3,000 or more in the current or previous tax year must make quarterly estimated tax payments. A parent company filing a combined report must make the payment when the total tax is \$3,000 or more for all affiliated companies, including those that pay only the minimum tax.

A corporation does not have to make estimated tax payments the first year it is required to file a Utah return if it makes a payment on or before the due date, without extension, equal to or greater than the minimum tax.

FORMS

Form TC-559, Corporate/Partnership Payment Coupon, is used to pay estimated tax payment, extension payments, or return payments.

RATES

If your tax payments do not equal the lesser of 90% of the current year tax liability (\$100 minimum tax for corporations) or 100% of the previous year tax liability, the tax commission will assess a penalty of 2% of the unpaid tax for each month of the extension period. The tax commission will assess a late filing penalty if you file the return after the extension due date.

DUE DATE

Estimated tax payments are due in four equal payments on the 15th day of the 4th, 6th, 9th, and 12th months of the entity's taxable year. You may make quarterly

payments equal to 90% of the current year tax or 100% of the previous year tax. A corporation that had a tax liability of \$100 (the minimum tax) for the previous year may prepay the minimum tax amount of \$100 on the 15th. The late payment penalty is 1% per month, up to 25%.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Utah conforms to the IRC as currently amended and has not decoupled from the business interest deduction limitations of IRC § 163(j) as enacted by the Tax Cuts and Jobs Act.

ALLOCATION AND APPORTIONMENT FACTORS

All business income must be apportioned using a prescribed apportionment formula. There are multiple prescribed formula:

1. Optional apportionment taxpayer – defined as not a phased in sales factor taxpayer or sales factor weighted taxpayer, must use the following formula:
 - a. Equally-weighted three factor formula, or
 - b. The phased in sales factor weighted taxpayer below.
2. Phased in sales factor weighted taxpayer – defined as (1) not a sale factor weighted taxpayer or an optional apportionment taxpayer:
 - a. For 2019:
 - i. Property factor + payroll factor + 4 times the sales factor, divided by 6.
 - b. For 2020:
 - i. Property factor + payroll factor + 8 times the sales factor, divided by 10.
 - c. For 2021 and forward:
 - i. Single sales factor – 100% sales.
3. Sales factor weighted taxpayer:
 - a. Single sales factor – 100% sales

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Not Applicable

OTHER MULTISTATE COMPACT

Not Applicable

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Utah does provide special rules for the income from long-term construction contracts-Sections 59-7-302 through 321.

SPECIFIC EXCLUSION OF INCOME ITEMS

No specific exclusion of income items for the construction industry.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items for the construction industry.

CREDITS AND TAX INCENTIVES

Utah has a number of tax credits and incentives available. The prominent ones are:

Economic Development Credit: A tax credit is available to businesses for new commercial projects meeting certain criteria approved by the Governor's Office of Economic Development. The credit is equal to:

- 50% of the new state revenues from the business's new commercial project in any given year, or
- 30% of the new state revenues from the business's new commercial project over the life of the project or 20 years, whichever is less.

Natural Gas Heavy Duty Vehicle Credit: For taxable years beginning on or after January 1, 2015, a qualified taxpayer may claim a tax credit for \$25,000 if the qualified purchase of a heavy duty vehicle occurs during the 2015, 2016, or 2017 calendar years; \$20,000 if the purchase occurs in 2018; \$18,000 if the purchase occurs in 2019; and \$15,000 if the purchase occurs in 2020.

Enterprise Zone Credits: Utah provides tax credits for qualifying businesses, other than public utilities and retail trade businesses that hire employees and/or make qualified investments in designated enterprise zones. An enterprise zone has a duration of five years, at the end of which the county can reapply for the designation. An enterprise zone may have its designation revoked if no businesses utilize the credits during any tax year.

Job Creation Credits: The job creation credit is calculated at the rate of \$750 for each new full-time position that is created within an enterprise zone. In addition, a \$500 credit is available for each new full-time position that is created within an enterprise zone if the rate of compensation for the new position is at least 125% of the county average monthly non-agricultural payroll wage for the particular industry, or if the county average monthly non-agricultural payroll wage is not available for the respective industry, the total average monthly non-agricultural payroll wage in the respective county where the enterprise zone is located.

Credits are only available for each employee hired which increases the number of individuals employed by the taxpayer in the enterprise zone. Increases are measured by comparing the number of employees employed for the year to a base amount.

For businesses entering the area after its designation as an enterprise zone, the base is zero. For businesses existing prior to the area's designation as an enterprise zone, the base amount is the greater of the number of employees reported to the Department of Employment Security for the four quarters prior to the area being

designated as an enterprise zone, or the number of full-time positions on the date the area was designated as an enterprise zone.

Low-Income Housing Credit: Taxpayers providing housing for low-income persons may claim a nonrefundable credit equal to a portion of the federal low-income housing credit as provided under IRC. § 42. The percentage of credit is determined by the Utah Housing Finance Agency, and is limited to 100% of the federal credit. Unused credits may be carried back three years or carried forward five years until fully utilized. If a taxpayer is required to recapture a portion of any federal low-income housing tax credit, the taxpayer will also be required to recapture a portion of any state credits. The state recapture amount is equal to the percentage of the state credit that equals the proportion the federal recapture amount bears to the original federal low-income housing tax credit amount subject to recapture.

ALTERNATIVE MINIMUM TAX

Utah does not have an alternative minimum tax.

WEBSITE

<http://tax.utah.gov>

MAILING ADDRESS/PHONE NUMBER

Utah State Tax Commission
210 North 1950 West
Salt Lake City, UT 84134
(801) 297-2200

INCOME TAX—S CORPORATION

Utah recognizes the federal election on Form 2553. No other election is required.

REGISTRATION

Every S corporation (as defined in IRC Section 1361(a)) that has filed a proper and timely election under IRC § 1362(a) must file Form TC-20S, so long as the federal election remains in effect. The minimum tax does not apply to S corporations.

FORMS

Form TC-20S is the Utah S Corporation form.

RATES

Generally there will be no Utah tax if there is no federal tax. A Utah tax may be imposed if the related federal return had S corporation tax imposed as a result of an S corporation which had converted from a C corporation and had excess net passive investment income, capital gains, or built-in gains. This income would be apportioned to Utah by multistate S corporations.

DUE DATE

Same as for C corporations.

DUE DATE EXTENSION

Utah extension is automatic with the federal extension, Form 7004.

If the federal extension is not filed, or for some reason a separate Utah extension is appropriate, Form TC-20S is the Utah extension. A C corporation is allowed an automatic extension of time in which to file its return of up to six months without affirmatively filing an extension request.

ELECTRONIC FILING

Electronic filing of the returns is allowed if funds are remitted electronically, or the related federal return is filed electronically.

ELECTRONIC PAYMENT

S corporation payment rules are the same as C corporations.

COMPOSITE RETURNS FOR S

Composite returns are not authorized in Utah.

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Not Applicable

INCOME TAX—PARTNERSHIPS, LLC

A general partnership, limited partnership (LP), limited liability partnership (LLP), or limited liability company (LLC) classified as a partnership is not subject to Utah income tax. Rather, the partners or members conducting the business are liable for the state income tax in their own separate or individual capacities.

FORMS

Every general partnership, LP, LLP, or LLC not consisting entirely of resident individual partners or members, or having any income derived from Utah sources, must file Form TC-65, Utah Partnership/Limited Liability Partnership/Limited Liability Company Return of Income, which is an information return, for the tax year.

RATES

There is no tax on Utah Form TC-65.

DUE DATE

The return must be filed by: (1) the 15th day of the fourth month following the close of the fiscal year, or by April 15 for a calendar-year business, or (2) the day on which the federal income tax return is due under the IRC if the IRC provides a different due date.

DUE DATE EXTENSION

Utah accepts the federal extension, which automatically grants a six-month extension of time to file.

ELECTRONIC FILING

Electronic filing of the returns is allowed if funds are remitted electronically, or the related federal return is filed electronically.

ELECTRONIC PAYMENT

Partnership and LLC corporation payment rules are the same as C corporations.

COMPOSITE RETURNS

Composite returns are not authorized in Utah.

INCOME TAX—INDIVIDUAL

Utah imposes an income tax on the state taxable income of every resident individual, nonresident individual, and resident estate or trust.

A resident individual is:

- An individual who is domiciled in Utah for any period during the taxable year but only for the amount of time they are domiciled in Utah; or
- An individual who is not domiciled in Utah but maintains a place of abode in Utah and spends at least 183 days of the taxable year in Utah.

FORMS

Form TC-40, Utah Individual Income Tax Return, must be filed by every resident individual, estate, or trust that must file a federal income tax return for the tax year. The return must be filed and the tax paid by: (1) the 15th day of the fourth month following the close of the tax year, or (2) the day on which the federal income tax return is due under the Internal Revenue Code (IRC) if the IRC provides a different due date. Utah does not require a copy of the federal return.

The following forms and schedules must be attached to Form TC-40, Utah Individual Income Tax Return:

- To receive credit for Utah taxes withheld, all Utah tax withholding forms (e.g., W-2, 1099R, 1099MISC, TC-675R, etc.);
- If they were completed, schedules TC-40A, TC-40B, TC-40C, and/or TC-40S;
- If any other adjustments are deducted on TC-40S (Schedule S) Part 1, Code 69, a separate explanation.

RATES

For 2018 tax year, individuals, estates, and trusts are taxed at a single rate of 4.95%.

DUE DATE

April 15

DUE DATE EXTENSION

The Utah extension is automatic with the federal extension. A copy of the extension is required to be attached to the Utah return.

Individuals are permitted a six-month extension.

ELECTRONIC FILING

Electronic filing is available and it is required for taxpayers who have made electronic payments for any purpose or who have filed a federal return electronically.

ELECTRONIC PAYMENT

Electronic payments and certain card payments are options for payments.

WEBSITE

www.tax.utah.gov

MAILING ADDRESS/PHONE NUMBER

Utah State Tax Commission
210 North 1950 West
Salt Lake City, UT 84134
(801) 297-2200

FED RETURN ATTACHED TO STATE RETURN

Yes, the first two pages if the taxpayer claims itemized deductions.

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction owner or employee credits for Utah. Utah does offer an additional 100% health insurance deduction for certain qualifying taxpayers.

IRC CONFORMITY

Utah conforms to the current Internal Revenue Code. Utah's personal income tax calculation starts with federal adjusted gross income. Utah does not allow individual taxpayers to take a standard, itemized, or additional deduction from federal adjusted gross income. Instead, Utah allows a limited itemized deduction or standard deduction credit-each based on the federal standard or itemized deduction-which does not take the IRC § 199A pass-through deduction, as enacted by the federal 2017 Tax Cuts and Jobs Act.

ALTERNATIVE MINIMUM TAX

Utah does not have an alternative minimum tax for individuals.

NET WORTH OR STOCK TAX

Utah does not have a net worth or stock tax.

GROSS RECEIPTS TAX

Utah does not have a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Sales tax is usually required to be paid by the contractor at the time the materials are purchased. The contractor, whether the general or the sub, are generally deemed to be the consumer of the materials and are therefore the party who is responsible for the payment of the tax.

A contractor may be liable to self-assess and report use tax, which is essentially the same as the sales tax, if the materials are purchased in a different jurisdiction or another state at a lower rate than the rate at the point of use.

Contractors can be a “fabricator” and a “contractor” with a somewhat more complicated sales tax situation for product sold to third parties and product fabricated by them and then used on their contracts.

Registration can be completed through Utah’s OneStop Business Registration (OSBR), business can also apply using Form TC-69.

RATES

Utah state sales tax is 5.95%. Depending on local municipalities the maximum local tax rate can be as high as 2.750%. Sales tax rates depend on where you are doing business in Utah. Tax rates are available online at: <http://tax.utah.gov/sales/rates> or you can contact the Tax Commission at 801-297-2200. Tax rates may change quarterly.

DUE DATE

Annual Tax Liability	Filing Status	Due
\$16,000 or less	Annual filer	January 31
\$16,001 to \$800,000	Quarterly filer	April 30, July 31, October 31, January 31
\$801,000 to \$1,500,000	Monthly filer	Last day of month following end of period.
\$1,500,000 or more	Monthly filer with mandatory EFT payments	

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Sales and use tax returns and schedules may be filed online at:
<https://tax.utah.gov/sales>

ELECTRONIC PAYMENT

If the annual sales tax liability is \$96,000 or more taxpayers must pay by EFT.

WEBSITE

<https://tax.utah.gov/>

MAILING ADDRESS/PHONE NUMBER

Utah Tax Commission
210 North 1950 West
Salt Lake City, UT 84134
(801) 297-2200

TAXABLE SERVICES

Certain services are taxable. Charges for labor to repair, renovate, or clean tangible personal property are taxable.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

Utah provides a sales & use tax rate for certain combined transactions by county and city jurisdictions. Those rates are provided in an updated chart on the following website and represent the total rate applied to certain transactions for each locality in the state: <http://tax.utah.gov/salestax/rate/15q3simple.pdf>

EMPLOYMENT TAXES

WITHHOLDING

REGISTRATION

Use OneStop Business Registration to complete an electronic application or complete and submit Form TC-69.

FORMS

You will receive a withholding packet about 30 days after opening your Utah withholding account. You will then receive a new withholding packet after the first of each year. Each packet contains the Utah withholding forms you must file during the year. Contact the Tax Commission if you do not receive your withholding packet.

Depending on your paying frequency, your packet will contain the following forms:

- Annual – One annual return (TC-941), with monthly withholding payment coupons (TC-941PC), and one annual reconciliation form (TC-941R).
- Quarterly – Four quarterly returns (TC-941), with monthly withholding payment coupons (TC-941PC), and one annual reconciliation form (TC-941R).
- Monthly – Four quarterly returns (TC-941), 12 monthly withholding payment coupons (TC-941PC), and one annual reconciliation form (TC-941R).

You can also download returns and payment coupons at the following website:

<http://tax.utah.gov/forms-pubs/>, or file online at: <https://tax.utah.gov/>

RATES

Rates are calculated based on wages. Tables are available here:

<http://tax.utah.gov/forms/pubs/pub-14.pdf>

DUE DATE

If you withhold less than \$1,000 each month, you must file and pay your Utah withholding taxes quarterly. Quarterly returns and payment are due by the last day of the month after the quarter ends.

If you withhold \$1,000 or more each month, you must file quarterly, but pay your Utah withholding taxes monthly. Payments are due the last day of the following month.

DUE DATE EXTENSION

There is no extension for withholding filing or payment, but a penalty may be abated for reasonable cause.

WEBSITE

www.tax.utah.gov

MAILING ADDRESS/PHONE NUMBER

Utah State Tax Commission
210 North 1950 West
Salt Lake City, UT 84134
(801) 297-2200

NEW HIRE

The Utah Employment Security Act states that the Department of Workforce Services (DWS) must determine the status of each business and each person independently established in a trade, occupation, or profession. A new hire registry form must be completed within 20 days of a new employees first day of work.

FORMS

Form 6, DWS-UI.

Form 1, DWS-UI.

MAILING ADDRESS

Utah New Hire Registry
P.O Box 45247
Salt Lake City, UT 84145-0247

TERMINATION OF EMPLOYEES

The required form is the DWS-ESD 631 that should be completed and remitted to:
Department of Workforce Services
Imaging Operations
P.O Box 143245
Salt Lake City, UT 84114-3245
Toll free: 1-(877) 313-4717

INDEPENDENT CONTRACTOR TREATMENT

There is no single established definition of independent contractor under Utah law. Different tests are applied depending on the circumstances to determine whether

an individual is an employee or an independent contractor for purposes of worker's compensation, unemployment insurance, tax liability, and common law.

The same employee could be an employee in one context and an independent contractor in another context.

RATES

There are two types of Unemployment Insurance (UI) tax rates, new employer rates and "earned" rates. The new employer rate is assigned to employers who have less than one fiscal year (July 1 to June 30) of reporting experience. Earned rates are assigned to employers with one or more fiscal years of reporting experience. New out-of-state contractors are assigned the maximum tax rate (7.3%) allowable under state law unless they purchase an existing business.

New employer rates are assigned upon completion of the New Employer Registration process or submission of the Status Report, Form 1. If you register online, the tax rate assigned will become effective after it has been reviewed by the Utah Department of Workforce Services.

DUE DATE

The due date is the last day of the month following the end of the calendar quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

All quarterly unemployment tax returns are required to be filed electronically.

ELECTRONIC PAYMENT

All employers are required to pay amounts due the Department of Workforce Services electronically.

WEBSITE

<http://www.laborcommission.utah.gov/>

MAILING ADDRESS/PHONE NUMBER

Utah Department of Workforce Services
140 East 300 South 3rd floor
Salt Lake City, UT 84145-0288

(801) 526-9235

NEW HIRE

All employers are required to report each newly hired or recalled employee to the Department of Workforce Services. The information must be furnished within seven days from the date of hire or reemployment. Employers reporting electronically may transmit twice monthly, not less than 12 days nor more than 16 days apart. Employers who fail to report newly hired or recalled workers may be fined up to \$25 for each violation.

TERMINATION

If an employee is terminated and files a claim with the Department of Workforce Services, the employer will receive Form BEN-241, Notice of Claim and Request for Separation Information.

INDEPENDENT CONTRACTOR TREATMENT

Utah uses a reserved right of control test to determine whether a worker is an employee or an independent contractor. This is a common-law right to control test.

There are penalties for incorrectly reporting a worker as an independent contractor who is actually an employee. The fine for the first offense is equal to the amount of the tax that should have been withheld, and then goes up for subsequent offenses.

PROPERTY TAX

PERSONAL PROPERTY

Under Utah law, county assessors are empowered to collect information on business personal property by using an annual signed statement to determine property value.

Utah counties have business personal property tax as well as specific property tax on real property, vessels, and aircraft.

REGISTRATION

Registration is required.

FEES

Varies by location.

FORMS

Most municipalities provide their own form based on previous filings.

RATES

Rates are set annually by the taxing jurisdictions.

DUE DATE

Tax filings are due on May 15.

DUE DATE EXTENSION

If taxes are not paid on time, interest accrues until taxes are paid. Interest is equal to the Target Federal Funds Rate plus six percentage points and may not be less than 7% or more than 10%.

ELECTRONIC FILING

Electronic filing is determined by each county.

ELECTRONIC PAYMENT

Not applicable at this time.

WEBSITE

Most counties have their own websites. The information can be on the following website: <https://propertytax.utah.gov/>

MAILING ADDRESS/PHONE NUMBER

Utah State Tax Commission
Property Tax Division
210 North 1950 West
Salt Lake City, UT 84134
(801) 287-3600

REAL PROPERTY

Real property is subject to an annual property tax. While there is a form to file to return the value for tax assessment, the county will generally assess and notify of the value, with a right to appeal by the property owner. Prior to May 22 each year, county assessors ascertain the names of the owners of all property and assess the property based on its value on January 1 of each tax year.

REGISTRATION

There is no registration requirement.

FORMS

Forms differ by county.

INTANGIBLES TAX

Utah does not have an intangibles tax.

FUEL TAX

REGISTRATION

Most Utah fuel tax forms and schedules must be filed electronically using the Electronic Combined Utah Fuel Tax Return.

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Any holder of property presumed abandoned shall make a report to the Utah State Treasurer concerning the property. The report must be verified and must contain, at a minimum, all of the information designated under Section 35-12-76. The report shall be filed (or a requested extension granted) before November 1st of each year and cover the 12 months next preceding July 1st of that year.

IMPACT FEES

Not applicable at this time.

STATE ISSUES OTHER THAN TAXES

Utah's annual contractor's license renewal booklet is cumbersome and much more involved than surrounding states.

MINIMUM WAGE

Utah currently has no minimum wage law, therefore the federal \$7.25 per hour applies.

REGISTERED AGENTS

To qualify to do business in Utah, an entity must name a registered agent for service of process, who must be physically located in Utah.

NOTICES OF COMMENCEMENT, ETC.

Not required at this time.

DAVIS BACON ACT

Utah does not have a state prevailing wage law; therefore, all public works projects contracted by the state fall under the Federal Davis-Bacon Act.

DRUG TESTING FACILITIES

Testing is authorized after applicant is given notice of the drug-testing policy and a conditional offer of employment. Testing is authorized, including random testing and testing on reasonable suspicion, as part of fitness-for-duty exam, after on-the-job injury, or as follow-up to a rehabilitation program. Employees must receive 60 days' advance notice of the testing policy, which must be conspicuously posted.

COMMUNICATIONS

See above under Drug Testing.

OTHER

All Utah employers must now use the Federal E-Verify system to confirm that an employee is eligible to work in the United States.

CFMA Chapter in Utah:

Salt Lake City, UT: <http://cafe.cfma.org/Utah/Home/>

Effective on 6/01/2017 Utah issued Publication 25: Sales and Use Tax General Information.

Effective on 5/01/2018 Utah issued Publication 25: UT State Tax Commission publishes general sales, use tax guide.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

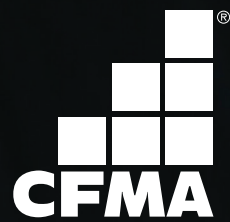
April 3, 2019

DATE OF LAST UPDATE

June 5, 2015

SUBJECT MATTER EXPERT

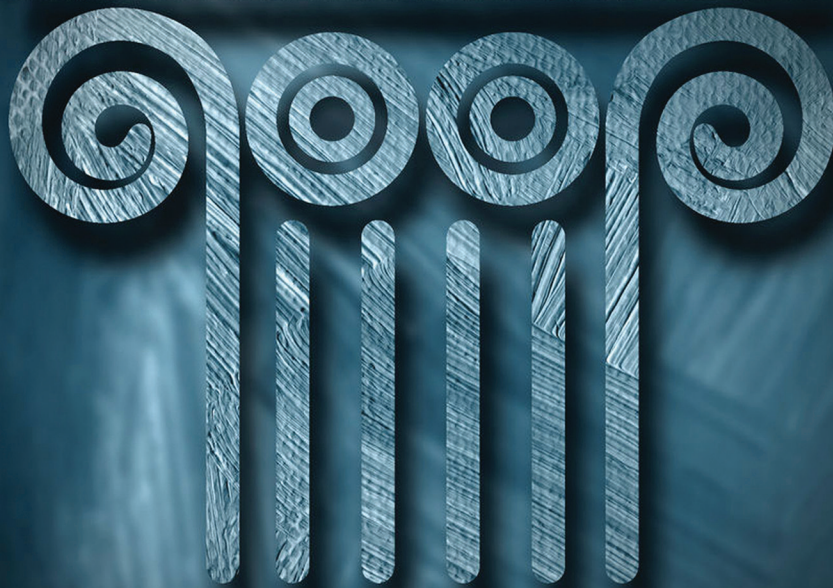
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



VERMONT

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration for business entities involves filing the appropriate “Articles” with the Secretary of State’s office, and paying the associated fees. The various forms and their costs are shown below.

FORMS

Articles of Incorporation (Vermont Corporation).
Application for Certificate of Authority (Foreign Corporation).
Articles of Organization (Vermont/Foreign LLC).
Statement of Authority (Partnership).
Name Reservation Form.

RATES, FEES, COSTS

Articles of Incorporation (Vermont Corporation)	\$125
Application for Certificate of Authority (Foreign Corporation)	\$125
Articles of Organization (Vermont/Foreign LLC)	\$125
Statement of Authority (Partnership)	\$125
Name Reservation	\$ 20

WEBSITE

<https://www.sec.state.vt.us/>

MAILING ADDRESS/PHONE NUMBER

Vermont Secretary of State
128 State Street
Montpelier, VT 05633-1104
(802) 828-2386

ADDITIONAL ASSISTANCE

The Vermont Secretary of State’s website has FAQs as well as forms, instructions, etc.

ANNUAL REPORTS

All business entities are required to file an annual report with the Secretary of State's office. Failure to do so may result in termination of its charter.

FORMS

The reports must be obtained and filed online at: www.vtsosonline.com

RATES

Vermont Corporation – \$45 per year plus \$25 penalty fee per year not filed.
Foreign Corporation – \$200 per year plus \$25 penalty fee per year not filed.
Vermont LLC – \$35 per year plus \$25 penalty fee per year not filed.
Foreign LLC – \$140 per year plus \$25 penalty fee per year not filed.
Vermont LLP – \$15 per year plus \$25 penalty fee per year not filed.
Foreign LLP – \$100 per year plus \$25 penalty fee per year not filed.

DUE DATE

Annual reports are due by the 15th day of the third month following the company's fiscal year end.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Annual renewals must be obtained and filed online at: www.vtsosonline.com

ELECTRONIC PAYMENT

The website supports Electronic Funds Transfer (EFT), American Express, Visa, MasterCard, and Discover.

WEBSITE

www.vtsosonline.com

MAILING ADDRESS/PHONE NUMBER

Vermont Secretary of State
128 State Street
Montpelier, VT 05633-1104
Phone: (802) 828-2363
Fax: (802) 828-2853

REGISTRATION WITH DEPARTMENT OF REVENUE

C corporations, S corporations, limited liability companies, and partnerships are required to apply for a Vermont Corporate or Business Entity Tax Account if:

- Incorporated in Vermont, and/or
- Registered with the Vermont Secretary of State's office to do business in Vermont, and receive income in Vermont.

FORMS

All business entities must file Form BR-400, Application for Business Tax Account.

RATES

There is no cost to registering with the Vermont Department of Taxes (Department).

DUE DATE

In general, before commencing business in Vermont, construction companies must file a BR-400 before operating in Vermont.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

The completed application must be mailed or faxed to the Department.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tax.vermont.gov/business-and-corp>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes
P.O. Box 547
Montpelier, VT 05601-0547
Phone: (802) 828-2551
Fax: (802) 828-5787

LICENSES—GC & SPECIALTY

REGISTRATION

The State of Vermont does not require a General Contractor License at the state level. However, contractors need to be certified to do asbestos or lead abatement and licensed to do electrical or plumbing work. The best place to find information is at the website shown below.

The Division of Fire Safety administers licensing and certification of trade groups to maintain professionals at a high level of technical knowledge.

TESTS AND EXAMS

Most licensing and certification programs consist of an initial exam as well as continuing education to stay current with code changes and emerging technology. For more detailed information regarding your trade, please visit the website below.

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://firesafety.vermont.gov/licensing>

MAILING ADDRESS/PHONE NUMBER

Asbestos and Lead Regulatory Program
P.O. Box 70, 108 Cherry Street
Burlington, VT 05402
(800) 439-8550

License Specialist
1311 U.S. Route 302
Suite 600
Barre, VT 05641-2351
(802) 479-7564

RECIPROCITY STATES

Verify with the Department.

EQUITY REQUIREMENT

None

FINANCIAL STATEMENT REQUIREMENTS

None

LOCAL LICENSES

REGISTRATION

While the State of Vermont does not require a General Contractor License at the state level, you may be required to obtain a license at the local level or comply with other licensing laws at the state or local level. The best course of action is to contact the local jurisdiction in which you're conducting business.

FORMS

Not Applicable

RATES

Not Applicable

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Not Applicable

MAILING ADDRESS/PHONE NUMBER

Not Applicable

INCOME TAX

INCOME TAX—C CORPORATION

C corporations must file the Vermont Corporate Income Tax Return if they were incorporated under the laws of the State of Vermont, or received income allocable or apportioned to Vermont including income received as a shareholder, partner, or member.

FORMS

Form CO-411, Vermont Corporate Income Tax Return.

Form BA-402, Apportionment & Allocation Schedule.

RATES

Corporate Income Tax Rates:

\$0 - \$10,000	6.0%
\$10,001 - \$25,000	\$600 plus 7.0% of excess over \$10,000
\$25,001 +	\$1,650 plus 8.50% of excess over \$25,000

If the filing is over 60 days late from the original due date, a \$50 late file penalty applies even if no tax is due unless the return is timely filed under extension. The failure to pay an income tax liability when due will result in imposition of a penalty equal to 1% per month of the outstanding liability.

Vermont does have a minimum tax of:

\$750 for corporations with Vermont gross receipts over \$5 million;

\$500 for Vermont receipts over \$2 million up to \$5 million;

\$300 for Vermont receipts of \$2 million or less.

DUE DATE

The 15th day of the fourth month following the corporation's year end for fiscal year taxpayers; due date extended to next business day after state or federal holiday.

DUE DATE EXTENSION

Form BA-403, Application for Extension of Time to File, must be filed on or before the due date of the Vermont Corporate Income Tax Return.

An extension of time to file a federal return automatically extends the time to file with Vermont until 30 days beyond the federal extension date. However, tax is due on the original date.

Any tax due and unpaid by the original due date will bear interest at the statutory rate, and a penalty of 1% per month, up to a maximum of 25%. Returns filed after the due date without an authorized extension are subject to a late filing fee. The interest rate is set annually by the Commissioner of Taxes.

ELECTRONIC FILING

Vermont does not currently support e-filing for corporate income tax returns.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tax.vermont.gov/>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes
133 State Street
Montpelier, VT 05633-1401
(802) 828-2551

ESTIMATED TAX

A corporation with an expected annual Vermont income tax liability greater than \$500 must file Form CO-414 and pay its estimated tax liability in four equal installments.

FORMS

CO-414, Corporate Estimated Tax Payment Voucher.

RATES

Corporations must pay their estimated tax liability in four equal installments. Interest for underpayment will be assessed if the tax liability is underestimated or if payments are late. The tax liability is not considered to be underestimated or late if:

- The estimated payments at least equal the amount which would be due by applying the current year's rates to the previous year's income, or
- The estimated payments are at least 80% of the current year's actual tax liability, or
- Actual tax liability for this year or the prior year is less than \$500.

DUE DATE

The 15th day of the fourth, sixth, ninth, or twelfth month for calendar year and fiscal year filers. If the fifteenth day of a month falls on a weekend or holiday, the due date is the next business day.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Vermont does not currently allow C corporations to file their estimated tax payments online.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tax.vermont.gov/>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes
133 State Street
Montpelier, VT 05633-1401
Phone: (802) 828-5723
Fax: (802) 828-5787

ALTERNATIVE MINIMUM TAX

Vermont does not have an alternative minimum tax.

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

Vermont adopts the Internal Revenue Code (IRC) as currently in effect, but without regard to IRC 168(k) because the definition of "Vermont net income" for C corporations specifically excludes IRC 168(k) depreciation. Effectively, Vermont has decoupled from the federal bonus depreciation provision.

ALLOCATION AND APPORTIONMENT FACTORS

If the income of a taxable corporation is derived from any trade, business, or activity that is conducted entirely in Vermont, such income is apportioned to Vermont in full.

If the income is derived from any trade, business, or activity conducted both within and without Vermont, the amount of the corporation's Vermont net income apportioned to Vermont is determined by the arithmetic average of three factors of local-to-total receipts (sales), property, and payroll.

The local-to-total receipts (sales) factor is double weighted. The sum of this factor plus the property and payroll factors is divided by 4.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

While Vermont allocation and apportionment rules have some similarities to UDITPA, Vermont has not adopted the UDITPA rules.

OTHER MULTISTATE COMPACT

Vermont is an associate member of the Multistate Tax Compact.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Vermont does not have a specific apportionment formula for the treatment of income of construction contractors. The standard double-weighted sales factor apportionment formula utilized for corporations applies.

SPECIFIC EXCLUSION OF INCOME ITEMS

Not Applicable

SPECIFIC EXCLUSION OF COST ITEMS

Not Applicable

CREDITS AND TAX INCENTIVES

Multiple credits and incentives are available. Details available at the Department of Economic Development's website at: <https://accd.vermont.gov/about-us/funding-incentives>

INCOME TAX—S CORPORATION

Subchapter S corporations are required to file an annual return and pay the minimum annual (entity) tax of \$250 for each taxable year. Additional Vermont tax may be required at the corporate tax rates on certain income that is taxed at the entity level under the IRC, such as "built-in gains."

REGISTRATION

Registration as an S corporation is achieved by filing BR-400 through the Vermont Secretary of State's office.

FORMS

BI-471, Vermont Business Income Tax Return: For use by those not filing federally as a C Corporation to calculate Vermont business income tax liability.

BI-472, Subchapter S Corporation Schedule: For use by those entities filing Federal Form 1120S and having Vermont nonresident members to calculate net income apportioned and allocated to Vermont.

BA-402, Apportionment & Allocation Schedule: For use by all taxable entities having activity (income or losses) in at least one state/province other than Vermont.

Schedule K-1VT, Shareholder's, Partner's, or Member's Information: For all shareholders, partners, or members summarizing the Vermont net taxable income, Vermont nonresident estimated payments, all eligible credits, and adjustment due to Vermont's disallowance of Internal Revenue Service (IRS) "bonus" depreciation.

RATES

There is an annual annuity tax of \$250. Nonresident withholding estimated taxes may also be required in some circumstances (see below).

DUE DATE

The 15th day of the third month following the corporation's year end for fiscal year taxpayers; due date extended to next business day after state or federal holiday.

DUE DATE EXTENSION

Form BA-403, Application for Extension of Time to File, must be filed on or before the due date of the Vermont Business Income Tax Return.

An extension of time to file a federal return automatically extends the time to file with Vermont until 30 days beyond the federal extension date. However, tax is due on the original date.

Any tax due and unpaid by the original due date will bear interest at the statutory rate, and a penalty of 1% per month, up to a maximum of 25%. Returns filed after the due date without an authorized extension are subject to a late filing fee. The interest rate is set annually by the Commissioner of Taxes.

ELECTRONIC FILING

Vermont does not currently support e-filing for S corporations.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tax.vermont.gov/>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes
P.O. Box 547
Montpelier, VT 05601-0547
Phone: (802) 828-5723
Fax: (802) 828-5787

COMPOSITE RETURNS FOR S

A composite return is a return filed by an entity on behalf of its eligible nonresident shareholders, partners, or members stating the income allocable to the included shareholders, partners, or members and paying tax on their behalf. Composite returns relieve the included shareholders, partners, or members from the responsibility of filing individual income tax returns, as long as they do not have any other income or activity in Vermont that triggers a filing requirement.

ALLOWED OR NOT ALLOWED

Any entity with eligible nonresident shareholders, partners, or members MAY file a composite return.

For tax years 2013 and later, any entity with more than 50 nonresident shareholders, partners, or members MUST file a composite return, including and paying tax for all nonresident owners.

FORMS

Those electing to file a composite return simply make that specification on Form BI-471, Vermont Business Income Tax Return.

RATES

The composite filing tax rate is 6.6% for non-corporations; 7.0% for corporations.

DUE DATE

The 15th day of the third month following the corporation's year end for fiscal year taxpayers; due date extended to next business day after state or federal holiday.

DUE DATE EXTENSION

Form BA-403, Application for Extension of Time to File, must be filed on or before the due date of the Vermont Business Income Tax Return.

An extension of time to file a federal return automatically extends the time to file with Vermont until 30 days beyond the federal extension date. However, tax is due on the original date.

Any tax due and unpaid by the original due date will bear interest at the statutory rate, and a penalty of 1% per month, up to a maximum of 25%. Returns filed after the due date without an authorized extension are subject to a late filing fee. The interest rate is set annually by the Commissioner of Taxes.

ELECTRONIC FILING

Vermont does not currently support e-filing for S corporations.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tax.vermont.gov/business-and-corp>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes
P.O. Box 547
Montpelier, VT 05601-0547
Phone: (802) 828-5723
Fax: (802) 828-5787

ESTIMATED TAX FOR S

S Corporations are required to make estimated income tax payments on behalf of non-Vermont resident shareholders, partners, or members. The pass-through entity is liable for the minimum annual (entity) tax of \$250 (see above) for each taxable year.

The entity is also obligated to make payments for the income attributable to Vermont at the second lowest marginal individual income tax rate; for 2018 and forward that rate is 6.6%. These payments can also be applied to the composite return, if that election is made (see above).

FORMS

WH-435, Estimated Income Tax Payments for Nonresident Shareholders,
Partners, or Members.

RATES

The total required annual payment is calculated by applying the current rate of 6.6% to the Vermont-source income (including guaranteed partnership payments) distributed or allocable to nonresident shareholders, partners, or members.

DUE DATE

Estimated payments are due on the 15th day of the fourth, sixth, and ninth months of the tax year and the first month of the subsequent year (April, June, September, and January).

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Vermont does not currently allow S corporations to file their estimated tax payments online.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tax.vermont.gov/business-and-corp>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes
P.O. Box 547
Montpelier, VT 05601-0547
Phone: (802) 828-5723
Fax: (802) 828-5787

REQUIRED

If no tax payment is due, S corporations are not required to file Form WH-435.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

See Estimate Tax for S section above.

PAYMENT ON INCOME OR DISTRIBUTIONS

Payment based on income of the pass-through entity attributable to Vermont.

S CORPORATION TREATMENT

Conforms to federal treatment.

C TREATMENT

Federal built-in-gains taxable in Vermont.

RECOGNIZE FEDERAL S ELECTION?

Yes

STATE S ELECTION REQUIRED?

No

INCOME TAX—PARTNERSHIPS, LLC

Registration as a partnership or LLC is achieved by filing BR-400 through the Vermont Secretary of State's office.

COMPOSITE RETURNS

Same rules as S corporations – see above.

FORMS

BI-471, Vermont Business Income Tax Return: For use by those not filing federally as a C Corporation to calculate Vermont business income tax liability.

BI-473, Partnership/Limited Liability Company Schedule: For use by those entities filing Federal Form 1120S and having Vermont nonresident members to calculate net income apportioned and allocated to Vermont.

BA-402, Apportionment & Allocation Schedule: For use by all taxable entities having activity (income or losses) in at least one state/province other than Vermont.

Schedule K-1VT, Shareholder's, Partner's, or Member's Information: For all shareholders, partners, or members summarizing the Vermont net taxable income, Vermont nonresident estimated payments, all eligible credits, and adjustment due to Vermont's disallowance of IRS "bonus" depreciation.

RATES

There is an annual annuity tax of \$250.

DUE DATE

Calendar-year partnership and limited liability company returns are generally due March 15, and fiscal year returns are due the 15th day of the third month following the end of the fiscal year.

DUE DATE EXTENSION

Form BA-403, Application for Extension of Time to File, must be filed on or before the due date of the Vermont Business Income Tax Return.

An extension of time to file a federal return automatically extends the time to file with Vermont until 30 days beyond the federal extension date. However, tax is due on the original date.

Any tax due and unpaid by the original due date will bear interest at the statutory rate, and a penalty of 1% per month, up to a maximum of 25%. Returns filed after the due date without an authorized extension are subject to a late filing fee. The interest rate is set annually by the Commissioner of Taxes.

ELECTRONIC FILING

Vermont does not currently allow partnerships and LLCs to file their tax returns electronically.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tax.vermont.gov/business-and-corp>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes
P.O. Box 547
Montpelier, VT 05601-0547
Phone: (802) 828-5723
Fax: (802) 828-5787

INCOME TAX—INDIVIDUAL

The individual income tax return must be filed by a full-year or a part-year Vermont resident or a nonresident if the taxpayer is required to file a federal income tax return, and:

- Earned or received \$100 or more in Vermont income,
- Received Vermont gross income of \$1,000 or more as a nonresident.

FORMS

IN-111, Individual Income Tax Return.

RATES

The 2018 and forward personal income tax rate ranges from 3.35% to 8.75%.

DUE DATE

April 15.

DUE DATE EXTENSION

Vermont follows the IRS in allowing an automatic six-month extension of time to file the individual income tax return. You must file either VT Form IN-151 or a copy of the federal extension return by the original due date of the return.

Note: An extension of time only allows more time to file the return. It does not extend the time to pay tax. Interest and penalty will accrue on tax due from the original due date of the return to the time of payment.

No extension of time to file is available for:

HS-145, Property Tax Adjustment Claim.

PR-141, Renter Rebate Claim.

ELECTRONIC FILING

Vermont individual income taxes can be filed online.

Visit: <https://tax.vermont.gov/file-and-pay%20> for a list of options.

ELECTRONIC PAYMENT

Taxes can be paid electronically by visiting: www.tax.vermont.gov and clicking on the link for VTPay.

WEBSITE

www.tax.vermont.gov

MAILING ADDRESS

To claim refund, mail to:

Vermont Department of Taxes
P.O. Box 1881
Montpelier, VT 05601-1881

With payment, mail to:

Vermont Department of Taxes
P.O. Box 1779
Montpelier, VT 05601-1779

FED RETURN ATTACHED TO STATE RETURN

No

STATE CONSTRUCTION-RELATED CREDITS

There are no specific construction related credits in the State of Vermont.

IRC CONFORMITY

Vermont adopts the IRC as in effect through December 31, 2017, for taxable years beginning on or after January 1, 2017 for individuals and corporations. Vermont has not yet adopted the changes business interest deduction limitations of IRC §163(j) enacted by the Tax Cuts and Jobs Act. Because the IRC § 199A deduction is not included in the standard or itemized deduction under the IRC, the deduction is not permitted for Vermont personal income tax purposes.

ALTERNATIVE MINIMUM TAX

Vermont does not have an alternative minimum tax.

NET WORTH OR STOCK TAX

REGISTRATION

Vermont does not have a net worth or stock tax.

GROSS RECEIPTS TAX

REGISTRATION

Vermont's only gross receipt tax is for fuel gross receipts only.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

The general sales tax rate is imposed on the buyer on the purchase price of tangible personal property, amusement charges, fabrication charges, and some public utility charges. There are 46 exemptions from the tax which include medical items, food, manufacturing machinery, equipment and fuel, residential fuel and electricity, and clothing and shoes.

The use tax is imposed on the buyer at the same rate as the sales tax. The buyer pays the use tax when the sellers fail to collect the sales tax or the items are purchased from a source where no sales tax is collected. The use tax applies to items taxable under the sales tax.

REGISTRATION

After registering with the Department by filing Form BR-400, each company will receive a license for a sales and use tax account. There is no charge for the license itself.

FORMS

SU-451, Vermont Sales & Use Tax Return. This form is used by persons who should report both sales and use taxes.

SU-452, Vermont Use Tax Return. This form should be used by buyers not required to file Form SU-451.

RATES

6%

Any tax due and unpaid by the due date will bear interest at the statutory rate, and a penalty of 5% per month, up to a maximum of 25%, may be assessed.

Late filing may also result in the imposition of a \$50.00 late filing fee.

DUE DATE

This tax return is due on or before the 20th day of the month following the purchase, or at the time of registering a boat, snowmobile, or aircraft, whichever is earlier.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

VTBizFile allows you to file your sales and use tax liabilities electronically with the Department.

ELECTRONIC PAYMENT

Payment options through VTBizFile include ACH debit (free) and credit card; (convenience fee on credit card payments over \$200).

WEBSITE

<https://tax.vermont.gov/business-and-corp/sales-and-use-tax>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes
P.O. Box 547
Montpelier, VT 05601-0547
Phone: (802) 828-2551
Fax: (802) 828-5787

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

Vermont sales and use tax regulations:

<https://tax.vermont.gov/content/regulation-19701>

TAXABLE SERVICES

Most services are not taxable in Vermont. However, fabrication services (applies to the charge for producing, fabricating, printing, or imprinting of tangible personal property for consideration for consumers who furnish, either directly or indirectly, the materials used in the producing, fabricating, printing, or imprinting. Sawing lumber for the owner of the lumber is not a taxable fabrication) are taxable.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

The following Vermont municipalities have a local option sales tax: Burlington, Dover, Killington, Manchester, Middlebury, Rutland Town, South Burlington, Stratton, Williston, Winhall, and Wilmington.

The Department administers and collects the local option sales tax for these municipalities. Any vendor with a Vermont Sales and Use Tax Certificate of Authority is required to collect the local option sales tax. No additional registration with the Department is necessary.

FORMS

SU-451, Vermont Sales & Use Tax Return.

RATES

The local option sales tax is 1%.

DUE DATE

See state sales and use tax rules.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

VTBizFile allows you to file your sales and use tax liabilities electronically with the Department.

ELECTRONIC PAYMENT

Payment options through VTBizFile include ACH debit (free) and credit card; (convenience fee on credit card payments over \$200).

WEBSITE

<https://tax.vermont.gov/business-and-corp/sales-and-use-tax/local-option-tax>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes

P.O. Box 547
Montpelier, VT 05601-0547
Phone: (802) 828-2551
Fax: (802) 828-5787

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

See state sales and use tax rules.

TAXABLE SERVICES

See state sales and use tax rules.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form BR-400. Employers that pay wages or make payments to Vermont income tax withholding, must register with the Department for a withholding account.

Form W-4VT. Employers should have all employees complete Form W-4VT. An employer may use the information from federal Form W-4 if a Vermont form is not submitted.

Form WH-434. All employers are required to file Form WH-434, Reconciliation of Withholding Tax Account annually. This form serves as the transmittal for Forms W-2 and/or 1099 and reconciles the amount of Vermont income tax withholding reported during the year to the amount of withholding tax shown on the W-2 and/or 1099 forms.

RATES

The Vermont income tax withholding is computed in the same manner as federal withholding tax by using the Vermont withholding tables or wage bracket charts.

DUE DATE

The Department will determine your filing frequency (semi-weekly, monthly, or quarterly) based on your annual withholding totals.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Any employer may elect to file and pay their withholding tax electronically utilizing VTBizFile. Semi-weekly employers (those with \$9,000 or more withholding per quarter) must use Electronic Funds Transfer (EFT).

ELECTRONIC PAYMENT

Payment options include ACH debit (free) and credit card; (convenience fee on credit card payments over \$200).

WEBSITE

<https://tax.vermont.gov/business-and-corp/withholding-tax>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes
P.O. Box 547
Montpelier, VT 05601-0547
Phone: (802) 828-2551
Fax: (802) 828-5787

NEW HIRE

Employers must report hiring, rehiring, and return to work on Form C-61, New Hire Reporting Form, Form W-4, or equivalent within 10 days of the first day work is performed or was previously employed by the employer but has been separated from such prior employment for at least 60 consecutive days.

When reporting a new hire, employers are required to report the following details: employer's name, address, and Federal Employer Identification Number (FEIN), worker's name, address, social security number and first date of employment.

TERMINATION

Vermont is an "employment-at-will" state, which means, absent a special exception, employees may be terminated for any reason. The employee may also quit for any reason.

INDEPENDENT CONTRACTOR TREATMENT

Payers who are required to file forms 1099 with the Internal Revenue Service must also file with the State of Vermont. Payers can simplify filing a Form 1099 with Vermont through the Combined Federal/State Filing (CF/SF) Program, which makes E-Filing Form 1099 easier and more convenient for businesses. Through CF/SF, the IRS electronically forwards 1099 information returns (original and corrected) to participating states, including Vermont, eliminating the need to file 1099s separately with the state.

UNEMPLOYMENT

FORMS

Register as employer by filing Form C-1, Status Report.

Form W-4VT, Employee's Withholding Allowance Certificate.

RATES

.04% to 8.40% on \$15,600.

New construction employers use 4.6%.

New heavy and civil engineering employers use 6.1%.

New specialty trade contractors use 5.5%.

All other new employers' categories use 1%.

DUE DATE

Quarterly

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Businesses with 25 or more employees must file and pay their quarterly unemployment taxes online.

Businesses with 25 to 250 employees must file their quarterly unemployment tax reports using the Vermont Tax and Wage System (VITWS) at the VDOL website. Employers must register on the VDOL website to use this application.

Businesses with more than 250 employees must use the Large Employer Reporting System. The specifications and application (Form C-29A) for this system are online at the VDOL website. Employers must submit an application to use the Large Employer Reporting System.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://www.labor.vermont.gov/>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Labor
5 Green Mountain Dr.
Montpelier, VT 05602
(802) 828-4000

NEW HIRE

See Withholding section above.

TERMINATION

See Withholding section above.

INDEPENDENT CONTRACTOR TREATMENT

If you have any questions about whether the person you hire is an employee or an independent contractor, please call the Vermont Department of Labor (VDOL) at (802) 828.1314. You WILL NOT be penalized for this inquiry.

For Unemployment Insurance (UI), it's the nature of the relationship between an employer and an individual that determines if they are an "employee" or an "independent contractor."

Because of statute and case law, the VDOL must presume that an employment relationship exists between an employer and an individual hired, and thus unemployment insurance coverage is required, UNLESS and UNTIL, the employer is able to demonstrate that all three parts of the "ABC Test" are met.

ABC Test

The "ABC Test" is used to determine the nature of the relationship between an employer and individual, and the three parts ALL MUST BE MET for an individual to NOT be an employee. The "B" portion of the test is in two parts.

The ABC Test includes:

- A. Such individual has been and will continue to be free from control or direction over the performance of such services, both under his contract of service and in fact.

Examples:

- Individual bids for the job and is paid by the job.
- Individual completes job with no direction, supervision, or set hours.

- B. Such service is either outside the usual course of the business for which such service is performed or that such service is performed outside of all the places of business of the enterprise for which such service is performed.

Examples:

- Individual does work which none of your employees does and for which you do not advertise.
- Individual does all work at their own facility.

- C. Such individual is customarily engaged in an independently established trade, occupation, profession, or business.

Examples:

- Individual has employees of their own.
- Individual has liable UI account with VDOL.
- Individual advertises their business services to the general public.

The Vermont Supreme Court has made it clear that direction and control will exist where the employer has the “right” to provide direction and control, regardless of whether such direction and control is actually exercised.

The employer’s usual course of business is any business activity the employer chooses to engage in. Likewise, the employer’s place of business is all places where the employer conducts its business, not just the main location or office from which the employer conducts its business.

Finally, being independently established means being established in a similar type of occupation or trade as the one being examined. Generally, the individual must have some history of providing similar services for others in order for the “C” part of the test to be met.

The ABC Test vs. the IRS Independent Contractor Test

The IRS uses a different, less inclusive test to determine if an individual is an employee or an independent contractor. Employers should understand that the IRS will follow Vermont law and use the “ABC Test.”

It’s possible that under Vermont law an individual may be considered an employee but under the IRS an individual contractor.

PROPERTY TAX

PERSONAL PROPERTY

Vermont taxes personal property unless it is specifically exempted. The tax is based on the fair market value of property and is levied by the municipality in which the property is located on the tax assessment date.

REGISTRATION

Not Applicable

FORMS

Various.

RATES

Personal property tax rates are set by the legislative body of the municipality at a percentage high enough to raise money for highways and other necessary municipal expenses. A full list of property tax rates by county can be obtained through the Vermont Department of Tax.

DUE DATE

Assessment date – April 1.

Payment due dates are set by each municipality. If no payment due date is fixed by the municipality or if the notice is not mailed at least 30 days before the due date, the payment due date will be 30 days from the date of mailing the notice to the taxpayer.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Various.

MAILING ADDRESS/PHONE NUMBER

Various

REAL PROPERTY

Vermont also taxes real property unless it is specifically exempted. The tax is based on the fair market value of property and is levied by the municipality in which the property is located on the tax assessment date. Taxable “real estate” includes land, buildings, and rights to use land.

REGISTRATION

Not Applicable

FORMS

Various

RATES

Real property tax rates are set by the legislative body of the municipality at a percentage high enough to raise money for highways and other necessary municipal expenses. A full list of property tax rates by county can be obtained through the Vermont Department of Tax.

DUE DATE

Assessment date – April 1.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

Various

MAILING ADDRESS/PHONE NUMBER

Various

INTANGIBLES TAX

REGISTRATION

Vermont does not have an intangibles tax.

FUEL TAX

REGISTRATION

There is no registration process specific to Vermont's fuel tax. All those to whom the tax applies must simply remit the necessary form and tax payment by the specified due dates.

First, the fuel gross receipts tax is imposed on all retail sales of the following fuels:

- Heating oil, kerosene, and other dyed diesel fuels delivered to a business or residence.
- Propane gas.
- Natural gas.
- Electricity.
- Coal.

All deliveries of heating oil, kerosene, and other dyed diesel fuels to customers' residential or business locations ARE subject to the fuel gross receipts tax. Fuels sold to the customer at a fuel dealer pump ARE NOT subject to the tax.

Second, the petroleum distributor licensing fee is imposed on every seller for the retail sale of heating oil, kerosene or other dyed diesel fuel delivered to a business or residence.

FORMS

FG-601, Vermont Fuel Gross Receipts Tax AND Petroleum Distributor Licensing Fee Return.

RATES

Fuel Gross Receipts Tax:

All sales of fuel are subject to a 0.5% tax, regardless of sales volume.

Petroleum Distributor Licensing Fee:

One cent per gallon of all heating oil, kerosene, and other dyed diesel fuel delivered to a business or residence.

DUE DATE

Filing is required quarterly: April 25, July 25, October 25, and January 25, even if no tax is due.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Form FG-601 may not be submitted electronically. However, it is now available in fillable PDF form which may be completed online, printed, and mailed.

ELECTRONIC PAYMENT

Fuel tax liability associated with Form FG-601 may not be paid electronically.

WEBSITE

<https://tax.vermont.gov/business-and-corp/miscellaneous-taxes#fueltax>

MAILING ADDRESS/PHONE NUMBER

Vermont Department of Taxes
P.O. Box 547
Montpelier, VT 05601-0547
(802) 828-2551

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Unclaimed property includes items such as forgotten bank accounts, uncashed pay checks, and unclaimed security deposits. It's most often in the form of money, but it can also be stocks, mutual funds, and the contents of safe deposit boxes. The property comes from many sources, (called holders), such as banks, credit unions, corporations, utilities, insurance agencies, retailers, and governmental agencies throughout the United States. The Vermont State Treasurer's Office acts as custodian to safeguard the assets until they can be claimed by the rightful owners or their heirs.

More information about the program can be obtained through the State Treasurer's Office.

<https://secure2.vermonttreasurer.gov/unclaimed/ownerSearch.asp>

IMPACT FEES

Impact fees are charged by Vermont's local governments to help offset the costs of new infrastructure required by the town's growth.

STATE ISSUES OTHER THAN TAXES

Various.

MINIMUM WAGE

Effective January 1, 2019: \$10.78 per hour.

REGISTERED AGENTS

Required. Per Vermont law, registration with the Vermont Secretary of State office requires that taxpayers have a local registered agent for Service of Process.

DAVIS BACON

Vermont is divided into three geographic areas for determining prevailing wage rates: (Burlington-South Burlington Metropolitan New England City and Town Area, Southern Vermont Area, and Northern Vermont Area). Any project authorized or funded by the State of Vermont "Capital Construction Act" and which cost more than \$100,000 are covered by the prevailing wage rules. To find out if a specific project is covered, contact the Department of Buildings and General Services at (802) 828-2211.

For rates through 2018 see more at:
<http://www.vtlmi.info/stateconstrprevailwage.pdf>

DRUG TESTING FACILITIES

List of approved labs authorized by the Vermont Department of Health annually to conduct employee drug testing: <http://www.healthvermont.gov/public-health-laboratory/laboratory-certification-or-approval/drug-testing-laboratory-approval>.

COMMUNICATIONS

Vermont Pub. FS-1050 – Vermont Sales Tax for Manufacturers, Retailers & Contractors of Items Permanently Installed in a Home or Business – issued July 1, 2014 and expires June 30, 2015.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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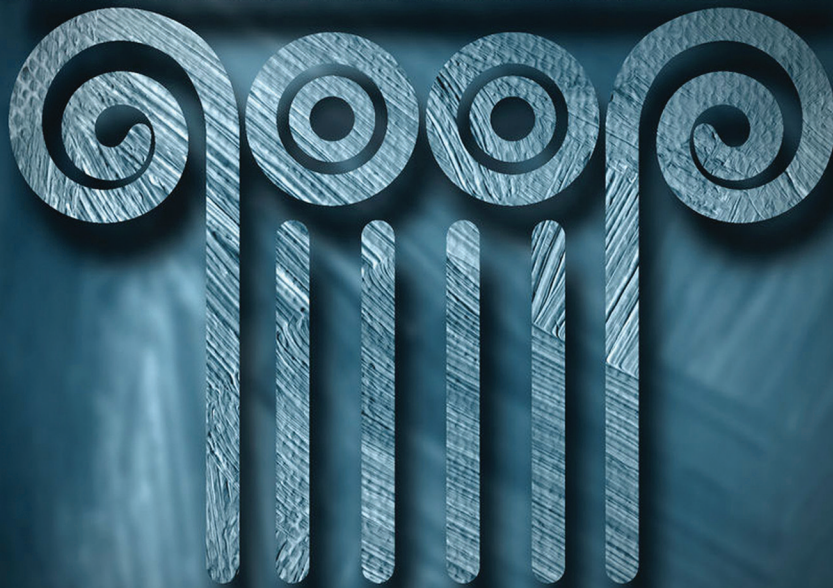
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CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO

STATE TAX LAWS



VIRGINIA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

FORMS

In addition to the list below, registration forms, including name reservation, can be found at: <http://www.scc.virginia.gov/clk/formfee.aspx>

Domestic

Form SCC619, Articles of Incorporation – Stock Corporation.

Form SCC819, Articles of Incorporation – Nonstock Corporation.

Form LLC-1011, Articles of Organization – Limited Liability Company.

Form UPA-93, Statement of Authority – Partnership.

Form UPA-132, Statement of Registration – Limited Liability Partnership.

Form LPA-73.11, Certificate of Limited Partnership – Limited Partnership.

Foreign

Form SCC759/921, Application for a Certificate of Authority to Transact Business – Corporation.

Form LLC-1052, Application for a Certificate of Registration to Transact Business – Limited Liability Company.

Form UPA-93, Statement of Authority – Partnership.

Form UPA-138, Statement of Registration – Limited Liability Partnership.

Form LPA-73.54, Application for a Certificate of Registration to Transact Business – Limited Partnership.

RATES, FEES, COSTS

In addition to the list below, registration fees can be found at: <http://www.scc.virginia.gov/clk/formfee.aspx>. Registration form filings can be expedited for an additional fee.

Domestic

Form SCC619, Articles of Incorporation:

- Charter fee: 1,000,000 or fewer authorized shares – \$50 for each 25,000 shares or fraction thereof; More than 1 million shares – \$2,500;
- Filing fee: \$25.

Form SCC819, Articles of Incorporation – \$75 filing fee.

Form LLC-1011, Articles of Organization – \$100 filing fee.

Form UPA-93, Statement of Authority – \$25 filing fee.

Form UPA-132, Statement of Registration – \$100 filing fee.

Form LPA-73.11, Certificate of Limited Partnership – \$100 filing fee.

Foreign

Form SCC759/921, Application for a Certificate of Authority to Transact Business.

Stock Corporations:

- Entrance fee: 1,000,000 or fewer authorized shares; \$50 for each 25,000 shares or fraction thereof; more than 1 million shares – \$2,500;
- Filing fee: \$25;

Nonstock Corporations:

- \$75 total (\$50 entrance fee plus \$25 filing fee).

Form LLC-1052, Application for a Certificate of Registration to Transact Business – \$100 filing fee.

Form UPA-93, Statement of Authority – \$25 filing fee.

Form UPA-138, Statement of Registration – \$100 filing fee.

Form LPA-73.54, Application for a Certificate of Registration to Transact Business – \$100 filing fee.

ELECTRONIC FILING

Optional. Go to: <http://www.scc.virginia.gov/clk/online.aspx>

ELECTRONIC PAYMENT

Optional. Go to: <http://www.scc.virginia.gov/clk/online.aspx>

WEBSITE

Office of the Clerk: <http://www.scc.virginia.gov/clk/index.aspx>

MAILING ADDRESS/PHONE NUMBER

Clerk of the State Corporation Commission
P.O. Box 1197
Richmond, VA 23218-1197
Phone: (804) 371-9733
Toll free: 1-(866) 722-2551

ANNUAL REPORTS

Every Virginia corporation and every foreign corporation that has a Certificate of Authority to transact business in Virginia is required, by law, to file an annual report with the Virginia State Corporation Commission (Commission) each year after the year in which it was incorporated or registered. No other business entity type is required or permitted to file an annual report with the Commission.

Annual Registration Fee – Every Virginia and registered foreign corporation, limited liability company, limited partnership and business trust is required to pay an annual registration fee to the Commission each year after the year in which it was formed or registered to transact business in Virginia.

The Commission's notice of the annual registration fee assessment is mailed to the company's Virginia registered agent at the registered office address of record with the Commission as of the date of the assessment. It is the duty of the registered agent to forward the notice to the company.

FORMS

To request a copy of the annual report form, visit: www.scc.virginia.gov/clk/ElectronicFormRequest.aspx or contact the clerk's office at (804) 371-9733 or toll free in Virginia, 1-(866) 722-2551.

Requests are routinely fulfilled by mailing the annual report form by U.S. mail and should be made well in advance of the filing deadline to ensure timely delivery to the Commission of the completed annual report.

RATES

There is no fee associated with the filing of an annual report.

However, every Virginia and registered foreign corporation, limited liability company, limited partnership and business trust is required to pay an annual registration fee to the Commission each year after the year in which it was formed or registered to transact business in Virginia.

For stock corporations, the annual registration fee is based on the number of shares the corporation is authorized to issue according to the records of the Commission as of the first day of the second month preceding the month in which it was incorporated or registered to transact business in Virginia. The current corporation fee schedule is available in a form titled "Annual Corporation Requirements and Fee Schedule."

For nonstock corporations, the annual registration fee is \$25. It is assessed as of the first day of the second month preceding the month in which the corporation was incorporated or registered to transact business in Virginia.

For limited liability companies, the annual registration fee is \$50. It is assessed as of the first day of the second month preceding the month in which the company was formed or registered to transact business in Virginia.

For limited partnerships and business trusts, the annual registration fee is \$50, which is assessed as of July 1.

DUE DATE

Annual Report – Due on or before the last day of the month in which the corporation was incorporated or registered to transact business in Virginia. (Note: when the last day of the month falls on a weekend or holiday, the corporation's annual report needs to be received by the Commission on or before the last business day of that month).

Each year after the year of incorporation or registration to transact business in Virginia, the Commission prepares the corporation's annual report, using information on its records as of the first day of the second month preceding the month in which it was incorporated or registered to transact business in Virginia. The annual report is sent to the corporation's registered agent in Virginia, who is responsible for forwarding it to the corporation.

Annual Registration Fee – For corporations and limited liability companies, the payment is due on or before the last day of the month in which the company was incorporated, formed, or registered to transact business in Virginia.

For limited partnerships and business trusts, the payment is due on or before October 1.

ELECTRONIC FILING

Annual Report – Optional. As a result of legislation effective July 1, 2014, the Commission can no longer accept through SCC eFile any corporate annual report that contains any change to director or officer information. An annual report that does not contain any change to director or officer information may be filed online through SCC eFile.

ELECTRONIC PAYMENT

Annual Registration Fee – Electronic Payment is Optional. A corporation or limited liability company can pay its annual registration fee and/or penalties electronically through SCC eFile using Visa, MasterCard, Discover, American Express, and eChecks. (Note: the office of the clerk's third-party payment processor charges a convenience fee for electronic payments).

MAILING ADDRESS/PHONE NUMBER

State Corporation Commission
Clerk's Office
P.O. Box 1197
Richmond, VA 23218-1197
Phone: (804) 371-9733
Toll-free in Virginia: (866) 722-2551

REGISTRATION WITH THE DEPARTMENT OF REVENUE

All entities conducting business in the Commonwealth of Virginia (Commonwealth) must register their business with the Virginia Department of Taxation.

FORMS

Form R-1, Business Registration.

RATES

No registration fee required.

DUE DATE

Prior to commencing business in Virginia.

ELECTRONIC FILING

Optional – Go to: <https://www.ireg.tax.virginia.gov/VTOL/Login.seam>

ELECTRONIC PAYMENT

No registration payment required.

WEBSITE

Businesses: <http://www.tax.virginia.gov/content/business-home>

MAILING ADDRESS/PHONE NUMBER

Virginia Department of Taxation
Registration Unit
P.O. Box 1114
Richmond, VA 23218-1114
(804) 367-8037

LICENSES—GC & SPECIALTY

REGISTRATION

Contractors

Some construction contractors must be licensed in Virginia. Trade licenses are required for electrical, plumbing, HVAC, gas fitting, asbestos abatement, and lead abatement work.

Contractor licenses consist of two parts: the class of the license, which determines what, if any restrictions are placed on the size of contracts/projects that may be performed, and the classification/specialty, which determines what type of work the licensed contractor is allowed to perform.

The Board for Contractors issues licenses in one of three classes: Class A, Class B, and Class C. In most cases, the type of license you should apply for is based on the value or contract price of the projects your business will be bidding on or engaged in (see the note below for specific exceptions). Please read the following definitions before deciding which contractor license is suitable for your business:

- Class A contractors perform or manage construction, removal, repair, or improvements when: (i) the total value referred to in a single contract or project is \$120,000 or more, or (ii) the total value of all such construction, removal, repair, or improvements undertaken by such person within any 12-month period is \$750,000 or more.
- Class B contractors perform or manage construction, removal, repair, or improvements when: (i) the total value referred to in a single contract or project is \$10,000 or more, but less than \$120,000, or (ii) the total value of all such construction, removal, repair, or improvements undertaken by such person within any 12-month period is \$150,000 or more, but less than \$750,000.
- Class C contractors perform or manage construction, removal, repair, or improvements when: (i) the total value referred to in a single contract or project is over \$1,000 but no more than \$10,000, or (ii) the total value of all such construction, removal, repair, or improvements undertaken by such person within any 12-month period is no more than \$150,000.

Tradesmen Program

The Board for Contractors regulates individual tradesmen who engage in the trades of electrical, plumbing, heating, ventilation and air conditioning, gas fitting, water well construction, elevator mechanics, backflow prevention, and building energy analysis. (Although the term “certified” is used, state certification of these trades is mandatory, not optional).

Individual tradesmen may also be subject to local ordinances, laws, or other requirements imposed by other state agencies, courts, or certain localities. Questions about local ordinances, etc. should be directed to the community in which the individuals plan to engage in their trade.

TESTS AND EXAMS

All business entities seeking a Class A or a Class B license must declare a designated employee who: (1) is a full-time employee or one of the business' responsible managers (see Part I of the Board for Contractors Rules and Regulations); (2) is at least 18 years of age; and (3) has successfully completed the examination requirements.

The designated employee examination tests the candidate's general business knowledge, and their knowledge of the laws and regulations governing contractors. If your business does not yet have a designated employee who has passed the licensure exam, contact:

PSI Examination Services
Phone: 1-(800) 733-9267
Fax: (702) 932-2666
Web: <https://candidate.psiexams.com/>

The Class B licensure examination is a two-part exam comprised of a Virginia Section (to test the candidate's knowledge of Virginia's laws and regulations governing contractors) and a General Section (to test the candidate's general administrative and business knowledge). The Class A licensure examination is a three-part exam consisting of the Virginia and General Sections (contained in the Class B exam), as well as, an Advanced Section which tests the candidate's general administrative and business knowledge necessary to engage in Class A contracting.

FORMS

Board for Contractors – License Application.

Board for Contractors – Temporary License Application (allows firms to have 45 days to complete all entry requirements for a permanent contractor license).

Board for Contractors – Tradesmen Exam & License Application.

RATES

<u>Type of License</u>	<u>License Application Fee</u>
Class A	\$385
Class B	\$370
Class C	\$235

DUE DATE

Initial registration is due prior to beginning work as a contractor in Virginia.

ELECTRONIC FILING

Not Available.

ELECTRONIC PAYMENT

Not Available.

WEBSITE

Contractors: <http://www.dpor.virginia.gov/Boards/Contractors/>

Tradesmen: <http://www.dpor.virginia.gov/Boards/Tradesmen/>

MAILING ADDRESS/PHONE NUMBER

Commonwealth of Virginia
Department of Professional and Occupational Regulation
9960 Mayland Drive, Suite 400
Richmond, VA 23233-1485
(804) 367-8511

RECIPROCITY STATES

The following is a list of licensing agreements (reciprocity) and examination agreements (exemptions) approved by the Board for Contractors. Anyone applying for a license or certification under any of these agreements must meet all of the terms of that agreement in order for the application to be approved. All individuals applying by reciprocity or by examination exemption must submit a complete application along with verification of licensure from the out-of-state board.

For detailed information about each agreement, please contact the Board for Contractors at: contractor@dpor.virginia.gov or (804) 367-8511.

- Alabama Electrical Contractor License and Virginia Master Electrical Tradesman License Examination Reciprocity.
- Kentucky Electrician and Master Electrician License and Virginia Journeyman and Master Electrical Tradesman License Examination Reciprocity.
- Maryland Master Electrical Tradesman License and Virginia Master Electrical Tradesman License Examination Reciprocity.

- West Virginia Journeyman and Master Electrical Tradesman License and Virginia Journeyman and Master Electrical Tradesman License Examination Reciprocity.
- Maryland HVAC Board Journeyman and Master HVA Tradesman License and Virginia Journeyman and Master HVA License Examination Reciprocity.
- North Carolina Unlimited (equivalent to Class A) and Intermediate (equivalent to Class B) Electrical Contractor License and Virginia Master Electrical Tradesman License and Class A or Class B Electrical Contractor Business License and Examination Reciprocity.
- Washington Suburban Sanitary Commission (WSSC) – Examination agreement for Journeyman and Master Plumbers and Gas Fitters.
- Louisiana State Licensing Board for Contractors – Examination agreement for Commercial Building, Electrical and HVA, Contractor License and Journeyman, and Master Electrical and HVA Tradesman (residency requirement).

EQUITY REQUIREMENT

Class A & Class B applicants must, as evidence of your firm's net worth, provide:

- A completed financial statement form (included as part of the application); or
- An annual report; or
- A CPA-reviewed/audited financial statement.

Class A applicants must provide proof of a net worth/equity of \$45,000. Class B applicants must provide proof of a net worth/equity of \$15,000. Applicants who do not meet these requirements may qualify for a Class C license.

FINANCIAL STATEMENT REQUIREMENTS

See Equity Requirement section above.

LOCAL LICENSES

REGISTRATION

Contact the county or city clerk in which you want to do business for possible contractor licenses or ordinances associated with that jurisdiction. Each county or city might have their own forms for a local license.

INCOME TAX

INCOME TAX—C CORPORATION

In general, every corporation that is incorporated under Virginia law, or that has registered with the Commission for the privilege of conducting business in Virginia, or that receives income from Virginia sources, must file a Virginia corporation income tax return.

FORMS

Form 500, Corporation Income Tax Return (use this form only if you have been granted a waiver from Virginia's electronic filing mandate).

RATES

6.00%.

DUE DATE

Virginia Form 500 must be filed by the 15th day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

An automatic extension of time to file is granted until the date six months after the due date for filing the corporation income tax return or 30 days after the extended date for filing the federal income tax return, whichever is later. If Form 500 is filed within the automatic extension period, but less than 90% of the tax liability was paid by the original due date, an extension penalty will apply.

Extension payments must be made electronically.

ELECTRONIC FILING

Required – All corporations must file their annual income tax returns electronically using either the:

- Fed/State e-file program: <http://www.tax.virginia.gov/content/corporate-e-file>
- Department's eForms system: <http://www.tax.virginia.gov/content/eforms>

Corporations that are unable to file and pay electronically must request a hardship waiver.

ELECTRONIC PAYMENT

Required – All corporations must make all payments electronically using the Department of Taxation's (Department) eForms system at:

<http://www.tax.virginia.gov/content/eforms>

WEBSITE

Corporation Income Tax: <http://www.tax.virginia.gov/content/corporate-income-tax>

MAILING ADDRESS/PHONE NUMBER

Virginia Department of Taxation
P.O. Box 1500
Richmond, VA 23218-1500
(804) 367-8037

ESTIMATED TAX

FORMS

Form 500ES, Estimated Tax Declaration for Corporations (use this voucher only if you have been granted a waiver from Virginia's electronic payment mandate).

RATES

Every corporation subject to state income taxation must make a declaration of estimated income tax for the taxable year if the corporation's state income tax for the same period, reduced by the allowable tax credits, can be expected to exceed \$1,000.

DUE DATE

Calendar-Year Filers – Payment of the estimated tax must be made to the Department as follows: 25% of expected income tax liability by April 15, 25% by June 15, 25% by September 15, and 25% by December 15.

Fiscal-Year Filers – 25% of the amount due to the Department by the 15th day of the fourth month following the beginning of its fiscal year. Subsequent installments will be payable by the 15th day of the sixth month, the 15th day of the ninth month, and the 15th day of the 12th month following the beginning of its fiscal year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

All estimated taxes must be filed electronically. See Electronic Payment below for more information.

ELECTRONIC PAYMENT

All estimated tax payments must be paid electronically. Virginia provides two secure online options for electronically submitting estimated payments:

- eForms: <http://www.tax.virginia.gov/content/eforms>
- Business iFile: <https://www.business.tax.virginia.gov/VTOL/Login.seam>

WEBSITE

Corporation Income Tax: <http://www.tax.virginia.gov/content/corporate-income-tax>

MAILING ADDRESS/PHONE NUMBER

Virginia Department of Taxation
P.O. Box 1500
Richmond, VA 23218-1500
(804) 367-8037

ALTERNATIVE MINIMUM TAX

Virginia does not impose an alternative minimum tax.

FEDERAL TAX DIFFERENCES (IF APPLICABLE)

State and Local Tax deducted on federal return – To compute Virginia taxable income, income taxes and other taxes, including franchise and excise taxes, which are based on, measured by, or computed with reference to net income, imposed by Virginia or another taxing jurisdiction, must be added back to federal taxable income.

Bonus Depreciation – Virginia generally conforms to the Internal Revenue Code (IRC) as of a specific date. However, Virginia disallows any bonus depreciation allowed for certain assets under IRC §168(k). In addition, Virginia's fixed-date conformity will not include any bonus depreciation that is allowed under IRC §168(l) (cellulosic biofuel plant property), IRC §168(m) (reuse and recycling property), IRC §1400L (New York Liberty Zone property), and IRC §1400N (Gulf Opportunity Zone property).

Foreign Dividend Gross-Up – To compute Virginia taxable income, the amounts included as a result of IRC §78 (foreign dividend gross-up) are subtracted from federal taxable income to the extent that they are included, and not otherwise subtracted, in computing federal tax.

Subpart F Income – To compute Virginia taxable income, to the extent included in and not otherwise subtracted from federal taxable income, a taxpayer can subtract any amount included therein by the operation of IRC §951 (subpart F income).

Interest on State Obligations Other Than Virginia – Add back to federal taxable income.

Income from Obligations or Securities of the U.S. exempt from state income taxes, but not from federal income taxes – Subtract from federal taxable income.

ALLOCATION AND APPORTIONMENT FACTORS

Virginia uses a double-weighted sales factor apportionment formula. Under this formula, the sales factor is weighted 50% and payroll and property as 25% each in determining the overall corporate income apportionment factor. Thus, the corporate income must be apportioned by multiplying such income by a fraction, the numerator of which is the property factor plus the payroll factor plus twice the sales factor and the denominator of which is four. If there is no sales factor, the denominator will be the number of existing factors. If there is a sales factor but no property or payroll factor, the denominator will be the number of existing factors plus one.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Virginia is not among the states that have adopted UDITPA.

OTHER MULTISTATE COMPACT

Virginia has not adopted the Multistate Tax Compact.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Construction corporations electing to report income on the completed contract basis must apportion income in the ratio that business in Virginia bears to total business. The completed contract method does not include any of the percentage of completion methods available under federal law.

If a portion of a construction corporation's income is reported under the completed contract method and a portion is reported under a percentage of completion method or some other accounting method, the applicable apportionment formula is determined by the method used to report a majority (more than 50%) of the total business (measured by gross revenue) conducted by the taxpayer for the tax year. If no one method is used to report a majority of the taxpayer's total business, the general apportionment formula must be used.

Construction corporations not reporting under the completed contract method must figure Virginia taxable income by using the statutory apportionment formula.

SPECIFIC EXCLUSION OF INCOME ITEMS

No construction specific exclusion of income items.

SPECIFIC EXCLUSION OF COST ITEMS

No specific exclusion of cost items.

CREDITS AND TAX INCENTIVES

For a list and explanation of Virginia tax credits, visit:
<http://www.tax.virginia.gov/content/tax-credits>

Business Incentives: <http://www.yesvirginia.org/ProBusiness/BusinessIncentives>

INCOME TAX—S CORPORATION

Every pass-through entity (PTE) that does business in Virginia or receives income from Virginia sources must file an income tax return on Form 502.

REGISTRATION

Rules for S corporation registration are identical to C corporations.

FORMS

Form 502, Pass-Through Entity Return of Income and Return of Nonresident Withholding Tax (use this form only if you have been granted a waiver from Virginia's electronic filing mandate).

RATES

Virginia does not impose entity-level fees and taxes on S corporations. However, any taxes imposed on a pass-through entity itself, such as, but not limited to, sales and use taxes, withholding taxes with respect to employees or nonresident owners, and minimum taxes in lieu of income taxes, must be paid by the pass-through entity.

DUE DATE

Form 502 must be filed by the 15th day of the fourth month following the close of the entity's taxable year. For example, calendar-year returns must be filed on or before April 15 each year.

DUE DATE EXTENSION

An automatic extension of time to file is granted to the date six months after the due date for filing Form 502 or 30 days after the extended due date for filing the federal income tax return, whichever is later. The automatic extension of time to file does not extend the payment due date for withholding tax. The withholding tax payment is due on the due date of the PTE's return regardless of whether the extension to file Form 502 is used. Use Form 502W to make the withholding tax payment by the due date.

ELECTRONIC FILING

All PTEs are required to file their annual returns electronically. Virginia offers several options for electronically filing PTE returns and payments:

- The PTE e-File program works with the IRS e-File program and allows both the federal and state returns to be filed together through one secure system:
<http://www.tax.virginia.gov/content/pte-e-file>
- A free online 502EZ eForm is available for filing the annual return if you meet certain eligibility requirements:
<http://www.tax.virginia.gov/content/eforms#Pass-Through%20Entity%20Tax%20eForms>

PTEs that are unable to file and pay electronically should request a waiver.

ELECTRONIC PAYMENT

All PTEs are required to make all payments electronically. Virginia offers several options for electronically filing PTE returns and payments:

- A free online 502EZ eForm is available for making a tax due payment if you meet certain eligibility requirements:
<http://www.tax.virginia.gov/content/eforms#Pass-Through%20Entity%20Tax%20eForms>
- A free online 502W eForm is available for making withholding payments:
<http://www.tax.virginia.gov/content/eforms#Pass-Through%20Entity%20Tax%20eForms>
- A bank ACH credit may be used to make tax due payments or withholding payments.

PTEs that are unable pay electronically should request a waiver.

WEBSITE

Pass-Through Entities: <http://www.tax.virginia.gov/content/pass-through-entities>

MAILING ADDRESS/PHONE NUMBER

Virginia Department of Taxation
P.O. Box 1500
Richmond, VA 23218-1500
(804) 367-8037

COMPOSITE RETURNS FOR S

If any of the owners (shareholders, partners, members) of a pass-through entity are nonresidents whose only source of income from Virginia is the pass-through entity, the entity may be eligible to file a unified Virginia income tax return on behalf of the nonresident owners using Form 765. This filing does not replace the filing of Form 502 for the entity itself.

In addition, certain estates and trusts which qualify and have income passed through to their nonresident beneficiaries may elect to file a composite return. These filers will complete Form 765 in a similar manner as a PTE filer. A composite return is an alternative to the filing of a nonresident individual income tax return by each nonresident individual owner of the PTE.

ALLOWED OR NOT ALLOWED

Composite returns are allowed, but not required.

FORMS

Form 765, Unified Nonresident Individual Income Tax Return (Composite Return).

Form 765 is an optional “unified return” (referred to as a composite return) that is filed by the PTE on behalf of its qualified nonresident owners. All of the Virginia source income from the PTE that is passed through to the qualified nonresident owners is reported on a single return. These owners are thereby relieved of the requirement that each file a return and pay tax separately. The PTE is not required to pay the withholding tax for nonresident owners who are included on the Form 765.

Form 765 is an individual income tax return that is completed separately and filed in addition to the PTE’s return. Accordingly, Form 765 may not be filed unless the entity has also filed its Form 502, or if the entity is a trust or estate, it’s Form 770. Do not mail Form 765 with Form 502 or Form 770, or include Form 765 as an attachment to those returns.

RATES

The amount of tax is computed on the Virginia taxable income by applying the tax rates for individual income tax, which ranges from 2% to 5.75%.

For the composite return, Virginia taxable income is the aggregate of each participant’s income from the PTE, as allocated and apportioned to Virginia, adjusted by any modifications applicable to Virginia individual income tax, without benefit of any personal exemptions, or itemized or standard deductions.

DUE DATE

If the PTE’s taxable year is:

- Calendar year (January 1 - December 31), then the composite return for 2018 taxable year must be postmarked no later than May 1, 2019, to avoid late filing penalties and interest; or
- Fiscal year or short year, then the composite return is due on or before the 15th day of the fourth month following the close of the PTE's taxable year. The composite return must be submitted to the Department at the same time or after the PTE submits its Virginia return (Form 502).

DUE DATE EXTENSION

An automatic extension of time to file is granted to the date six months after such due date or 30 days after the extended date for filing the federal income tax return, whichever is later, provided the full amount estimated as the tax due has been paid on or before the original due date.

If sufficient payments have been made, no further action is required to obtain the extension to file. If an additional tax payment is needed to ensure the tax liability has been paid, use Form 770-IP, Virginia Fiduciary and Composite Nonresident Extension Payment, to remit the payment.

ELECTRONIC FILING

Composite returns are not available for electronic filing.

ELECTRONIC PAYMENT

Electronic payments are not available for composite returns.

WEBSITE

Pass-Through Entities: <http://www.tax.virginia.gov/content/pass-through-entities>

MAILING ADDRESS/PHONE NUMBER

Virginia Department of Taxation
P.O. Box 760
Richmond, VA 23218-0760
(804) 367-8031

ESTIMATED TAX FOR S

The rules and procedures for payment of estimated individual income tax apply to composite returns. If your Virginia income tax liability, after subtracting any allowable credits, is expected to be more than \$150 then you must make estimated income tax payments using Form 770ES.

The estimated tax is computed using the estimated Virginia taxable income for the composite return, without regard to the number of participants. Estimated tax paid by a participant to his or her own account may not be applied to a composite return, and estimated tax paid by a PTE for use on a composite return may not be applied to a participant's individual account.

Estimated income tax payments made on behalf of owners included in a composite return must be made on a composite basis, using the name and account number or federal employer identification number of the PTE.

FORMS

Form 770ES, Estimated Income Tax Payment Voucher for Unified Nonresidents.

RATES

You must pay at least 90% of your tax liability during the year by having income tax withheld and/or making timely payments of estimated tax.

The amount of tax is computed on the Virginia taxable income by applying the tax rates for individual income tax, which ranges from 2% to 5.75%.

DUE DATE

File Form 770ES Payment Voucher 1 by May 1 of the taxable year. Estimated income tax payments must be made in full on or before May 1, or in equal installments on or before May 1, June 15, September 15, and January 15.

ELECTRONIC FILING

Optional: <https://www.individual.tax.virginia.gov/VTOL/IndLogin.seam>

ELECTRONIC PAYMENT

Optional: <https://www.individual.tax.virginia.gov/VTOL/IndLogin.seam>

WEBSITE

Estimated Tax: <http://www.tax.virginia.gov/content/individual-estimated-tax-payments>

MAILING ADDRESS/PHONE NUMBER

Virginia Department of Taxation
P.O. Box 1478
Richmond, VA 23218-0760

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

For the privilege of doing business in Virginia, a pass-through entity that has taxable income for the taxable year derived from or connected with Virginia sources, any portion of which is allocable to a nonresident owner, must pay a withholding tax.

No withholding of Virginia income tax is required on behalf of nonresident individual owners included on Form 765, Unified Nonresident Individual Income Tax Return (Composite Return).

FORMS

Form 502, Pass-Through Entity Return of Income and Return of Nonresident Withholding Tax, (use this form only if you have been granted a waiver from Virginia's electronic filing mandate).

RATES

The amount of withholding tax payable by any pass-through entity equals 5% of the nonresident owner's share of income from Virginia sources of all nonresident owners.

When determining the amount of withholding tax due, the pass-through entity may apply any tax credits allowable under the Code of Virginia to the pass-through entity that pass through to nonresident owners; provided that in no event may the application of any credit or credits reduce the tax liability of any nonresident owner to less than zero.

DUE DATE

Payment of the withholding tax is due by the original due date for filing Form 502 (i.e., April 15 for a calendar year return).

DUE DATE EXTENSION

The automatic six-month filing extension for Form 502 does not apply to the withholding tax payment. If the entity chooses to use the automatic filing extension for Form 502, the withholding tax payment must be submitted electronically no later than the original due date for filing Form 502.

In cases of an extension of time for filing, the pass-through entity must pay, by the due date, at least 90% of the withholding tax due for the taxable year or 100% of the tax paid for the prior taxable year, if that taxable year was a taxable year of 12 months and tax was paid for that taxable year. The remaining portion of the tax due, if any, must

be paid at the time the pass-through entity files the return required. If the balance due is paid by the last day of the extension period for filing such return and the amount of tax due with that return is 10% or less of the tax due for the taxable year, no penalty will be imposed with respect to the balance so remitted.

ELECTRONIC FILING

All pass-through entities are required to file their nonresident withholding tax returns electronically. Virginia offers several options for electronically filing PTE returns and payments:

- The PTE e-File program works with the IRS e-File program and allows both the federal and state returns to be filed together through one secure system:

<http://www.tax.virginia.gov/content/pte-e-file>

- A free online 502EZ eForm is available for filing the annual return if you meet certain eligibility requirements: <http://www.tax.virginia.gov/content/eforms#Pass-Through%20Entity%20Tax%20eForms>

PTEs that are unable to file and pay electronically should request a waiver.

ELECTRONIC PAYMENT

All PTEs are required to make all withholding tax payments electronically. Virginia offers several options for electronically filing PTE returns and payments:

- A free online 502W eForm is available for making withholding payments: <http://www.tax.virginia.gov/content/eforms#Pass-Through%20Entity%20Tax%20eForms>
- A bank ACH credit may be used to make withholding payments.

PTEs that are unable pay electronically should request a waiver.

WEBSITE

Pass-Through Entities: <http://www.tax.virginia.gov/content/pass-through-entities>

MAILING ADDRESS/PHONE NUMBER

Virginia Department of Taxation
P.O. Box 1500
Richmond, VA 23218-1500
(804) 367-8037

S CORPORATION TREATMENT

Virginia recognizes that small business corporations electing to be treated as S corporations for federal income tax purposes under IRC §1362 are exempt from corporate income tax levied.

RECOGNIZE FEDERAL S ELECTION

Virginia follows the federal S corporation election.

STATE S ELECTION REQUIRED?

No state election is required.

INCOME TAX—PARTNERSHIPS, LLC

Every PTE, including partnerships, doing business in Virginia or having income from Virginia sources is required to file an annual return for each taxable year. A PTE is any entity that is recognized as a separate entity for federal income tax purposes and the entity's owners report their distributive or pro rata shares of the entity's income, gains, losses, deductions, and credits on their own income tax returns.

COMPOSITE RETURNS

A partnership may file a Virginia composite individual income tax return and pay any tax due on the behalf of nonresident partners.

FORMS

Form 502, Pass-Through Entity Return of Income and Return of Nonresident Withholding Tax, (use this form only if you have been granted a waiver from Virginia's electronic filing mandate).

An owner of a PTE may itself be a PTE and have other pass-through entities as its owners so that income, gains, losses, and deductions may pass through several levels of ownership before reaching an owner that is taxable. All pass-through entities that are subject to filing in Virginia must file their own returns regardless of the ownership hierarchy. There are no "consolidated" or "multilevel" PTE returns.

RATES

Pass-through entities in Virginia do not pay income tax themselves; rather, the entity's income and related items are reported by the owners on their personal returns and the tax is computed and paid at the owner level.

An owner of a PTE may be an individual, a corporation, a partnership, or any other type of entity that is treated as a shareholder, partner, or member of a PTE for federal income tax purposes.

DUE DATE

Form 502 must be filed by the 15th day of the fourth month following the close of the entity's taxable year. For example, calendar-year returns must be filed on or before April 15 each year.

DUE DATE EXTENSION

An automatic extension of time to file is granted to the date six months after the due date for filing Form 502 or 30 days after the extended due date for filing the federal income tax return, whichever is later. The automatic extension of time to file does not extend the payment due date for withholding tax. The withholding tax payment is due on the due date of the PTE's return regardless of whether the extension to file Form 502 is used. Use Form 502W to make the withholding tax payment by the due date.

ELECTRONIC FILING

All PTEs are required to file their annual returns electronically. Virginia offers several options for electronically filing PTE returns and payments:

- The PTE e-File program works with the IRS e-File program and allows both the federal and state returns to be filed together through one secure system:

<http://www.tax.virginia.gov/content/pte-e-file>

- A free online 502EZ eForm is available for filing the annual return if you meet certain eligibility requirements: <http://www.tax.virginia.gov/content/eforms#Pass-Through%20Entity%20Tax%20eForms>

PTEs that are unable to file and pay electronically should request a waiver.

ELECTRONIC PAYMENT

All PTEs are required to make all payments electronically. Virginia offers several options for electronically filing PTE returns and payments:

- A free online 502EZ eForm is available for making a tax due payment if you meet certain eligibility requirements: <http://www.tax.virginia.gov/content/eforms#Pass-Through%20Entity%20Tax%20eForms>
- A free online 502W eForm is available for making withholding payments: <http://www.tax.virginia.gov/content/eforms#Pass-Through%20Entity%20Tax%20eForms>
- A bank ACH credit may be used to make tax due payments or withholding payments.

Pass-through entities that are unable pay electronically should request a waiver.

WEBSITE

Pass-Through Entities: <http://www.tax.virginia.gov/content/pass-through-entities>

MAILING ADDRESS/PHONE NUMBER

Virginia Department of Taxation
P.O. Box 1500

Richmond, VA 23218-1500
(804) 367-8037

INCOME TAX—INDIVIDUAL

Every Virginia resident with Virginia Adjusted Gross Income (VAGI) at or above the minimum threshold must file a tax return. You must file if you are:

- Single and your VAGI is \$11,950 or more;
- Married filing jointly and combined VAGI is \$23,900 or more;
- Married filing separately and your VAGI is \$11,950 or more.

FORMS

Form 760, Individual Income Tax Return.

Form 760IP, Automatic Extension Payment.

Form 760ES, Estimated Income Tax Payment Voucher for Individuals.

RATES

Virginia tax rates increase with income:

- 2% up to \$3,000;
- 3% from \$3,001 to \$5,000;
- 5% from \$5,001 to \$17,000;
- 5.75% for income over \$17,000.

DUE DATE

The due date for filing your Virginia income tax return is May 1. If the due date falls on a Saturday, Sunday, or legal holiday, you may file your return on the next business day.

DUE DATE EXTENSION

An automatic six-month filing extension is allowed for individual and fiduciary income tax filers. No paper application or online application for extension is required. The extension provisions do not apply to payment of any tax that may be due with the return. To avoid penalties, filers must pay at least 90% of their final tax liability by the original due date for filing the return.

ELECTRONIC FILING

Optional. Electronic filing is used to prepare and file your federal and state tax returns over the Internet. There are three e-File options to choose from: Virginia Free File, Paid e-File, and Virginia Free File fillable forms.

For more information about these programs, visit:
<http://www.tax.virginia.gov/content/efile>

ELECTRONIC PAYMENT

Optional. For details on Virginia's various individual income tax payment options, go to: <http://www.tax.virginia.gov/content/payment-options>

WEBSITE

Individuals: <http://www.tax.virginia.gov/content/individual-home2>

MAILING ADDRESS

Refund Returns:
Virginia Department of Taxation
P.O. Box 1498
Richmond, VA 23218-1498

Tax Due Returns:
Virginia Department of Taxation
P.O. Box 760
Richmond, VA 23218-0760

FED RETURN ATTACHED TO STATE RETURN

Required

STATE CONSTRUCTION-RELATED CREDITS

Virginia law offers a number of income tax credits for individual filers. Among the most frequently claimed credits are the credit for taxes paid to another state and the credit for low-income individuals. All credits have specific eligibility requirements, and some require preapproval or additional certification. Tax credits are not refundable. For details, visit: <http://www.tax.virginia.gov/content/tax-credits>

IRC CONFORMITY

Virginia's date of conformity with the federal enhanced Earned Income Tax Credit (EITC) was extended to taxable years ending before January 1, 2018. Low-income taxpayers may also continue to claim the portion of the Virginia Low-Income Tax Credit that is based on the federal EITC without making complex adjustments on their Virginia income tax returns.

Virginia adopts the IRC as amended through 12/31/2018 for corporations and individuals. Virginia has not decoupled from the business interest deduction limitations of IRC § 163(j) as enacted by the Tax Cuts and Jobs Act. Because the IRC § 199A deduction is not included in the standard or itemized deduction under the IRC, the deduction is not permitted for Virginia personal income tax purposes.

Please see the Virginia Form 760, Income Tax Booklet, for any other differences.

ALTERNATIVE MINIMUM TAX

Virginia does not impose any alternative minimum tax.

NET WORTH OR STOCK TAX

Virginia does not impose a net worth or stock tax on taxpayers that are not banks.

GROSS RECEIPTS TAX

Virginia does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

The common form of local business licenses in Virginia is the license tax. Typically, this is an annual application that all businesses must file where the fee is a calculation based off your gross receipts from the previous year. Some businesses may be subject only to a flat fee charge or be exempt altogether depending on the local regulations.

While the license tax is normally paid to the city, in some places such as Arlington the license tax is paid to the county rather than the city where the business is located. In others, the county is responsible for all licensing outside of specific incorporated areas. In addition to the license tax, businesses that are typically subject to inspection such as restaurants or entertainment venues may need additional licenses and permits in order to operate in a city. Because local business licenses are set by city ordinance and are subject to change without notice, you should always check with your local city and/or county government to find out exactly what licensing requirements your business must satisfy.

STATE SALES AND USE TAX

REGISTRATION

Businesses can register for retail sales and use taxes by completing the Form R-1, Business Registration Application, or by registering online:
<https://www.ireg.tax.virginia.gov/VTOL/Login.seam>

CONTRACTOR TREATMENT

General or prime contracting services are not taxable unless they are provided in connection with sales of tangible personal property. The “true object” test is used to determine the taxability.

A person who contracts to perform construction, reconstruction, installation, repair, or any other service with respect to real estate and to furnish related tangible personal property, is a taxable user or consumer of the property. A sale, distribution, or lease to or storage for such person is deemed a sale, distribution, or lease to, or storage for, the ultimate consumer and is not for resale. The dealer making the sale, distribution, or lease to, or storage must collect the tax.

Contractors may purchase machinery and tools to be used directly in industrial manufacturing or processing exempt from the tax.

A contractor may also be in the business of selling tangible personal property to customers, including contractors, for use or consumption. In such a case, the person is a dealer and must obtain a Certificate of Registration. After obtaining a certificate as a dealer, a contractor may purchase the tangible personal property under a resale exemption certificate. The property purchased under a resale exemption certificate cannot be property which the contractor knows at the time of purchase will be furnished in connection with any specific contract. If such a contractor, removes from inventory for use in the performance of any contract any tangible personal property purchased under a resale certificate, the contractor must include the cost to him of such tangible personal property on his dealer's return and pay the tax.

FORMS

Form ST-9, Retail Sales and Use Tax Return.

Form ST-7, Business Consumer Use Tax Return.

RATES

The combined general sales and use tax rate is 5.3%, which consists of a 4.3% state rate and 1% local rate.

DUE DATE

Returns must be filed along with payments by the 20th day of the month following each reporting period. Form ST-9 must be filed even if no tax is due. Form ST-7 does not need to be filed if no tax is due.

DUE DATE EXTENSION

The Virginia Tax Commissioner (Commissioner) can extend the time for filing returns or paying tax for up to 30 days. Extension applications must be in writing. Interest is charged if an extension extends into the next month. A dealer who still fails to file after an extension is given is treated as if no extension had been granted.

ELECTRONIC FILING

All Form ST-9 filers must file electronically. Virginia offers three options for electronically filing some sales and use tax returns: eForms, Business iFile, and Web Upload. Taxpayers that are unable to make the necessary changes to file electronically may request a temporary waiver from the Department. Such request must be in writing.

For details on each program, visit: <https://tax.virginia.gov/sales-and-use-tax>

ELECTRONIC PAYMENT

All Form ST-9 filers must pay electronically. Virginia offers three options for electronic payments: eForms, Business iFile, and Web Upload. Taxpayers that are unable to make the necessary changes to pay electronically may request a temporary waiver from the Department. Such request must be in writing.

For details on each program, visit: <https://tax.virginia.gov/sales-and-use-tax>

WEBSITE

Sales and Use Tax: <https://tax.virginia.gov/sales-and-use-tax>

MAILING ADDRESS

Virginia Department of Taxation
P.O. Box 26627
Richmond, VA 23261-6627

GRANDFATHERING OF RATE CHANGES

The law provides for the refund of the additional 0.3% tax paid due to the rate increase on tangible personal property purchased or leased under certain contracts and leases entered into before April 3, 2013 (the date the sales and use tax rate increase

was enacted), provided the date of delivery of the tangible personal property is on or before September 30, 2013. The contracts and leases subject to the transitional provisions are: (i) bona fide real estate construction contracts, including highway construction contracts, (ii) contracts for the sale of tangible personal property, and (iii) leases of tangible personal property.

Refunds of the additional tax paid on purchases or leases of tangible personal property under the qualifying contracts are limited to only the purchaser or lessee of the property. Requests for refunds of the additional tax must be made directly from the Department and not from the seller or lessor of the property by furnishing the Department with copies of the contract or lease under which the property is purchased or leased. The purchase or lessee must indicate the delivery date of all items for which refunds are claimed and must be able to demonstrate that the additional tax was actually paid to the suppliers or lessors. As with refund requests generally, the request must be made within three years of the date the tax became due.

GOVERNMENT PROVIDED MATERIALS

Government contractors – No sale to contractors is exempt on the ground that the other party to the contract is an exempt entity (governmental agency; public service corporation; nonprofit school; nonprofit hospital) or that the contract is a cost-plus contract.

Only where the credit of a governmental entity is bound directly and the contractor has been officially designated as the purchasing agent for such governmental entity will such purchases be tax-exempt. Contractors are not liable for the use tax when provided with tangible personal property purchased by a governmental entity for use in real property construction contracts.

Government contracts – If a transaction between a government entity and a contractor involves both the rendering of a service and the provision of tangible personal property, the transaction is deemed a mixed transaction, and the true object of the transaction must be examined to determine the taxability of the transaction. However, where a transaction between a government entity and a contractor is solely for the provision of tangible personal property, solely for the provision of services, or constitutes a real property contract, application of the true object test is not necessary.

True object test: In order to determine whether a particular transaction that involves both the rendering of a service and the provision of tangible personal property constitutes a sale of a service or of tangible personal property, the true object of the transaction must be examined. The appropriate tax treatment of purchases of tangible personal property by persons who contract with the government or its political subdivisions is based upon whether the transaction is for the sale of tangible personal property (e.g., a computerized data retrieval system) or for the provision of an exempt service (e.g., real property facilities management). If a transaction is for the sale of tangible personal property, a contractor may purchase such tangible personal property exempt of the tax using a Resale Exemption Certificate, Form ST-10. The tangible personal property may be resold to the government exempt of the tax. However, if a

transaction is for the provision of services, the contractor is deemed to be the taxable user and consumer of all tangible personal property used in performing its services, even though title to the property provided may pass to the government or the contractor may be fully and directly reimbursed by the government or both.

TAXABLE SERVICES

Only expressly identified services are taxable in Virginia. Construction services, including repair and maintenance, are not taxable services. Service providers, such as contractors, should pay tax on tangible personal property purchased for use in the providing of the service. If a transaction involves both the sale of tangible personal property and service, the “true object” test should be used to determine taxability. The true object test is discussed in detail above.

LOCAL SALES AND USE TAX (City/County, Special)

The governing body of any county and the council of any city may impose a local sales and use tax limited to 1% on the same basis as state taxes. Currently, every city and county imposes a local 1% sales and use tax.

In addition to the state sales and use tax, there is levied and imposed an additional sales and use tax at the rate of 0.7% in each county and city within the planning district that meets certain empirical thresholds (Northern Virginia and Hampton Roads regions).

Virginia sales tax rates by city: <http://www.sale-tax.com/Virginia>

The taxes are added to the state sales and use taxes (combined bracket schedules are provided) and are subject to all of the provisions and rules and regulations applicable to the state sales and use taxes, except that the discount available to dealers for timely payment of state sales and use taxes is not allowed on local sales and use taxes. Exemptions from the state sales and use tax are also applicable to the local sales and use tax.

Prior to any change in the rate of the local sales and use tax, the Commissioner must provide remote sellers and single and consolidated providers with at least 30 days' notice. Any change in the rate of local sales and use tax will only become effective on the first day of a calendar quarter. Failure to provide notice pursuant to this section will require the Commonwealth and the locality to hold the remote seller or single or consolidated provider harmless for collecting the tax at the immediately preceding effective rate for any period of time prior to 30 days after notification is provided.

EMPLOYMENT TAXES

WITHHOLDING

If federal law requires an employer to withhold tax from any payment, Virginia also requires withholding.

REGISTRATION

Businesses can register for withholding tax by completing Form R-1, Business Registration Application, or by registering online:

<https://www.ireg.tax.virginia.gov/VTOL/Login.seam>

FORMS

Every withholding tax filer is required to file all withholding tax returns and payments electronically. The Commissioner has the authority to waive the requirement to file and/or pay electronically should this cause an undue hardship for the employer. Requests should be submitted in writing by completing the Employer Withholding Electronic Filing Waiver Request form.

Quarterly & Monthly Filers

Form VA-5, Employer's Return of Income Tax Withheld.

Form VA-6, Employer's Annual or Final Summary of Income Tax Withheld.

Semi-Weekly Filers

Form VA-15, Employer's Voucher for Payment of Income Tax Withheld.

Form VA-16, Employer's Payments Quarterly Reconciliation and Return of Income Tax Withheld.

Form VA-6, Employer's Annual or Final Summary of Income Tax Withheld.

RATES

Employer Withholding Calculator: <http://www.tax.virginia.gov/withholding-calculator>

DUE DATE

Quarterly Filers

If your withholding liability is less than \$100 per month, your withholding returns and tax payments are due quarterly.

Form VA-5 – Due on the last day of the month following the close of each quarter.

Form VA-6 – Due by January 31 of the following calendar year, or within 30 days after the last payment of wages by your company.

Monthly Filers

If your withholding liability is more than \$100 but less than \$1,000, your withholding returns and tax payments are due monthly.

Form VA-5 – Due on the 25th of each month (for example, the return for January is due February 25).

Form VA-6 – Due by January 31 of the following calendar year, or within 30 days after the last payment of wages by your company.

Semi-Weekly Filers

If your withholding liability is \$1,000 or more, your withholding returns and tax payments are due semi-weekly.

Form VA-15 – Due within three banking days if the amount of Virginia income tax withheld exceeds \$500 on any federal cutoff date for semi-weekly withholding. Federal cutoff dates are generally on Tuesday and Friday of each week, as shown below:

Form VA-16 – Due by the end of the month following the close of the quarter.

Form VA-6 – Due by January 31 of the following calendar year, or within 30 days after the last payment of wages by your company.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Every withholding tax filer is required to file all withholding tax returns and payments electronically. The Commissioner has the authority to waive the requirement to file and/or pay electronically should this cause an undue hardship for the employer. Requests should be submitted in writing by completing the Employer Withholding Electronic Filing Waiver Request form.

Employers can meet the electronic filing and paying requirements without purchasing tax filing software. Virginia offers several online services at no cost:

- eForms allows you to file and pay tax returns by Debit Electronic Funds Transfer (EFT) and file W-2 statements: <http://www.tax.virginia.gov/content/eforms>
- Business iFile allows you to file returns and make payments by Debit EFT: <https://www.business.tax.virginia.gov/VTOL/Login.seam>
- Web Upload allows you to file returns and W-2 wage statements and make payments by Debit EFT: <https://www.webupload.tax.virginia.gov/user/login>

ELECTRONIC PAYMENT

Every withholding tax filer is required to make all withholding tax payments electronically. The Commissioner has the authority to waive the requirement to file and/or pay electronically should this cause an undue hardship for the employer. Requests should be submitted in writing by completing the Employer Withholding Electronic Filing Waiver Request form.

Employers can meet the electronic filing and paying requirements without purchasing tax filing software. Virginia offers several online services at no cost:

- eForms allows you to file and pay tax returns by Debit Electronic Funds Transfer (EFT) and file W-2 statements: <http://www.tax.virginia.gov/content/eforms>
- Business iFile allows you to file returns and make payments by Debit EFT: <https://www.business.tax.virginia.gov/VTOL/Login.seam>
- Web Upload allows you to file returns and W-2 wage statements and make payments by Debit EFT: <https://www.webupload.tax.virginia.gov/user/login>
- ACH Credit is used to make electronic payments directly into the state's bank account: <http://www.tax.virginia.gov/content/payment-options>

WEBSITE

Withholding Tax: <http://www.tax.virginia.gov/content/withholding-tax>

MAILING ADDRESS

Virginia Department of Taxation
P.O. Box 27264
Richmond, VA 23261-7264

NEW HIRE

Employers must report within 20 days of a new employee's hire date. Employers who submit reports magnetically or electronically must submit the reports in two monthly transmissions not more than 12-16 days apart. There is no need to report if there are no new hires since the last report.

For more information, including on how to register and report new hires, go to: <https://va-newhire.com/>

TERMINATION

Employers are not required to report terminated employees. Only new hires and re-hires are required to be reported to the New Hire Reporting Center. However, if the terminated employee had an Income Withholding Order for child support, the termination should be reported to the agency that issued the order.

INDEPENDENT CONTRACTOR TREATMENT

Virginia follows federal treatment of independent contractors. Employers are not required to report independent contractors to the Virginia New Hire Reporting Center.

UNEMPLOYMENT

REGISTRATION

Registration can be completed online or by mail:

Online: <https://www.business.tax.virginia.gov/VTOL/Login.seam>

Mail: http://www.vec.virginia.gov/vecportal/employer/pdf/fc_27new.pdf

FORMS

Form VEC-FC-21/20, Employer's Quarterly Payroll Report.

Form VEC-FC-27, Report to Determine Liability.

RATES

Rates are assigned by calendar year, based on the individual situation of the employer. New Virginia employers receive the initial base tax rate of 2.51% (plus add-ons) until eligible for a calculated rate. Others may qualify for an experience base rate or receive an assigned base tax rate. The tax rate for out-of-state contractors is 6.21%

Factors that determine rate – Employers receive a base tax rate, dependent on their particular account history and circumstances, plus across-the-board charges that are applied to all employers, such as pool costs and fund building charges.

Normally base tax rates vary from a minimum of .11% up to a maximum of 6.21%.

The taxable wage base is \$8,000.00.

DUE DATE

Form VEC-FC-21/20 is due by the last day of the month following the close of the quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Optional. Virginia offers ways to electronically file your Unemployment Insurance Tax Reports:

iFile and iReg: <https://www.business.tax.virginia.gov/VTOL/Login.seam>

Web Upload: <https://www.webupload.tax.virginia.gov/user/login>

ELECTRONIC PAYMENT

Optional. Virginia offers ways to electronically pay your Unemployment Insurance Taxes:

iFile and iReg: <https://www.business.tax.virginia.gov/VTOL/Login.seam>

Web Upload: <https://www.webupload.tax.virginia.gov/user/login>

WEBSITE

Information for Employers: <http://www.vec.virginia.gov/employers/unemployment-insurance-information>

MAILING ADDRESS

Remitting Payment:

Virginia Employment Commission
P.O. Box 1174
Richmond, VA 23218-1174

Not Remitting Payment:

Virginia Employment Commission
P.O. Box 27483
Richmond, VA 23261-7483

NEW HIRE

Employers must report within 20 days of a new employee's hire date. Employers who submit reports magnetically or electronically must submit the reports in two monthly transmissions not more than 12-16 days apart. There is no need to report if there are no new hires since the last report.

For more information, including on how to register and report new hires, go to: <https://va-newhire.com/>

TERMINATION

Employers are not required to report terminated employees. Only new hires and re-hires are required to be reported to the New Hire Reporting Center. However, if the terminated employee had an Income Withholding Order for child support, the termination should be reported to the agency that issued the order.

INDEPENDENT CONTRACTOR TREATMENT

Virginia follows federal treatment of independent contractors. Employers are not required to report independent contractors to the Virginia New Hire Reporting Center.

PROPERTY TAX

The City Revenue Commissioner assesses real and personal property within the city limits while the county revenue commissioner assesses such property located in the county, including that located within incorporated towns, but outside the limits of incorporated cities. The assessor or appraiser of the taxing jurisdiction may make a physical examination of property when requested to do so by the taxpayer or when he or she deems it advisable.

PERSONAL PROPERTY

Personal property is assessed and taxed at the local level.

FORMS

Varies by county. Every taxpayer owning tangible personal property must file a return with the commissioner of the revenue for his county or city on the appropriate forms; however, the commissioner of the revenue may elect not to require such a return from any taxpayer who owns such property which does not have sufficient value to generate a tax assessment.

RATES

Tangible personal property is generally assessed at 100% of its original cost, less a state-specified amount for depreciation, obsolescence, etc.

Tax rates vary by county: <http://www.tax.virginia.gov/content/local-tax-rates>

DUE DATE

Assessment date – January 1.

Personal property tax return/rendition filing date – May 1.

Payment date – December 5, unless an alternate date is set by the local body.

DUE DATE EXTENSION

A county, city, or town may, by resolution, allow an extension of up to 90 days to pay personal property taxes whenever good cause exists.

WEBSITE

Varies by county.

ADDITIONAL ASSISTANCE

For more information on Virginia personal property tax, contact your city and county commissioners.

REAL PROPERTY

Real property is assessed and taxed at the local level.

REGISTRATION

Taxes are automatically billed to the owner of the property.

FORMS

Varies by county.

RATES

100% of fair market value.

DUE DATE

Assessment date – January 1.

Payment date – December 5, unless an alternate date is set by the local body.

DUE DATE EXTENSION

A county, city, or town may, by resolution, allow an extension of up to 90 days to pay real property taxes whenever good cause exists.

WEBSITE

Varies by county.

ADDITIONAL ASSISTANCE

For more information on Virginia real property tax, contact your city and county commissioners.

INTANGIBLES

Intangible personal property is exempt from Virginia taxes.

FUEL TAX

Fuels tax is imposed as the fuels leave the terminal rack. The terminal rack is the point at which fuels physically leave a terminal and are delivered into a tank truck, rail car, or other means of transfer. The only exception is when fuels are imported into Virginia by ways other than the terminal transfer system or when fuels are blended in Virginia outside the terminal transfer system. In these cases, taxes are imposed upon import or blending.

REGISTRATION

The following link lists the fuel activities of persons that must be licensed and the type of license the person must obtain:

<http://www.dmv.virginia.gov/commercial/#taxact/license.html>

To obtain a license, submit to the Virginia DMV (DMV) a completed and signed Form FT213, Virginia Fuels Tax License Application. You may also need to have your bonding company submit a bond.

FORMS

For a list of Virginia fuel tax forms, visit:

http://www.dmv.virginia.gov/commercial/#taxact/library_forms.asp

RATES

Effective January 1, 2019:

Gasoline – 16.2 cents per gallon.

Diesel – 20.2 cents per gallon.

Blended Fuels (Gasoline) – 16.2 cents per gallon.

Blended Fuels (Diesel) – 20.2 cents per gallon.

DUE DATE

Taxes are due the second month following the month the fuel was sold, purchased, or imported, with one exception: fuel activity for the month of May must be submitted by the last day the DMV is open for business in June. The payments must be either postmarked by the 15th, or received by the DMV by the 20th.

Exception: Taxes owed on May sales, purchases, and imports are due in June. The payments must be either postmarked by the 25th of June, or received by the DMV by the last business day the DMV is open for business in June.

ELECTRONIC FILING

Paper tax returns are no longer accepted. All returns must be submitted electronically using one of the three available file transmission methods:

- Direct filing via the Internet;
- Transmission of EDIX.12 via Internet Services;
- Transmission of ASCII Flat-File via Internet Services.

For details on the above methods, go to:

<http://www.dmv.virginia.gov/commercial/#taxact/efiling.asp>

ELECTRONIC PAYMENT

Optional: <http://www.dmv.virginia.gov/commercial/#taxact/payments.html>

Depending on the type of license you hold, you may pay the fuel tax directly to the DMV or to the person from whom you purchased the fuel. The following link lists who the taxes are paid to by license type:

<http://www.dmv.virginia.gov/commercial/#taxact/payments.html>

WEBSITE

Fuel Tax: <http://www.dmv.virginia.gov/commercial/#taxact/general.html>

MAILING ADDRESS

Virginia Department of Motor Vehicles
Tax Services
P.O. Box 27422
Richmond, Virginia 23269-7422

OTHER (Taxes, Fees, Registration, Etc.)

UNCLAIMED PROPERTY PROGRAM

Per Virginia law, property becomes unclaimed when the holder has not had contact with the owner of the property for a specified period of time, called the “dormancy period.” After the passage of the dormancy period, if there has been no activity generated by the owner, the property is then presumed abandoned.

You should report and remit your unclaimed property no later than November 1 each year for the filing period of July 1 of the previous year through June 30 of that same year.

For more on unclaimed property, visit: <http://vamoneysearch.org/>

IMPACT FEES

Per Virginia law, any locality that includes within its comprehensive plan a calculation of the capital costs of public facilities necessary to serve residential uses may impose and collect impact fees in amounts consistent with the methodologies used in its comprehensive plan to defray the capital costs of public facilities related to the residential development.

Impact fees imposed and collected can only be used for public facilities that are impacted by residential development.

A locality imposing impact fees must allow credit against the impact fees for cash proffers collected for the purpose of defraying the capital costs of public facilities related to the residential development. A locality imposing impact fees must also include within its comprehensive plan a methodology for calculating credit for the value of proffered land donations to accommodate public facilities, and for the construction cost of any public facilities or public improvements the construction of which is required by proffer.

A locality imposing impact fees may require that such impact fees be paid prior to and as a condition of the issuance of any necessary building permits for residential uses.

MINIMUM WAGE

\$7.25

REGISTERED AGENTS

Every Virginia and foreign business entity authorized to transact business in Virginia is required by law to continuously maintain in the Commonwealth a registered office and a registered agent. The sole statutory duty of the registered agent is to forward to the business entity at its last known address any process, notice or demand

that is served on the registered agent. A business entity may not have, at any given time, more than one person serving as its registered agent in Virginia.

A Virginia business entity or a foreign business entity that is authorized to transact business in Virginia may also serve as the registered agent of another business entity if it agrees to serve in the capacity. A business entity may not, however, serve as its own registered agent.

For further details, visit: <https://www.scc.virginia.gov/clk/befaq/ra.aspx>

DAVIS BACON

You should always refer to the bid spec to insure you are using the correct wage determination for your Virginia prevailing wage job.

When bidding or working on a prevailing wage project in Virginia, the awarding body is required to include the Davis Bacon & Related Acts Wage Decisions within the bid documents. If the prevailing wage decision is not included in your bid documents, contact the contracting agency or awarding body of the project and request that the Wage Decision be provided to you.

DRUG TESTING FACILITIES

For a list of drug testing centers throughout Virginia, visit:
<http://www.testcountry.com/drug-testing-center-facilities/virginia.htm>

OTHER

CFMA Chapter in VA: <http://cafe.cfma.org/CentralVA/Home/>

CONTRACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

March 25, 2019

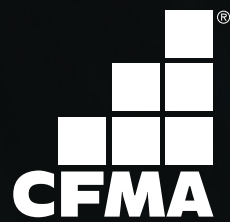
DATE OF LAST UPDATE

June 4, 2015

SUBJECT MATTER EXPERT

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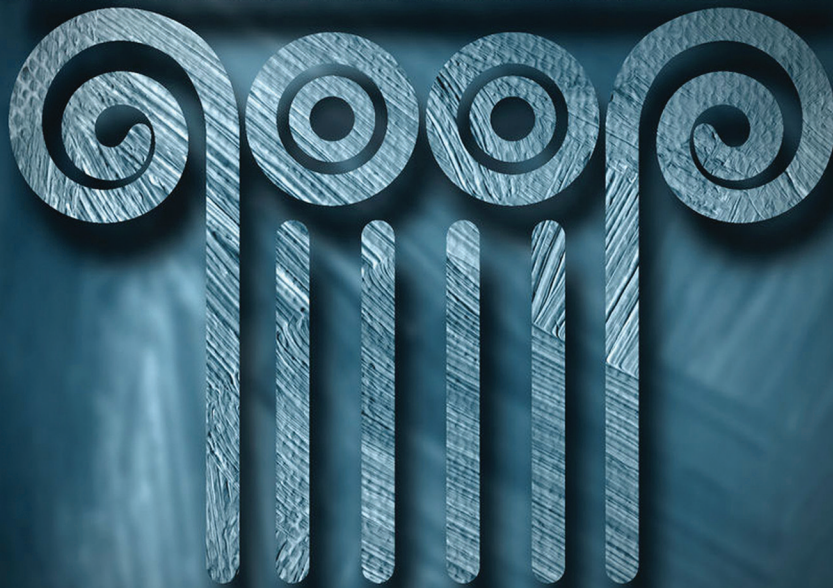
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



WASHINGTON

2019

QUALIFICATION REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration includes submitting the appropriate form for the entity type online or in paper form and paying the associated fees. A corporation's initial report must be filed with the Secretary of State within 120 days of filing the Articles of Incorporation if a domestic corporation, or the filing of the Certificate of Authority for foreign corporations.

FORMS

The available registration forms according to entity type are as follows:

Domestic LLC – Certificate of Formation.

Foreign LLC – Registration.

Domestic Profit Corporation – Articles of Incorporation.

Foreign Profit Corporation – Certificate of Authority.

Domestic Nonprofit Corporation – Articles of Incorporation.

Foreign Nonprofit Corporation – Certificate of Authority.

Domestic LP – Certificate of Limited Partnership.

Foreign LP – Registration.

Domestic LLP – Registration.

Foreign LLP – Registration.

Maintenance Forms:

Statement of Change for Registered Agent or Office.

Name Reservation.

Foreign Name Registration.

Application for Department of Revenue Clearance Certificate.

RATES, FEES, COSTS

Online Registration	\$ 200
Paper Form Registration	\$ 180
Paper Form Registration Expedited Fee	\$ 50
Name Reservation	\$20-\$30

WEBSITE

<http://www.sos.wa.gov/corps>

MAILING ADDRESS/PHONE NUMBER

Washington Secretary of State
Corporations Division
P.O. Box 40234
Olympia, WA 98504-0234
(360) 725-0377

ADDITIONAL ASSISTANCE

Online: <http://www.sos.wa.gov/corps/FAQ.aspx>
E-mail: corps@sos.wa.gov
(360) 725-0377

ANNUAL RENEWALS

Corporations and limited liability companies renew their license annually along with the filing of the Annual Report. The Washington State Business Licensing Service will send a renewal notice to the licensees' registered agents approximately 45 days before their license expires. It is the licensee's responsibility to renew on time, whether they receive the renewal form or not. The corporation or LLC renewal is provided by the Business Licensing Service as a renewal agent for the Office of the Secretary of State.

FORMS

The renewal may be filed online or by completing the paper Corporation or Limited Liability Company Renewal.

RATES

Annual renewal filing	\$71
Filings after expiration	\$96

DUE DATE

Before the expiration of the license.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Online renewal can be completed at: <https://ccfs.sos.wa.gov/#/>

ELECTRONIC PAYMENT

The following electronic payment options are accepted during the renewal process:

- A valid MasterCard, Visa, or American Express credit or debit card.
- E-Check (bank name, routing number, bank account type, etc.).

WEBSITE

<https://ccfs.sos.wa.gov/#/>

MAILING ADDRESS/PHONE NUMBER

State of Washington
Business Licensing Service
P.O. Box 9034
Olympia, WA 98507-9034
1-(800) 451-7985
BLS@dor.wa.gov

REGISTRATION WITH DEPARTMENT OF REVENUE

All businesses who are required to pay taxes or fees to the Washington Department of Revenue (DOR) must register with the DOR through the State of Washington Business Licensing Service. A Business License Application must be filed to register with the DOR and other state agencies. Once registered, taxpayers will receive a business license and Unified Business Identifier (UBI) number from the Business Licensing Service. Registered taxpayers will also receive a letter from the DOR including the UBI number and filing frequency.

FORMS

Business License Application. This form can be filed online or by paper.

RATES

Application fee	\$19
Trade name registration	\$ 5

DUE DATE

Taxpayers must file the Business License Application when they first start their business, or when they change or update their business.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

The Business License Application can be filed online at:

<http://bls.dor.wa.gov/file.aspx>

ELECTRONIC PAYMENT

The Business License Application fee can be paid with the following options:

- E-check.
- MasterCard, Visa, or American Express credit or debit card.

WEBSITE

<http://bls.dor.wa.gov/file.aspx>

<http://www.dor.wa.gov>

MAILING ADDRESS/PHONE NUMBER

Business Licensing Services:

State of Washington
Business Licensing Service
P.O. Box 9034
Olympia, WA 98507-9034
1-(800) 451-7985

Department of Revenue:

Washington State Department of Revenue
Compliance Division
P.O. Box 47473
Olympia, WA 98504-7473
1-(800) 647-7706

INCOME TAX

INCOME TAX—C CORPORATION

The State of Washington does not have a personal or corporate income tax.

FRANCHISE TAX

REGISTRATION

The State of Washington does not have a franchise tax.

GROSS RECEIPTS TAX

REGISTRATION

The DOR is responsible for administering the Washington Business and Occupation (B&O) tax. There are several municipalities in Washington that separately impose local B&O taxes. Local B&O taxes are remitted directly to the jurisdiction and are not discussed further in this document.

TAXABLE BASIS

The B&O tax is imposed upon persons engaged in business but not upon persons acting solely in the capacity of employees. The B&O tax base is the value of products, gross proceeds of sale, or gross income of business depending on the business activity of the taxpayer.

FORMS

The form used depends on the filing frequency of the taxpayer. Taxpayers report on either a monthly, quarterly, or annual basis. The DOR assigns the taxpayer a filing frequency when the taxpayer registers.

RATES

The B&O tax rate is determined by the classification of the taxpayer's business activity. The rates for the four major classifications are:

- | | |
|--------------------------------|--------|
| 1) Retailing: | .00471 |
| 2) Wholesaling: | .00484 |
| 3) Manufacturing: | .00484 |
| 4) Service & Other Activities: | .015 |

Several other rates exist for specialized B&O tax classifications. Contractors generally report under the retailing or wholesaling classifications.

DUE DATE

Monthly returns are due the 25th of the following month.

Quarterly returns are due the end of the month following the quarter.

Annual returns are due January 31.

If the due date falls on a weekend or legal holiday, the due date is extended to the next business day.

DUE DATE EXTENSION

In order to avoid penalties, the taxpayer may request an extension of the due date from the DOR if the failure to file the returns was due to “circumstances beyond the control of the taxpayer.” The DOR, for good cause, may extend the due date for filing any return.

ELECTRONIC FILING

The DOR makes electronic filing (also known as e-file) and electronic payment available to taxpayers. The law requires certain taxpayers to file and pay excise taxes electronically.

ELECTRONIC PAYMENT

E-file is an internet-based application that provides a secure and encrypted method for taxpayers to file and pay Washington State’s business related taxes. There are two electronic payment methods:

- 1) Electronic Funds Transfer (EFT).
- 2) Payment by credit card.

WEBSITE

<http://dor.wa.gov>

MAILING ADDRESS/PHONE NUMBER

Washington State Department of Revenue
Compliance Division
P.O. Box 47473
Olympia, WA 98504-7473
1-(800) 647-7706

ESTIMATED TAX

Washington does not require estimated B&O tax payments.

COMMERCIAL ACTIVITY TAX

REGISTRATION

The State of Washington does not have a commercial activity tax.

NET WORTH OR STOCK TAX

REGISTRATION

The State of Washington does not have a net worth or stock tax.

BUSINESS PRIVILEGE TAX

REGISTRATION

The State of Washington does not have a business privilege tax.

LICENSES—GC & SPECIALTY

REGISTRATION

General and specialty contractors must register with the Department of Labor & Industries (L&I) if you do any of the following types of work or if you offer or submit a bid to:

- Construct
- Alter
- Repair
- Consult or superintended
- Add to or subtract from real property
- Improve, move, wreck, or demolish
- Develop residential property for sale
- Install cabinets, remove trees, or “flip” houses

Contracting work includes everything from painting and landscaping to installing floor coverings and handyman services.

A contractor registration is valid for two years from the registration or renewal date, unless the bond or insurance is cancelled or impaired.

TESTS AND EXAMS

None

FORMS

Contractor Registration Application

It can be picked up at an L&I office

Download it: <http://www.lni.wa.gov/Forms/pdf/F625-001-000.pdf>

Call an L&I office and ask them to mail you a copy

RATES

New or renew registration application: \$113.40 for two years

Certificate of registration reinstatements: \$53.60

Duplicate certificate of registration: \$12.60

Request for certified letter: \$25.60

Copies from contractor's file: \$2.00 each page (not to exceed \$28.10)

Service of summons and complaints: \$50.00

The Corporations Division offers expedited service for online, in-person, and paper mail transactions – \$50 per entity. All online submissions are expedited at \$20 per entity (in addition to regular fees) and processed in two business days. In-person expedited service requests received after 3:30 p.m. will be processed the same day, usually within one hour.

DUE DATE

Before starting work.

DUE DATE EXTENSION

None

ELECTRONIC FILING

See contractor website linked below.

ELECTRONIC PAYMENT

See contractor website linked below

WEBSITE

<http://www.ini.wa.gov/TradesLicensing/Contractors/>

MAILING ADDRESS/PHONE NUMBER

Washington State Department of Labor and Industries
Contract Registration
P.O. Box 44450
Olympia, WA 98504-4450
1-(800) 647-0982
ContReg@ini.wa.gov

Local L&I locations: <http://www.ini.wa.gov/Main/ContactInfo/OfficeLocations/>

EQUITY REQUIREMENT

Required bond:

General contractors:	\$12,000
Specialty contractors:	\$ 6,000
Required insurance:	\$50,000 in property damage and \$200,000 in public liability insurance or \$250,000 in a combined, single limit policy.

LOCAL LICENSES

REGISTRATION

Most jurisdictions in Washington impose some form of licensing requirements on businesses. Licensing guides specific to the location(s) and activities of the business can be found online at: <https://dor.wa.gov/doing-business/business-licensing-service-and-local-licensing>

PER CAPITA SHARE EQUITY TAX

REGISTRATION

The State of Washington does not have a per capita share equity tax.

STATE SALES AND USE TAX

REGISTRATION

Businesses making retail sales in Washington that are required to collect sales tax from their customers or businesses that are required to pay use tax are required to register with the DOR. Registration for sales and use tax is the same registration required for the B&O tax.

The purchase of materials by custom contractors that will become part of the completed project are purchases for resale (wholesale). Such purchases are not subject to retail sales tax. Custom contractors may also purchase subcontractor services for resale. To verify that material purchases and subcontractor services are for resale, a prime contractor must give a valid reseller permit to the materials supplier or subcontractor. The custom contractor must collect sales tax on the total contract price charged to its customer.

Speculative contractors making purchases of supplies becoming part of the construction are not making exempt purchases as sales for resale. However, speculative contractors do not charge sales tax on the total contract price.

Use tax is due if sales tax has not been paid on items the contractor uses as a consumer. Normally, use tax is due (if sales tax hasn't been paid) on the following: equipment, tools, supplies, and rentals of equipment, even if the cost for these items is passed along to the landowner. The manner in which the contractor bills to recover expenses of items used as a consumer is inconsequential. For example, the sales tax or use tax is due on the purchase of a specialized tool for a one-time job even though the purchase price is passed on to the customer as a line item.

FORMS

Sales and use tax is filed on the same form and with the same frequency as the B&O tax.

Contractors who make purchases for resale (wholesale purchases) must apply for a reseller permit. Applications are available online. Contractors use a separate reseller permit application that includes detailed information on materials and labor purchased.

Reseller permits for the construction industry are valid for two years.

RATES

The Washington state sales and use tax rate is 6.5%. This does not include local sales and use tax rates which can range from 1% to 3.5%.

DUE DATE

The due date is determined by the filing frequency determined by the DOR:

- 1) Monthly returns are due the 25th of the following month.
- 2) Quarterly returns are due the end of the month following the quarter.
- 3) Annual returns are due January 31.

If the due date falls on a weekend or legal holiday, the due date is extended to the next business day.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

The DOR makes electronic filing (also known as e-file) and electronic payment available to taxpayers. The law requires certain taxpayers to file and pay excise taxes electronically.

ELECTRONIC PAYMENT

E-file is an internet-based application that provides a secure and encrypted method for taxpayers to file and pay Washington state's business related taxes. There are two electronic payment methods:

- 1) Electronic Funds Transfer (EFT).
- 2) Payment by credit card.

WEBSITE

<http://dor.wa.gov>

MAILING ADDRESS/PHONE NUMBER

Washington State Department of Revenue
Compliance Division
P.O. Box 47473
Olympia, WA 98504-7473
1-(800) 647-7706

GRANDFATHERING OF RATE CHANGES

Unconditional Sales Contracts

- When an unconditional sales contract to sell tangible personal property is entered into prior to the effective date of a rate change, and the property is delivered after the rate change date, the new tax rate applies to the transaction.
- When an unconditional sales contract to sell tangible personal property is entered into prior to the effective date and the property is delivered prior to the rate change date, the tax rate in effect for the prior period applies.
- When a contract to sell tangible personal property contains a specific provision to pass title at some time prior to delivery of the property, such a specific provision is controlling and the tax rate in effect at that time applies.

Conditional and Installment Sales

The taxes due on conditional and installment sales must be wholly reported during the period in which the sale is made, even when the seller receives payment in installments. Sellers who receive installment payments after the effective date of a rate change on conditional and installment sales made prior to that date do not need to adjust the installment payment amounts to reflect the rate change.

Leasing or Rental of Tangible Personal Property

Lessors must collect and remit taxes to the DOR at the new rates on all lease or rental payments due on and after the effective date of a rate change, including lease or rental payments on contracts entered into prior to that date.

Repairing or Improving Tangible Personal or Real Property

When persons install, repair, clean, alter, imprint, or improve tangible personal property for others, or improve buildings or other structures upon real property of others:

- Sales and use tax rate increases apply to the first billing period starting on or after the effective date of the increase; and
- Sales and use tax rate decreases apply when bills are rendered on or after the effective date of the decrease.

The new tax rate applies to the full contract amount if the contract was executed prior to the effective date of the rate change, unless the contract work is completed and accepted prior to the effective date.

If under the terms of the contract, the seller is entitled to periodic payments, which amounts are calculated to compensate the seller for the work completed to the date of payment, the applicable tax rates upon such payments will be those in effect at the time the seller is entitled to receive the payments.

GOVERNMENT PROVIDED MATERIALS

Most retail sales to the state, its departments and institutions, and municipal corporations are taxable.

The retail sales tax does not apply to the gross contract price, or any part thereof, for construction contracts performed for the United States, its instrumentalities, or county or city housing authorities. Prime and subcontractors who perform such activities are themselves included within the statutory definition of “consumer” and are required to pay retail sales tax upon all purchases of materials, including prefabricated and precast items, equipment, and other tangible personal property which is installed, applied, attached, or otherwise incorporated in their government contracting work.

Also, the retail sales tax must be paid by government contractors upon their purchases and leases or rentals of tools, consumables, and other tangible personal property used by them as consumers in performing government contracting.

The use tax applies upon the value of all materials, equipment, and other tangible personal property purchased at retail, acquired as a bailee or donee, or manufactured or produced by the contractor for commercial or industrial use in performing government contracting and upon which no retail sales tax has been paid by the contractor, its bailor, or donor. Thus the use tax applies to all property provided by the federal government to the contractor for installation or inclusion in the contract work as well as to all government provided tooling.

TAXABLE SERVICES

Services are not subject to sales tax unless they are specifically enumerated as taxable by law. Washington enumerates the following services as taxable:

- Constructions services, including building construction and improvement, installing or attaching tangible personal property to buildings, land clearing and earth moving, and building cleaning and razing.
- Landscape maintenance and horticultural services.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

City/county sales and use tax rates in Washington range from 1% to 3.5% in addition to the state imposed sales and use tax. The tax is administered through the DOR. Please see the discussion above.

FUEL TAX

REGISTRATION

Washington imposes the motor vehicle fuel tax on suppliers, importers, blenders, and licensed exporters of motor vehicle fuel on each gallon of motor vehicle fuel produced, removed from terminal facilities, imported into the state, or exported from Washington (by licensed exports). The motor vehicle fuel tax is in lieu of any excise, privilege, or occupational tax on the manufacture, sale, or distribution of motor vehicle fuel. This tax is administered by the Washington Department of Licensing (the DOR administers a 3.4 cent local tax levied by counties). The amount of the tax is passed on to retailers and is included in the pump price paid by consumers.

FORMS

Form IF – International Fuel Tax Agreement Tax Return.

RATES

Gasoline: .494 per gallon January 1, 2019 – June 30, 2019

Diesel: .494 per gallon January 1, 2019 – June 30, 2019

DUE DATE

Monthly report is required. The report is due by the 25th of the following month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Mail return – see address below

ELECTRONIC PAYMENT

Required if you owe \$50,000 or more, pay only by electronic funds transfers (EFT).

Under \$50,000 may be paid by check, money order, or EFT.

WEBSITE

<http://www.dol.wa.gov/forms/formsprft.html>

<http://www.dol.wa.gov/vehicleregistration/fueltax.html>

MAILING ADDRESS/PHONE NUMBER

If you're including a payment, mail to:

Prorate and Fuel Tax
Department of Licensing
P.O. Box 3777
Seattle, WA 98124-3777

If you're NOT including a payment, mail to:

Fuel Tax Section
Department of Licensing
P.O. Box 9228
Olympia, WA 98507-9228
or Fax: (360) 570-7842

PROPERTY TAX

PERSONAL PROPERTY

Property tax applies to personal property used when conducting business, farming, or to other personal property not exempted by law. Taxable personal property includes construction equipment. The county assessor values the property at 100% of its current market value.

REGISTRATION

Personal property taxes are paid to the county treasurer's office where the property is located. Contact information for each of Washington's 39 counties can be found at: <http://dor.wa.gov/Content/FindTaxesAndRates/PropertyTax/Links.aspx>

FORMS

Persons using personal property that is not exempt must complete a Personal Property Tax Listing Form by April 30 each year. This form should be obtained from the appropriate county assessor.

RATES

Property tax rates consist of the annual levy rates applied to the assessed value of taxable property by the various taxing districts. Property tax levy rates are expressed in terms of dollars per \$1,000 of assessed value. In general, the aggregate local levy imposed cannot exceed \$5.90 per \$1,000 of assessed value.

DUE DATE

Property tax payments are due by April 30 and October 31.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Generally not required, see local location for details.

ELECTRONIC PAYMENT

Generally not required, see local location for details.

WEBSITE

Various

MAILING ADDRESS/PHONE NUMBER

Various

REAL PROPERTY

Property taxes apply to the assessed value of all real property located within the state unless specifically exempted. Real property includes land, structures, and certain equipment that is affixed to the structure.

REGISTRATION

Real property taxes are paid to the county treasurer's office where the property is located. Contact information for each of Washington's 39 counties can be found at: <http://dor.wa.gov/Content/FindTaxesAndRates/PropertyTax/Links.aspx>

RATES

Property tax rates consist of the annual levy rates applied to the assessed value of taxable property by the various taxing districts. Property tax levy rates are expressed in terms of dollars per \$1,000 of assessed value. In general, the aggregate local levy imposed cannot exceed \$5.90 per \$1,000 of assessed value.

INTANGIBLES TAX

REGISTRATION

The State of Washington does not have a specific intangibles tax. However, Washington does tax the gross receipts for compensation for the use of intangible property.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

There is no state withholding for personal income tax as Washington does not impose a personal income tax. There is, however, a requirement that companies pay unemployment taxes based on a portion of each employee's wages.

UNEMPLOYMENT

FORMS

New businesses and existing businesses that expand to include employees that are subject to unemployment insurance must complete a Washington state business license application. This will establish an account with the Departments of Labor and Industries, Revenue, Licensing, and Employment Security.

Taxpayers who do not file electronically must request paper forms via e-mail: (taxforms@esd.wa.gov) or phone (360) 902-0916.

RATES

Unemployment taxes in Washington are calculated using a formula that is written into state law.

There are two components of the state unemployment tax. The first component of the tax rate is the "experience-based tax," which is based on the amount of unemployment benefits paid to former employees over the past four years. There are 40 experience-rate classes, and businesses move up or down those classes based on their past experience.

The second part of the tax rate is called the "social-cost tax." It covers unemployment costs that cannot be recovered from specific businesses – so they are shared by all employers (e.g., benefits paid to workers whose company went out of business). During economic recessions, when benefits paid far exceed taxes collected, the social-cost tax also acts like a brake to slow the decline of the trust fund so employers aren't hit by sharper, more sudden tax increases in the future.

For 2019, employers will pay taxes on the first \$45,800 of each employee's wages. Rates range from 0.13% to 5.72% for 2019 which do not include the Employment Administration Fund assessment of .03%. New employers use average industry tax rate, but not less than 1.0% and no higher than 5.4%.

DUE DATE

Taxes are due by the last day of the month following the last day of each quarter.

ELECTRONIC FILING

Employers can file quarterly tax reports electronically or on paper forms. Electronic options include UIWebTax (Employment Security's Web-based tax-reporting system) and Employer Account Management Services (EAMS), a one-stop menu of Internet tools for filing, paying and managing unemployment tax accounts.

ELECTRONIC PAYMENT

Allowed

WEBSITE

<http://www.esd.wa.gov>

MAILING ADDRESS/PHONE NUMBER

Employment Security Department
P.O. Box 34467
Seattle, WA 98124
(800) 833-6388

NEW HIRE

New hires must be reported to Washington State Department of Social and Health Services.

TERMINATION

Washington law does not require a business to give a worker notice before terminating their job. Washington is an "at will" state.

MINIMUM TAX

\$12.00 per hour.

INDEPENDENT CONTRACTOR TREATMENT

Service performed for compensation by an individual in the electrical or construction industries is employment unless it is shown that:

1. The individual is free from direction and control over the performance of the service; and
2. The service is either performed:

- Outside of the usual course of business for which the service is performed, or
 - Outside of all the places of business of the enterprise for which the service is performed; or
 - The individual has a principal place of business and is responsible for the costs; and
3. The individual:
 - Is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the service contract, or
 - Has a principal place of business that is eligible for a federal income tax business deduction; and
 4. On the effective date of the contract of service, the individual is responsible for filing a schedule of expenses with the Internal Revenue Service; and
 5. On the effective date of the contract or within a reasonable period after the effective date of the contract, the individual has an:
 - Active account with the Department of Revenue,
 - Active account with any other state agencies, and
 - A Unified Business Identifier (UBI) number; and
 6. On the effective date of contract of service, the individual is maintaining a separate set of books or records that reflect all items of income and expenses of the business that the individual is conducting; and
 7. On the effective date of the contract, the individual has a valid contractor registration under RCW 18.27 or an electrical contractor license under RCW 19.28 if the work requires a registration or license.

OTHER (Taxes, Fees, Registration, etc.)

Please see below regarding the Real Estate Excise Tax (REET).

UNCLAIMED PROPERTY PROGRAM

The DOR administers an unclaimed property program as a free public service. More than \$1 billion in unclaimed property has been turned over to the DOR since 1955.

OTHER

Washington imposes an excise tax on real estate sales at the rate of 1.28% of the selling price. A local real estate excise tax rate applies in many jurisdictions at a rate up to 0.5%.

CFMA Chapters in Washington:

Puget Sound, Seattle, WA:

<http://cafe.cfma.org/PugetSoundWA/Home/>

South Sound, Tacoma, WA:

<http://cafe.cfma.org/SouthSoundWA/Home/>

Inland Northwest, Spokane, WA:

<http://cafe.cfma.org/Inlandnw/Home/>

Construction Contractors.

Get the facts, get registered:

<http://www.lni.wa.gov/IPUB/625-084-000.pdf>

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

AUTHOR

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DATE OF THIS UPDATE

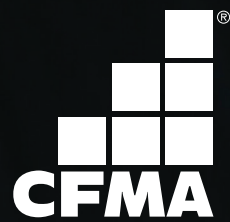
March 25, 2019

DATE OF LAST UPDATE

July 15, 2015

SUBJECT MATTER EXPERT

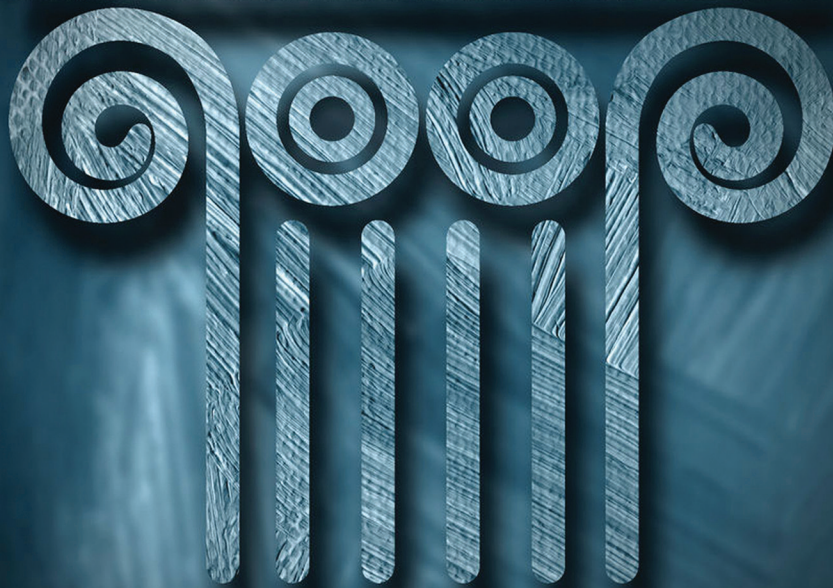
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



WEST VIRGINIA

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Initial registration begins with filing Articles of Incorporation and paying the fee. Business name reservations are not required but are highly recommended as lack of name availability is one of the most common reasons for business filing rejections.

FORMS

Domestic

Form CD-1, Articles of Incorporation – Corporation.

Form LLD-1, Articles of Organization – Limited Liability Company.

Form LP-1, Certificate of Limited Partnership – Limited Partnership.

Form LLP-1, Statement of LLP – Limited Liability Partnership.

Foreign

Form CF-1, Application for Certificate of Authority – Corporation.

Form LL-F1, Application for Certificate of Authority – Limited Liability Company.

Form LP-2, Statement of Limited Partnership – Limited Partnership.

Form LLP-1, Statement of LLP – Limited Liability Partnership.

Additional registration forms are available at:

<https://sos.wv.gov/business/Pages/PISGLicInfo.aspx>

RATES, FEES, COSTS

Domestic

Form CD-1	\$ 50
Form LLD-1	\$100
Form LP-1	\$100
Form LLP-1	\$250

Foreign

Form CF-1	\$100
Form LL-F1	\$150
Form LP-2	\$150
Form LLP-1: (Re-registration required every two years):	\$500

The fee schedule for Services and Registration is available at:
<https://sos.wv.gov/FormSearch/Business/FeeSchedule/feeschedule.pdf>

WEBSITE

<https://sos.wv.gov/business/Pages/PISGLicInfo.aspx>

MAILING ADDRESS/PHONE NUMBER

Business Division
West Virginia Secretary of State
1900 Kanawha Boulevard East
Building 1, Suite 157-K
Charleston, WV 25305-0770
(304) 558-8000 or (866) 767-8683

ELECTRONIC FILING

Available at: <https://www.business4wv.com>

ELECTRONIC PAYMENT

Accepted at: <https://www.business4wv.com>

ADDITIONAL ASSISTANCE

The West Virginia Business Division can be contacted by e-mail at:
business@wvsos.com

To receive a certified copy of the Articles of Incorporation you must submit a second Form CD-1, if you would like a stamped copy. Upon approval of the Articles of Incorporation, the Secretary of State will issue a control number which must be entered on line 5k of the tax registration form.

ANNUAL RENEWALS

Most company types have an annual reporting requirement. Annual reports are important to keep the company record updated. Failure to file by the due date may result in monetary penalties as well as administrative dissolution or revocation. The requirements vary for different company types.

There is no annual renewal though an annual report is required. The document communicates an update of officers, members, partners, directors, addresses and agent for service of process, and other information the Secretary of State deems necessary and important.

FORMS

Template is available at the states online portal: <https://www.business4wv.com>

Those who desire to paper file their report must contact the West Virginia Business Division by e-mail at: business@wvsos.com

RATES

Annual report fee	\$ 25
Annual report fee for LLPs	\$500
Late fee	\$ 50

DUE DATE

Close of business June 30 of each year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Yes, at: <https://www.business4wv.com>

ELECTRONIC PAYMENT

Accepted at: <https://www.business4wv.com>

WEBSITE

<https://www.business4wv.com>

MAILING ADDRESS/PHONE NUMBER

Business Division
West Virginia Secretary of State
1900 Kanawha Boulevard East
Building 1, Suite 157-K
Charleston, WV 25305-0770
(304) 558-8000 or (866) 767-8683

REGISTRATION WITH DEPARTMENT OF REVENUE

Anyone conducting any kind of business activity in the State of West Virginia must register with the West Virginia State Tax Department prior to starting business in this state.

FORMS

Form WV/BUS-APP.

Additional forms are available at:

<https://tax.wv.gov/Business/Pages/Business.aspx>

RATES

A business registration fee of \$30 is due with Form WV/BUT/APP with the exception of: non-profit organizations, foreign retailers, government agencies, agricultural/farming activities, or a “withholding only” account.

DUE DATE

Before starting the business.

ELECTRONIC FILING

Yes, at: <https://mytaxes.wvtax.gov>

ELECTRONIC PAYMENT

www.business4wv.com

WEBSITE

<https://tax.wv.gov/Business/ElectronicFiling/Pages/BusinessElectronicFiling.aspx>

MAILING ADDRESS/PHONE NUMBER

West Virginia State Tax Department
P.O. Box 11425
Charleston, WV 25339-1425

General Assistance:
(304) 558-3333
(800) 982-8297

To Order Forms:
(304) 344-2068
(800) 422-2075

LICENSES—GC & SPECIALTY

REGISTRATION

There are various classifications of licenses for nonresident contractors including: electrical, general building, general engineering, heating, ventilation and cooling, multi-family, piping, plumbing, residential, remodeling and repair, and manufactured home installation.

All contractors must obtain a contractor's license from the Labor Division of the West Virginia Department of Commerce, Labor and Environmental Resources. All applicants must pass the Business & Law Examination, and may require specialty testing. See:

https://labor.wv.gov/Licensing/Contractor_License/Pages/default.aspx

The following steps must be completed before a contractor's license is issued:

1. To register for your examination(s), complete the examination registration form and submit the form with your examination fees to:

Prov Inc.
200 Association Drive, Suite 190
Charleston, WV 25311
(304) 414-0190, ext. 4
Toll Free: (866) 720-7768
Fax: (877) 228-3926

2. You will receive an admission notice from the testing agent 7 to 10 days prior to the examination date you select.

3. Prepare for and take your examination.

4. Scores will automatically be reported to the Contractor Licensing Board within two business days of your examination. Once you successfully complete your examination(s), you must mail the completed affidavit form and licensing fee to the West Virginia Contractor Licensing Board. The affidavit certifies that your firm is registered and in compliance.

5. Once you complete your examination(s), submit license application paperwork and license fee payment, and your license will be mailed to you.

LICENSE RENEWAL

Contractor Licenses renew each year at the date listed on the license. Renewal notices are mailed approximately 30 days prior to serve as a reminder; however, they are not required in order to renew.

Licenses expired for more than 90 days, require that you reapply (no testing is required provided your original scores have not been used more than three times). Grandfathered licenses that are allowed to go over 90 days require examination before a new license can be issued. The applicant must be in good standing with all required agencies (Secretary of State, Tax-Business Registration, and Worker's Compensation and Unemployment) before a license will be renewed.

TESTS AND EXAMS

Contact the Contractor's Licensing Office to confirm which tests need to be taken. All contractors must take the WV Business & Law exam. The exam fee is \$42.

FORMS

Contractor License Affidavit: Application for a Contractor License.

Candidate Information Form: Bulletin, Information, and Testing Application for Contractor License Exam.

RATES

License Renewal: You can mail a check or money order for \$90 to the West Virginia Division of Labor (with the renewal form and/or license number listed on check). Licenses renewed more than 15 days after the renewal date incur a \$25 late fee.

DUE DATE

Prior to working as a contractor in West Virginia.

ELECTRONIC FILING

License renewal: You can file online at:
https://labor.wv.gov/Licensing/Contractor_License/Pages/contractor-renew-license.aspx

ELECTRONIC PAYMENT

License renewal: You can pay online with a credit card at:
https://labor.wv.gov/Licensing/Contractor_License/Pages/contractor-renew-license.aspx

WEBSITE

https://labor.wv.gov/Licensing/Contractor_License/Pages/contractor-obtain-a-license.aspx

MAILING ADDRESS/PHONE NUMBER

West Virginia Division of Labor

749-B Building 6, Capitol Complex
Charleston, WV 25305
Phone: (304) 558-7890
Fax: (304) 558-2415

RECIPROCITY STATES

The only reciprocity agreements are with North Carolina and Ohio, master electrician only.

FINANCIAL STATEMENT REQUIREMENTS

The Wage Payment and Collection Act (§ 21-5) requires that every employer, person, firm, or corporation engaged in or about to engage in construction work, or the severance, production, or transportation of minerals, shall furnish a bond to protect the wages and benefits of their employees before engaging in these activities. This bond must be on a form prescribed by the Labor Commissioner, payable to the State of West Virginia, with the condition that they must pay the wages and fringe benefits of their employees when due.

The amount of the bond shall be equal to the total of the employer's gross payroll for four weeks at full capacity or production, plus 15% of the employer's gross payroll for four weeks at full capacity or production.

Those who have been in business in West Virginia more than five consecutive years are exempted from this requirement, as are the railroads and water transporters of minerals.

LOCAL LICENSES

REGISTRATION

In addition to state licensing, many cities, counties, and municipalities throughout West Virginia have additional registration requirements that may affect your business. Contact the local mayor's office and the county assessor's office in the location in which you have an interest for information on local or county taxes and licensing that may be needed for your business.

State, county, and municipality contacts can be found at the website listed below.

WEBSITE

<https://business4.wv.gov/operatemybusiness/Pages/LicPermRenewal.aspx>

INCOME TAX

INCOME TAX—C CORPORATION

West Virginia imposes a tax on C corporations for income derived from activity, property, and other sources in the state.

FORMS

Form CNF-120, Corporation Net Income/Business Franchise Tax Return.

RATES

West Virginia corporate tax rate is 6.5%.

DUE DATE

On or before the 15th day of the fourth month after tax year close.

DUE DATE EXTENSION

West Virginia allows a six-month extension for those who file Form 7004 to extend their federal return.

A state extension of time to file may be obtained, even if a federal extension has not been requested, provided a written request is made to the West Virginia State Tax Department prior to the due date of the West Virginia return.

ELECTRONIC FILING

For tax years beginning on or after January 1, 2015, corporations with a total annual liability for any single tax of \$10,000 or more during the preceding taxable year are mandated to electronically file West Virginia corporation income tax returns.

E-filing is available for C corporations through approved software vendors. A list of these vendors can be found at:

<https://tax.wv.gov/Business/ElectronicFiling/Providers/Pages/ElectronicFilingForBusinessesApprovedProviders.aspx>

Online/web filing not available.

ELECTRONIC PAYMENT

Available at:

<https://tax.wv.gov/Business/ElectronicFiling/PaymentOptions/Pages/BusinessPaymentOptions.aspx>

For tax years beginning on or after January 1, 2015, corporations with a total annual liability for any single tax of \$10,000 or more during the preceding taxable year are mandated to electronically pay amounts due on West Virginia corporation income tax returns.

WEBSITE

<https://tax.wv.gov/Business/CorporateIncomeTax/Pages/CorporateIncomeTax.aspx>

MAILING ADDRESS/PHONE NUMBER

West Virginia State Tax Department
Tax Account Administration Division
P.O. Box 1202
Charleston, WV 25324-1202

General Assistance:

(304) 558-3333
(800) 982-8297

To Order Forms:

(304) 344-2068
(800) 422-2075

ESTIMATED TAX

Estimates payments are required if the corporation expects to have taxable income within the state in excess of \$10,000.

FORMS

Form WV/CNF-120ES, Estimated Corporate Income/Business Franchise Tax Payment. Forms will be automatically mailed to those who pay estimated tax in the previous tax year.

Form CNF-120U, Underpayment of Estimated Tax Penalty. Used to calculate penalties for failing to pay at least 90% of the annual tax liability.

RATES

Corporations that are required to make estimated payments of their tax liability are subject to additions to tax for failing to pay at least 90% of their annual tax liability. Interest rate for late 2018 payments is 9.5%

DUE DATE

Estimated payments are due in equal installments on the 15th day of the 4th, 6th, 9th, and 12th months of the tax year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

E-Filing is available for C corporations through approved software vendors. A list of these vendors can be found at:

<https://tax.wv.gov/Business/ElectronicFiling/Providers/Pages/ElectronicFilingForBusinessesApprovedProviders.aspx>

ELECTRONIC PAYMENT

Yes, at:

<https://tax.wv.gov/Business/ElectronicFiling/PaymentOptions/Pages/BusinessPaymentOptions.aspx>

WEBSITE

<https://tax.wv.gov/Business/Pages/Business.aspx>

MAILING ADDRESS/PHONE NUMBER

West Virginia State Tax Department
Tax Account Administration Division
P.O. Box 11514
Charleston, WV 25339-1514

General Assistance:
(304) 558-3333
(800) 982-8297

To Order Forms:
(304) 344-2068
(800) 422-2075

ALTERNATIVE MINIMUM TAX

West Virginia does not impose an alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

West Virginia taxable income generally means the taxable income of a corporation (i.e., federal gross income less deductions) as defined by the laws of the United States for federal income tax purposes. [W. Va. Code §11-24-3a(36); Code of State Rules §110-24-2]. Changes in federal income tax law do not automatically become part of West Virginia corporate income tax law but must be adopted by the state legislature. Currently, federal changes that affect the determination of federal taxable income made through December 31, 2017, have been adopted by West Virginia.

West Virginia generally conforms to the IRC through 12/31/17 and has not decoupled from the business interest deduction limitations of IRC §163(j) as enacted by the Tax Cuts and Jobs Act.

West Virginia requires an addition to federal taxable income for income taxes and other taxes (including franchise and excise taxes), which are based on, measured by, or computed with reference to net income, imposed by West Virginia or any other taxing jurisdiction, to the extent deducted in determining federal taxable income.

ALLOCATION AND APPORTIONMENT FACTORS

After deducting those nonbusiness items that are specifically allocable, a corporation that has income from business activities both within and without West Virginia apportions its net income by multiplying its net income by a three-factor apportionment formula, with a numerator consisting of a property factor, a payroll factor, and a double-weighted sales factor and a denominator of four (4) that is reduced by the number of factors, if any, having no denominator, except that if the sales factor denominator is zero (0), the apportionment denominator is reduced by two (2).

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

West Virginia has not adopted UDITPA, but its allocation and apportionment provisions are similar in many respects:

- West Virginia generally allocates nonbusiness income including rents and royalties from real or tangible property, capital gains, interest, dividends, and patent or copyright royalties in the same manner as UDITPA.
- The definition of business income used by West Virginia is virtually the same as that used in UDITPA except that the state includes the rendering of services in connection with the taxpayer's property.

OTHER MULTISTATE COMPACT

West Virginia has not adopted the Multistate Tax Compact. West Virginia is a sovereignty member state of the Multistate Tax Commission. The state's allocation and apportionment provisions are similar to the UDITPA model in many respects.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

There are no special apportionment rules for construction contractors.

SPECIFIC EXCLUSION OF INCOME ITEMS

Not Applicable

SPECIFIC EXCLUSION OF COST ITEMS

Not Applicable

CREDITS AND TAX INCENTIVES

West Virginia offers a number of credits and incentives, including:

Corporate Headquarters Credit: Companies that relocate their corporate headquarters are eligible for tax credits. If 15 new jobs are created, the credit is 10% of the adjusted qualified investment. The credit increases to 50% if 50 or more jobs are created.

Economic Opportunity Credit: Offsets 80% of taxes for up to 13 years. Minimum job requirement: 20.

Manufacturing Investment Credit: Allows a 50% corporate net income tax credit and franchise tax credit based on investment with no new job creation required.

Manufacturing Sales Tax Exemption: Materials and equipment purchased for direct use in manufacturing are exempt from the 6% state sales and use tax.

Strategic R&D Credit: Allows for up to 100% tax offset for R&D projects. R&D expenses are exempt from sales tax.

Warehouse "Freeport" Tax Exemption: Goods in transit to an out-of-state destination are exempt from "ad valorem" property taxes when warehoused in West Virginia.

INCOME TAX—S CORPORATION

West Virginia does not require S corporations to pay income tax. (For taxable years starting on or after January 1, 2015, the franchise tax is expired). Each individual S corporation shareholder will owe state income tax on his or her share of the company's income.

REGISTRATION

Rules for S corporation registration are identical with C corporations.

FORMS

Form SPF-100, Income Tax Return

Form SPF-100T, Extension of Time to File Information Returns (state extension if no federal extension was requested).

RATES

There is no income tax at the entity level. Each individual S corporation shareholder will owe state income tax on his or her share of the company's income at the personal tax rate.

DUE DATE

Tax return is due on or before the 15th day of the third month after the close of the taxable year.

DUE DATE EXTENSION

Any S corporation granted an extension of time to file their federal return is granted the same extension of time to file their West Virginia return.

A state extension of time to file may be obtained, even if a federal extension has not been requested, provided Form SPF-100T is filed prior to the due date of the West Virginia return.

ELECTRONIC FILING

Electronic filing is supported. See: <https://mytaxes.wvtax.gov/>

For tax years beginning on or after January 1, 2015, S Corporations with a total annual liability for any single tax of \$10,000 or more during the preceding taxable year are mandated to electronically file West Virginia corporation income tax returns.

ELECTRONIC PAYMENT

There is no income tax at the entity level.

WEBSITE

<https://tax.wv.gov/Business/PassThroughEntity/Pages/PassThroughEntity.aspx>

MAILING ADDRESS

West Virginia State Tax Department
Tax Account Administration Division
P.O. Box 11751
Charleston, WV 25339-1751

COMPOSITE RETURNS FOR S

An S corporation or partnership, instead of withholding tax on distributions of West Virginia source income to its nonresident shareholders/partners, may opt instead to satisfy the nonresident withholding requirements by filing a WV Nonresident Composite Income Tax Return for one or more of its nonresident shareholders.

ALLOWED OR NOT ALLOWED

Allowed.

FORMS

Form IT-140NRC, Nonresident Composite Return.

RATES

6.5% of taxable income.

A \$50 processing fee must also accompany the composite return.

DUE DATE

The due date for a composite return is the 15th day of the fourth month following the close of the taxable year.

DUE DATE EXTENSION

Same as federal extended due date.

ELECTRONIC FILING

Available through approved software vendors. A list of these vendors can be found at:
<https://tax.wv.gov/Business/ElectronicFiling/Providers/Pages/ElectronicFilingForBusinessesApprovedProviders.aspx>

ELECTRONIC PAYMENT

Yes, at:
<https://tax.wv.gov/Business/ElectronicFiling/PaymentOptions/Pages/BusinessPaymentOptions.aspx>

WEBSITE

<https://tax.wv.gov/Business/PassThroughEntity/Pages/PassThroughEntity.aspx>

MAILING ADDRESS

West Virginia State Tax Department
Tax Account Administration Division
P.O. Box 11751
Charleston, WV 25339-1751

ESTIMATED TAX FOR S CORPORATION

For taxable years starting on or after January 1, 2015, the franchise tax is expired. Therefore, S corporations are not required to make estimated tax payments.

For taxable years starting prior to January 1, 2015, S corporations subject to the West Virginia business franchise tax were required to file a declaration of estimated business franchise tax and make estimated tax payments if their liability for tax for the taxable year can reasonably be expected to exceed \$12,000.00 (Code §11-23-13).

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Partnerships and S corporations are required to withhold West Virginia Income Tax from each nonresident partner/shareholder that has not provided the partnership or S corporation a WV Nonresident Income Tax Agreement, Form WV/NRW-4.

The individual nonresident partners/shareholders may claim the amount withheld as a credit against their West Virginia income tax liability by attaching a copy of the information statement provided by the S corporation to their West Virginia income tax return.

FORMS

Form SPF-100, Income Tax Return.

Form SPF-100T, Extension of Time to File Information Returns (state extension if no federal extension was requested).

Form WV/NRW-2, Statement of Income Tax Withheld for NR Individual or Organization.

Form WV/NRW-4, Nonresident Income Tax Agreement.

RATES

6.5% of the nonresident partner's/shareholder's share of federal taxable income derived from West Virginia unless Form NRW-4 has been filed.

DUE DATE

The entire tax withheld is required to be remitted with Form SPF-100, Income Tax Return S Corporation, which is due on or before the 15th day of the third month after the close of the taxable year.

DUE DATE EXTENSION

Any S corporation granted an extension of time to file their federal return is granted the same extension of time to file their West Virginia return.

A state extension of time to file may be obtained, even if a federal extension has not been requested, provided Form SPF-100T is filed prior to the due date of the West Virginia return.

ELECTRONIC FILING

Available through approved software vendors. A list of these vendors can be found at:

<https://tax.wv.gov/Business/ElectronicFiling/Providers/Pages/ElectronicFilingForBusinessesApprovedProviders.aspx>

ELECTRONIC PAYMENT

Yes, at:

<https://tax.wv.gov/Business/ElectronicFiling/PaymentOptions/Pages/BusinessPaymentOptions.aspx>

WEBSITE

<https://tax.wv.gov/Business/PassThroughEntity/Pages/PassThroughEntity.aspx>

MAILING ADDRESS

West Virginia State Tax Department
Tax Account Administration Division
P.O. Box 11751
Charleston, WV 25339-1751

S CORPORATION TREATMENT

Same as federal.

C TREATMENT

No.

RECOGNIZE FEDERAL S ELECTION

Yes.

STATE S ELECTION REQUIRED?

No.

INCOME TAX—PARTNERSHIPS, LLC

See Income Tax – S Corporations section for guidance on treatment of partnerships and LLCs for income tax purposes.

ELECTRONIC FILING

Yes, at:

<https://tax.wv.gov/Business/ElectronicFiling/Pages/BusinessElectronicFiling.aspx>

For tax years beginning on or after January 1, 2015, partnerships with a total annual liability for any single tax of \$10,000 or more during the preceding taxable year are mandated to electronically file West Virginia corporation income tax returns.

ELECTRONIC PAYMENT

Yes, at: <https://mytaxes.wvtax.gov>

For tax years beginning on or after January 1, 2015, partnerships with a total annual liability for any single tax of \$10,000 or more during the preceding taxable year are mandated to electronically pay amounts due on West Virginia corporation income tax returns.

WEBSITE

<https://tax.wv.gov/Business/PassThroughEntity/Pages/PassThroughEntity.aspx>

INCOME TAX—INDIVIDUAL

The West Virginia taxable income of a resident individual is West Virginia adjusted gross income less personal exemptions. (W.Va. Code Sec. 11-21-11(a)). The West Virginia adjusted gross income of a resident individual is based on the federal adjusted gross income starting point modified by state addition and subtraction adjustments. (W.Va. Code Sec. 11-21-12(a)).

A “resident” is an individual who spends more than 30 days in West Virginia with the intent of West Virginia becoming their permanent residence; or maintains a physical presence in West Virginia for more than 183 days of the taxable year, even though the individual may also be considered a resident of another state. (Instructions, Form WV/IT-140, West Virginia Personal Income Tax Return).

Full-year nonresidents must compute West Virginia personal income tax liability just as full-year residents based on the federal adjusted gross income starting point modified by state addition and subtraction adjustments, personal exemptions, and any applicable earned income exclusion. The amount of this tentative tax is then multiplied by an income percentage representing the taxpayer’s income attributable to West Virginia sources divided by taxpayer’s federal adjusted gross income for the taxable year. (W.Va. Code Sec. 11-21-30(a); *Administrative Notice 97-25R*, Department of Tax and Revenue, February 9, 1998; Instructions, Form WV/IT-140, West Virginia Personal Income Tax Return).

Nonresident individuals who at no time during the taxable year were residents of West Virginia are relieved of filing a West Virginia income tax return for that taxable year if:

- The individual’s only income from sources within West Virginia was from salaries, wages, or compensation for personal services performed within West Virginia;
- Such salaries, wages, or compensation for personal services were subject to income taxation by the individual’s state of residence under a net income tax law substantially similar to the West Virginia personal income tax law;
- The laws of the other state provide credit to nonresidents for income taxes paid to their state of residence that is applicable to residents of West Virginia; and
- The laws of the individual’s state of residence afford reciprocal treatment to West Virginia residents who earn salaries, wages, or compensation for personal services in that state. (W.Va. Code Sec. 11-21-41).

Resident and nonresident individuals must make quarterly estimated tax payments if their estimated tax liability reduced by any applicable tax credits and state tax withheld is at least \$600, unless that liability is less than 10% of estimated tax. (W.Va. Code Sec. 11-21-55(a); Reg. Sec. 110-21-55.1). (Instructions, Form WV/IT-140, West Virginia Personal Income Tax Return). Taxpayers who are required to make estimated tax payments but wait until late in the tax year to make a lump-sum payment will be penalized for not making the earlier required payments. (Instructions, Form WV/IT-140ES, West Virginia Individual Estimated Income Tax Payment Voucher).

FORMS

Form IT-140, West Virginia Personal Income Tax Return.

Form IT-140, NRS Special Non-Resident Income Tax Return.

Form IT-140ES, West Virginia Individual Estimated Income Tax Payment Voucher.

RATES

Graduated rate based on income, 3% to 6.5%.

DUE DATE

Fifteenth day of fourth month after close of taxable year.

DUE DATE EXTENSION

Federal extension accepted. Schedule L of Form IT-140 must be filed if extension is only requested for the state return.

ELECTRONIC FILING

Yes, free services and acceptable vendors can be found at:
<https://tax.wv.gov/Individuals/ElectronicFiling/Providers/Pages/IndividualsElectronicFilingApprovedProviders.aspx>

For tax years beginning on or after January 1, 2015, individuals with a total annual liability for any single tax of \$10,000 or more during the preceding taxable year are mandated to electronically file West Virginia corporation income tax returns.

ELECTRONIC PAYMENT

Accepted at:
<https://tax.wv.gov/Individuals/ElectronicFiling/PaymentOptions/Pages/IndividualsPaymentOptions.aspx>

For tax years beginning on or after January 1, 2015, individuals with a total annual liability for any single tax of \$100,000 or more during the preceding taxable year are mandated to electronically pay amounts due on West Virginia corporation income tax returns.

WEBSITE

<https://tax.wv.gov/Individuals/Pages/Individuals.aspx>

MAILING ADDRESS

Refund:

West Virginia State Tax Department
P.O. Box 1071
Charleston, WV 25324-1071

Balance Due:

West Virginia State Tax Department
P.O. Box 3694
Charleston, WV 25336-3694

FED RETURN ATTACHED TO STATE RETURN

Not required.

STATE CONSTRUCTION-RELATED CREDITS

- Construction trade apprenticeship credit.
- Historic rehabilitated buildings investment credit.
- Neighborhood investment program credit.
- Qualified rehabilitated residential buildings investment credit.

IRC CONFORMITY

Changes in federal tax law affecting the definition of federal adjusted gross income do not automatically become part of West Virginia personal income tax law. Any change in federal law must be adopted by the West Virginia Legislature before the change is recognized for West Virginia purposes. Currently, federal changes that affect the determination of federal taxable income made through December 31, 2017, have been adopted by the West Virginia legislature.

West Virginia has not decoupled from the business interest deduction limitations of IRC § 163(j) as enacted by the Tax Cuts and Jobs Act. Also, West Virginia's personal income tax calculation starts with federal adjusted gross income and the IRC § 199A deduction is not a permitted deduction.

West Virginia does not allow a deduction for charitable contributions because federal itemized deductions cannot be carried over to the West Virginia personal income tax return.

West Virginia has no equivalent to the federal employer-provided child care credit.

West Virginia has no equivalent to the earned income tax credit. (IRC Sec. 32). However, West Virginia allows both a low-income earned income exclusion and a low-income family tax credit based upon family size and federal poverty guidelines.

Interest income from U.S. government obligations exempt from federal income tax must be added to federal adjusted gross income in determining West Virginia taxable income. A subtraction from federal adjusted gross income is allowed in determining West Virginia taxable income for interest income from U.S. government obligations that is subject to federal income tax.

Interest income from obligations of state and local governments, other than from obligations of West Virginia and its subdivisions, must be added to federal adjusted gross income in determining West Virginia taxable income.

A subtraction from federal adjusted gross income is not allowed in determining West Virginia taxable income for state and local income taxes paid because federal itemized deductions cannot be carried over to the West Virginia personal income tax return.

ALTERNATIVE MINIMUM TAX

Currently no alternative minimum tax.

NET WORTH OR STOCK TAX

For tax years beginning on or after January 1, 2105, West Virginia's franchise tax is eliminated.

Prior to 2015, any domestic corporation, any corporation that has its commercial domicile in West Virginia, and every corporation and partnership that owns or leases real or tangible personal property, or is doing business in West Virginia is subject to the business franchise tax.

The business franchise tax rate is the greater of \$50 or 0.10% of taxable capital. The measure of the tax is the capital of the corporation and is defined as the average of the beginning and ending balances of: (1) the value of common and preferred stock, (2) plus paid-in capital surplus, (3) plus retained earnings, and (4) less treasury stock.

GROSS RECEIPTS TAX

West Virginia does not impose a gross receipts tax.

LOCAL BUSINESS LICENSE TAX

In addition to state licensing, many cities, counties, and municipalities throughout West Virginia have additional registration requirements that may affect your business. Contact the local mayor's office and the county assessor's office in the location in which you have an interest for information on local or county taxes and licensing that may be needed for your business.

Corporations, limited liability companies, limited partnerships, and limited liability partnerships organized through the Secretary of State must also file copies of their state forms with the local county clerks' office where they are located. You can also call the Secretary of State's office or visit the Secretary of State's Website at: www.sos.wv.gov to find a list of businesses requiring additional licensing by the state, county, and municipal agencies.

STATE SALES AND USE TAX

REGISTRATION

Any business engaging in activity in West Virginia must register with the West Virginia State Tax Department. Please refer to Qualification/Registration section for guidance on state sales and use tax registration.

TAXABLE BASIS

The consumers' sales and service tax is a tax on the privilege of selling tangible personal property or customer software or rendering certain selected services and is imposed on the sales price.

The use tax is an excise tax on the use of taxable tangible personal property and services in the state and is imposed on the purchase price.

The taxes are intended to be complementary.

FORMS

Form WV/CST-200CU, Sales and Use Tax Return.

Additional forms can be found at:

<https://tax.wv.gov/Business/SalesAndUseTax/Pages/SalesAndUseTax.aspx>

RATES

The sales and use tax rate is 6%.

DUE DATE

Form WV/CST-200CU and remittance of tax is due on or before the 20th of each month for the prior month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

For tax years beginning on or after January 1, 2015, taxpayers with a total annual liability for any single tax of \$10,000 or more during the preceding taxable year are mandated to electronically file sales and use tax returns.

Electronic filing can be done through the Department's website at:

[https://mytaxes.wvtax.gov/ /](https://mytaxes.wvtax.gov/)

Or through approved software vendors. A list of approved vendors can be found at:
<https://tax.wv.gov/Business/SalesAndUseTax/Pages/SalesAndUseTax.aspx>

ELECTRONIC PAYMENT

Accepted at: <https://mytaxes.wvtax.gov/#1> and:

WEBSITE

<https://tax.wv.gov/Business/SalesAndUseTax/Pages/SalesAndUseTax.aspx>

MAILING ADDRESS

West Virginia State Tax Department
Taxpayer Services Division
P.O. Box 3784
Charleston, WV 25327-3784

GOVERNMENT PROVIDED MATERIALS

Purchases by the U.S. government or West Virginia, including their institutions or subdivisions and county and municipal governments of the state are exempt from sales tax. Purchases by another state or its subdivisions are not exempt unless the other state or government organization provides the same exemption to the State of West Virginia and its institutions and subdivisions. The vendor must acquire a properly executed exemption certificate from all purchasers claiming the government exemption. If a governmental entity fails to present a certificate, the books and records of the vendor must show that the purchase was billed to and paid for by the government agency.

The same exemptions applicable to the sales tax apply to the use tax. Purchases of tangible personal property or taxable services made for the government of the United States or its agencies by ultimate consumers are taxable.

The government exemption does not extend to agents making purchases on its behalf. Therefore, a contractor may not use the government exemption to make purchases for use on government contracts. The exempt government entity must make the purchases directly for the exemption to apply.

TAXABLE SERVICES

All services are subject to West Virginia sales and use taxes unless specifically exempted.

“Contracting services” are specifically exempt from the tax.

“Contracting” is defined as the furnishing of work or materials for another by a contractor, general contractor, prime contractor, subcontractor, or construction manager in fulfillment of a contract for the construction, alteration, repair, decoration, or improvement of a new or existing building or structure, or for the removal or demolition of a building or structure, or for the alteration, improvement, or development of real property, when the activity results in a capital improvement.

“Capital improvement” is defined as an improvement affixed or attached to and that becomes a part of a building, structure, or real property, without the need for regularly schedule service.

Maintenance, service, repair, and installation are generally not considered “contracting services” resulting in a capital improvement and are therefore taxable services.

For a detailed listing of jobs classified as either a nontaxable capital improvement or a taxable repair, maintenance, or installation services please see:
<https://tax.wv.gov/Documents/TSD/tsd310.pdf>

Contractors performing nontaxable capital improvements should not collect tax on the contracting services. However, the purchase of materials used by contractors is generally taxable.

Subcontractors performing work for prime contractors should not charge sales tax on the services provided if the prime contractors overall contract results in a capital improvement. The subcontractors should request a “Certificate of Capital Improvement” from the prime contractor. In this situation, the subcontractor is responsible for paying tax on the purchase of material used in satisfaction of the contract.

A contractor who also engages in sales to the general public (contractor-retailer) may purchase materials and supplies tax free as a purchase for resale. However, the contractor-retailer should collect sales tax on the retail sale of such materials.

LOCAL SALES AND USE TAX (City/County/Special)

Municipalities are authorized to impose a tax of up to 1% on the sale or use of tangible personal property, custom software, and services sourced to the municipalities. The local tax is imposed in the same manner as the state sales and use tax.

FORMS

Local taxes are reported on the state sales and use tax report electronically filed on the: <https://tax.wv.gov/Business/SalesAndUseTax/Pages/SalesAndUseTax.aspx>

RATES

A 1% municipal sales & service and use tax is in effect in the following West Virginia municipalities:

- Athens
- Beckley
- Bluefield
- Bolivar
- Bridgeport
- Charles Town
- Charleston
- Clarksburg
- Davis
- Dunbar
- Elizabeth
- Elkins
- Fairmont
- Follansbee
- Grafton
- Harpers Ferry
- Harrisville
- Huntington
- Kingwood
- Martinsburg
- Milton
- Moorefield (rate of 0.5% beginning July 1, 2016)
- Moundsville
- New Cumberland
- Nitro
- Parkersburg
- Pennsboro
- Princeton
- Quinwood

- Ranson
- Romney
- Rupert
- Shepherdstown
- Sistersville
- South Charleston
- St. Albans
- Thomas
- Vienna
- Wayne
- Weirton
- Wheeling
- White Hall (rate is 0.5% starting January 1, 2018)
- Williamstown

In addition, municipalities can create economic opportunity development districts by enacting special district excise taxes. The excise taxes are levied in the same manner as the state and local sales and use tax.

DUE DATE

Report local taxes when you electronically file your West Virginia sales and use tax.

ELECTRONIC FILING

Report local taxes when you electronically file your West Virginia sales and use tax.

ELECTRONIC PAYMENT

Report local taxes when you electronically file your West Virginia sales and use tax.

WEBSITE

<https://tax.wv.gov/Business/SalesAndUseTax/MunicipalSalesAndUseTax/Pages/MunicipalSalesAndUseTax.aspx>

EMPLOYMENT TAXES

WITHHOLDING

FORMS

If you have employees, the West Virginia State Tax Department will send the Division of Employment Security and the Workers Compensation Fund your name and address and other pertinent information. These agencies will contact you with all the necessary forms and paperwork to fulfill their requirements.

Form WV/IT-101Q, Employer's Quarterly Return of Income Tax Withheld.

Form WV/IT-101A, Employer's Annual Return of Income Tax Withheld (for employers that withhold less than \$600 annually).

Form IT-101V, Employer's Income Tax Withheld Voucher.

RATES

Depends on annual income.

DUE DATE

Form WV/IT-101Q, by the last day of the month following the close of the quarter. The return must be completed and submitted to the West Virginia State Tax Department even if you had no employees and no tax has been withheld.

Annual payments accompanied by Form WV/IT-101V are due by January 15 following the close of the calendar year. Form WV/IT-101A is due January 31 following the close of the calendar year.

Employers (other than employers who withhold less than \$600 annually or employ certain domestic household employees) must make payments by the 15th of each month or make a payment on the same day that employees are paid.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Employers who employ 250 or more employees are required to file and pay electronically.

Allowed at: <https://mytaxes.wvtax.gov/#1>

ELECTRONIC PAYMENT

Employers who employ 250 or more employees are required to file and pay electronically: ACH credit or debit, and Fedwire.

Allowed at: <https://mytaxes.wvtax.gov/>

WEBSITE

<https://tax.wv.gov/Business/Withholding/Pages/WithholdingTaxForms.aspx>

MAILING ADDRESS

West Virginia State Tax Department
Tax Account Administration Division
P.O. Box 1667
Charleston, WV 25326-1667

NEW HIRE

New hire information can be submitted electronically and must include name, address, address for payroll office if different than the company address, and EIN. This information is to be submitted within 14 days of hire. It can be done electronically at: <http://newhire-reporting.com/WV-Newhire/default.aspx>

TERMINATION

West Virginia employers must also report the termination of their employees, if the employee had an Income Withholding Order for child support, the termination should be reported to the agency that issued the Order. See: <http://newhire-reporting.com/wv-newhire/faq.aspx>

INDEPENDENT CONTRACTOR TREATMENT

All individuals performing services for compensation paid by an employer are presumed to be employees and required to be covered by a West Virginia Workers' Compensation Insurance policy unless and until it is shown that the worker is an independent contractor. The burden of proving that an individual is an independent contractor is, at all times, on the party asserting independent contractor status.

UNEMPLOYMENT

REGISTRATION

State law mandates that employers be in compliance with the Unemployment Compensation provisions before other government agencies can issue or renew most licenses or permits. Examples include contractor's licenses and business registration certificates.

Registration forms are available here:
<http://workforcewv.org/unemployment/employers/registration.html>

Register for Unemployment Insurance here: <https://mytaxes.wvtax.gov>

FORMS

If you have employees, the West Virginia State Tax Department will send the Division of Employment Security and the Workers Compensation Fund your name and address and other pertinent information. These agencies will contact you with all the necessary forms and paperwork to fulfill their requirements.

Form WVUC-A-154, Quarterly Contribution Report.

RATES

Most new employers begin with a rate of 2.7% on the first \$12,000. This rate remains the same for 36 consecutive months ending on June 30. At that time the rate is calculated according to the experience of the account. An employer who acquires an existing business inherits the contribution rate of that account. An out-of-state construction company begins with a rate of 8.5%.

DUE DATE

Form WVUC-A-154 is due on or before the last day of the month following the close of the quarter.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

None.

ELECTRONIC PAYMENT

The only way to pay your unemployment compensation tax is by check. If and when EFT/ACH is available, all employers will be advised.

WEBSITE

<http://workforcewv.org/unemployment/employers.html>

MAILING ADDRESS/PHONE NUMBER

Unemployment Compensation Division Workforce

West Virginia Contribution Accounting
P.O. Box 106
Charleston, WV 25321-0106
1-(800) 252-5627

NEW HIRE

See above.

TERMINATION

See above.

INDEPENDENT CONTRACTOR TREATMENT

Follows IRS 20-factor test.

PROPERTY TAX

PERSONAL PROPERTY

All real and personal property in West Virginia is subject to tax unless specifically exempted by law.

Property in West Virginia is divided into four classes by the West Virginia Constitution and the West Virginia Code. (W.Va. Code Sec. 11-8-5). Different tax rates are imposed on each class, but there are limitations on the aggregate amount of taxes that may be imposed on each class. The classes are as follows:

- Class I – all tangible personal property employed exclusively in agriculture, including horticulture and grazing, products of agriculture while owned by the producer, notes, bonds, bills and accounts receivable, stocks, and any other similar intangible personal property. (W.Va. Code Sec. 11-8-5).
- Class II – property owned, used, and occupied by the owner exclusively for residential purposes, and farms including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants. (W.Va. Code Sec. 11-8-5).
- Class III – real and personal property not in Classes I or II, and located outside of municipalities. (C.W.Va. Code Sec. 11-8-5).
- Class IV – real and personal property not in Classes I or II, and located within municipalities. (W.Va. Code Sec. 11-8-5).

Unless specifically exempted, all personal property belonging to West Virginia residents is taxable whether inside or outside West Virginia, as is all property of nonresidents located in West Virginia. However, personal property of residents that is actually and permanently located in another state, and that is subject to taxation and actually taxed in the other state, is not subject to West Virginia property taxation. (W.Va. Code Sec. 11-5-1).

For West Virginia property tax purposes, personal property includes (W.Va. Code Sec. 11-5-3):

- 1) Fixtures attached to land, if not included in the valuation of the land;
- 2) Tangible and movable things of value that are the subject of ownership;
- 3) Chattels real and personal; and
- 4) Notes, bonds, accounts receivable, stocks, and other intangible property.

Household goods are wholly exempt from tax, unless used for profit.

FORMS

Form STC 12:31, Individuals.

Form STC 12:32C, Commercial Businesses.

Form STC 12:32I, Industrial Businesses.

RATES

Levy rates by class vary among counties. Total rates include state, county, boards of education, municipalities, county and municipal bonds, and county and municipal excess levies. The tax is payable to the sheriff, as county treasurer, for state, county, and municipal levies. Rates may change from year to year. An updated list of rates by county can be found at: <http://www.wvsao.gov/localgovernment/reports.aspx>

DUE DATE

The property taxes may be paid in halves, with the first half payment due September 1 and the second half payment due by March 1.

Property tax paid on or before the due date are subject to a 2.5% discount.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tax.wv.gov/Business/PropertyTax/Pages/PropertyTax.aspx>

MAILING ADDRESS/PHONE NUMBER

Varies by county.

REAL PROPERTY

All real property is taxable in West Virginia unless specifically exempted. See above for property classification.

REGISTRATION

Taxpayers making improvements increasing the value of property by more than \$1,000 must give notice in writing to the assessor within 60 days after commencement of the improvements. Notice may be given by delivery of the copy of the building permit to the assessor. In the case of mines, mills, factories, or other industrial establishments, a notice filed with the assessor on or before June 15 describing all construction or improvements made during the previous 12 months is sufficient. (W.Va. Code Sec. 11-3-3a).

FORMS

Form STC 12:32I, Commercial Business Property Return.

RATES

Levy rates by class vary among counties. Total rates include state, county, boards of education, municipalities, county and municipal bonds, and county and municipal excess levies. The tax is payable to the sheriff, as county treasurer, for state, county, and municipal levies. Rates may change from year to year. An updated list of rates by county can be found at: <http://www.wvsao.gov/localgovernment/reports.aspx>

DUE DATE

The property taxes may be paid in halves, with the first half payment due September 1 and the second half payment due by March 1.

Property tax paid on or before the due date are subject to a 2.5% discount.

Commercial business property return is due by September 1. Late filing can result in a penalty of \$20 - \$100.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<https://tax.wv.gov/Business/PropertyTax/Pages/PropertyTax.aspx>

MAILING ADDRESS/PHONE NUMBER

Varies by county.

INTANGIBLES

West Virginia eliminated its separate tax on intangible property.

FUEL TAX

West Virginia imposes a flat rate motor fuel excise tax on the ultimate consumers of motor fuels, which includes gasoline, blended fuel, and any special fuel. The tax is based upon the number of gallons of invoiced gallons imported into the state.

The motor fuels tax is imposed at the time the motor fuel is imported into West Virginia, other than bulk transfer, and is measured by invoiced gallons received outside West Virginia at a refinery, terminal, or bulk plant for delivery to a destination within West Virginia and is payable by the person importing the motor fuel.

REGISTRATION

Suppliers (including refiners), permissive suppliers, importers, exporters, terminal operators, blenders, transporters, distributors, producers/manufacturers, alternative-fuel bulk end users, and providers and retailers of alternative fuel are required to obtain a license from the Tax Commissioner. Persons engaged in more than one type of activity must have a separate license for each activity.

FORMS

Form WV/MFT-APP, Excise Tax License Application.

Motor fuel forms and licensee list are available at:
<https://tax.wv.gov/Business/MotorFuel/Pages/MotorFuelTax.aspx>

RATES

For the period of January 1, 2019, through December 31, 2019, the variable fuel tax rate, which is based on the average wholesale price of motor fuel, is 15.2¢ per gallon. The flat rate for the same time period is 20.5¢. Therefore, for 2019, the total combined excise tax rate for motor fuels is 35.7¢ per gallon.

DUE DATE

The motor fuels excise tax returns must be filed, with payment, on or before the last day of the calendar month for the preceding calendar month. This monthly return must be filed by terminal operators, suppliers, importers, blenders, persons incurring liability for the backup tax on motor fuel, permissive suppliers, motor fuels transporters, exporters, and producer/manufacturers.

Exception: A distributor who purchases and delivers fuel within the state **ONLY** is not required to file a monthly report. (This means no imports and no exports). However, special circumstances may require a distributor to file a monthly report, such as using propane in a taxable manner.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

The Tax Commissioner may require electronically filed returns. Electronic filing returns and information are available at: <https://mytaxes.wvtax.gov/>

ELECTRONIC PAYMENT

For tax years beginning on or after January 1, 2015, payment by EFT is mandated for those taxpayers that had a tax liability of \$10,000 paid during the immediately preceding taxable year.

WEBSITE

<https://tax.wv.gov/Business/MotorFuel/Pages/MotorFuelTax.aspx>

MAILING ADDRESS/PHONE NUMBER

West Virginia State Tax Department
Tax Account Administration Division
P. O. Box 2991
Charleston, WV 25330-2991
(304) 558-3333

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Businesses of all types are required by state law to report unclaimed property to the West Virginia State Treasurer's Office on a yearly basis.

The filing deadline for most businesses is November 1. Electronic reporting is required for all holder reports. Reports must be filed using the NAUPA II format.

For more information, go to: <http://www.wvtreasury.com/Unclaimed-Property/Business-Holders>

IMPACT FEES

Applicants will receive an impact fee application at the time they request an application for a building permit. Although building permits may be processed in parallel with the task of processing the impact fee payment, no building permit may be released until the Department of Engineering receives notice that either: (1) the applicant qualified for and paid an impact fee, or (2) the applicant was exempt from payment of impact fees.

There are four impact fee categories in effect: Schools, Law Enforcement, Parks & Recreation, and Fire & EMS. The actual fee amount varies depending on type of residential dwelling unit or type and overall size of commercial development. Contact the Office of Impact Fees at: (304) 728-3331 to obtain the current fee schedule.

For more information on the impact fees, go to: <http://www.jeffersoncountywv.org/county-government/departments/office-of-impact-fees>

MINIMUM WAGE

For 2019 the West Virginia minimum wage is \$8.75 per hour.

REGISTERED AGENTS

Every West Virginia LLC must have an agent for service of process in the state. This is an individual or business entity that agrees to accept legal papers on the LLC's behalf if it is sued. The registered agent may be a West Virginia resident or a corporation or LLC authorized to do business in West Virginia. The registered agent must have a physical street address in West Virginia.

DAVIS BACON

West Virginia has its own prevailing wage law that covers state-funded construction as well as public works projects financed by counties, cities, or other "political subdivisions."

For more information, go to: https://labor.wv.gov/Wage-Hour/Wage_Collection/Employees/Pages/Division-Authority-and-Referral-Information.aspx

DRUG TESTING FACILITIES

For a list of drug testing centers in West Virginia, go to:
http://www.testcountry.com/drug-testing-center-facilities/west_virginia.htm

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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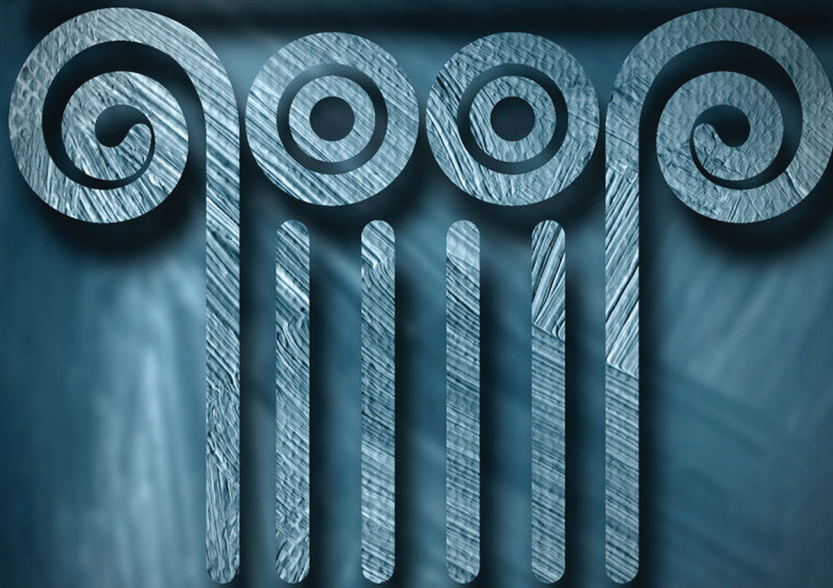
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CONSTRUCTION
FINANCIAL
MANAGER's
GUIDE TO

STATE TAX LAWS



WISCONSIN

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

Required of all businesses incorporated or organized in Wisconsin and of all out-of-state businesses that desire to “transact business” in Wisconsin.

FORMS

www.wdfi.org/corporations/forms

Incorporation – Form 2 (corporations)

Organization – Form 502 or QuickStart LLC application (LLCs)
Form 602 (LLPs)
Form 302 (LPs)

Authority to Do Business/Registration – Form 21 (corporations)
Form 521 (LLCs)
Form 602 (LLPs)
Form 321 (LPs)

RATES, FEES, COSTS

Business incorporation	\$100
Foreign corporation authorization to do business + 0.3% of Wisconsin capital > \$60,000	\$100
Form 502, LLC organization	\$170
(QuickStart LLC application)	\$130
LLC authorization to do business	\$100
LP organization	\$ 70
LP authorization to do business	\$ 75
LLP registration (Wisconsin based and out-of-state)	\$100

WEBSITE

www.wdfi.org

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Financial Institutions
Corporations Bureau, Suite 300
201 W. Washington Ave.
P.O. Box 7846
Madison, WI 53707-7846
Phone: (608) 261-7577
Fax: (608) 267-6813

ADDITIONAL ASSISTANCE

www.wdfi.org/Help

General Wisconsin Department of Financial Institutions: (608) 261-9555.

ANNUAL RENEWALS

Not Applicable Limited liability partnerships and limited partnerships.

Required for all registered corporations and limited liability companies.

FORMS

Forms are mailed to registered corporation or limited liability company upon registration with Wisconsin Department of Financial Institutions. If annual report form is not received call (608) 261-7577.

RATES

Wisconsin corporation	\$25 (electronically filed) \$40 (paper filed)
Out-of-state corporation	
3% of excess capital on which no fee has been paid + either:	
	\$65 (electronically filed) \$80 (paper filed)
Wisconsin organized Limited Liability Company	\$25
Out-of-state limited liability company	\$80

DUE DATE

Wisconsin corporation or Wisconsin LLC – end of the filing anniversary quarter (March 31, June 30, September 30, or December 31).

Out-of-state corporation or LLC – March 31.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Allowed and recommended: www.wdfi.org/apps/corpar

ELECTRONIC PAYMENT

Credit card payments allowed.

WEBSITE

<https://www.wdfi.org/apps/oos/?CategoryID=3,4,5,6,7,2>

MAILING ADDRESS/PHONE NUMBER

Follow mailing address on annual report form provided by Wisconsin Department of Financial Institutions. Corporation information line is (608) 261-7577.

REGISTRATION WITH DEPARTMENT OF REVENUE

Required for sales or use tax and employee withholding tax purposes.

FORMS

BTR-101

RATES

\$20 for first tax permit. No fee for consumer's use tax registration.

DUE DATE

By starting date of doing business or beginning activity for which registration is required.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Allowed through the Business Tax Online Registration:
<https://tap.revenue.wi.gov/services/>

ELECTRONIC PAYMENT

Allowed at time of online registration through bank direct debit or credit card.

WEBSITE

<http://www.revenue.wi.gov/>

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Revenue
P.O. Box 8908
Madison, WI 53708-8908
(608) 266-1143

LICENSES—GC & SPECIALTY

REGISTRATION

Certifications may be required for various specialty contractors including the following (see web link under Forms below):

- Blasting and Fireworks.
- Dwellings, Structures, and Sites.
- Electrical.
- Fire Sprinkler.
- Inspection.
- Mechanical.
- Storage Tanks.
- Plumbing.
- Elevator and/or Lifts.

TESTS AND EXAMS

Held at various times in Pewaukee (WCTC Education Center); Appleton (Fox Valley Technical College); and Eau Claire (Plaza Hotel and Suites).

FORMS

Various application forms apply. Go to access the specific application form:
<http://dsps.wi.gov/Licenses-Permits/Credentialing/Trades-Professions>

RATES

Various fees apply.

DUE DATE

Typically certification is required before engaging to provide the specific specialty services.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Available at: <https://dsps.wi.gov/Pages/SelfService/Default.aspx>

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://dsps.wi.gov/Licenses-Permits/Credentialing/Trades-Professions>

MAILING ADDRESS/PHONE NUMBER

See website link above for more details.

RECIPROCITY STATES

Varies by license, for example a person who holds a valid, unexpired Journeyman Electrician license acquired through state examination in Iowa or New Hampshire may apply for a Wisconsin Journeyman Electrician license without taking the WI exam.

EQUITY REQUIREMENT

Requirements mainly related to carrying certain levels of insurance, workers compensation, and for out-of-state contractors a surety bond of 3% of aggregate value of Wisconsin contracts if total of such contracts exceed \$50,000.

FINANCIAL STATEMENT REQUIREMENTS

See Equity Requirement explanation above.

LOCAL LICENSES

REGISTRATION

Not applicable. Certifications are handled by the state.

INCOME TAX

INCOME TAX—C CORPORATION

Imposed on corporations doing business in Wisconsin (franchise tax), owning property in Wisconsin, deriving income from Wisconsin sources, or deriving income from activities attributable to Wisconsin (income tax).

Corporations with greater than 50% direct and/or indirect ownership and also operate on a unitary basis are required to file on a combined basis.

FORMS

WI Form 4

WI Form 5 – 100% based corporations.

RATES

7.9%.

DUE DATE

Fifteenth day of the fourth month following the close of the taxable year (April 15 for calendar year taxpayers).

DUE DATE EXTENSION

Automatic extension to 30 days after federal extended due date if the federal tax return has been extended. If no federal extension requested then an automatic seven-month extension applies. Extension does not extend the time to pay the tax.

ELECTRONIC FILING

Required unless an electronic waiver has been approved. May file through the Federal/State E-Filing program.

ELECTRONIC PAYMENT

Allowed through the Wisconsin Department of Revenue's My Tax Account. Alternatively, payment can be mailed in via Form 4-ES.

WEBSITE

<http://www.revenue.wi.gov/>

MAILING ADDRESS

Wisconsin Department of Revenue
P.O. Box 8908
Madison, WI 53708-8908

ESTIMATED TAX

Required if tax is at least \$500 for the taxable year.

FORMS

Form 4-ES, Corporations.

Form PW-ES, Nonresident Pass-through Entity Withholding Estimated Taxes.

Form 1-ES, Individuals.

RATES

90% of current year tax liability or 100% of last year's liability. For individuals the tax liability includes alternative minimum tax. For corporations it includes economic development surcharge and last year's liability safe harbor is only available if net income for current year is less than \$250,000. For trusts and estates last year's liability safe harbor does not apply if current year income is at least \$20,000.

DUE DATE

Fifteenth day of 4th, 6th, 9th, and 12th month of the taxable year for corporations and for nonresident pass-through entity tax withholding payments.

Fifteenth day of 4th, 6th, and 9th month of the taxable year and the 15th day of the first month following the taxable year for individual estimated tax purposes.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Allowed and required if notified by Wisconsin Department of Revenue.

ELECTRONIC PAYMENT

Allowed and required if notified by Wisconsin Department of Revenue.

WEBSITE

<https://www.revenue.wi.gov/pages/home.aspx>

MAILING ADDRESS

Electronic Funds Transfer Assistance
Wisconsin Department of Revenue
P.O. Box 8949
Madison, WI 53708-8949

ALTERNATIVE MINIMUM TAX

Individual income tax purposes only. No corporate alternative minimum tax.

FEDERAL TAX DIFFERENCES *(IF APPLICABLE)*

Wisconsin conforms to the Internal Revenue Code as of December 31, 2017 for post 2017 tax years but has decoupled from the business interest deduction limitations of IRC §163(j) as enacted by the Tax Cuts and Jobs Act. There are numerous other changes to the Federal Internal Revenue Code. The most common changes are as follows:

State taxes that are value-added taxes, or taxes on or measured by net income, gross income, gross receipts, or capital stock are not deductible.

179 deduction is limited to \$500,000 with \$2 million of qualifying assets for the phase-out threshold. Effective January 1, 2014, the 179 deduction for Wisconsin purposes automatically conforms to the 179 deduction for federal income tax purposes.

Effective January 1, 2014, Wisconsin depreciation conforms to federal depreciation provisions. However, any subsequent changes to federal depreciation provisions after January 1, 2014, will not be automatically adopted by Wisconsin.

20% of the basis difference in assets for Wisconsin income/franchise tax purposes versus federal income tax purposes at the close of the 2013 taxable year is allowed to be taken as a deduction over five years starting with the 2014 taxable year.

ALLOCATION AND APPORTIONMENT FACTORS

Business income is apportioned using a 100% weighted sales factor.

UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT (UDITPA)

Not Applicable

OTHER MULTISTATE COMPACT

Not enacted but Wisconsin is an associate & project member of the Multistate Tax Commission.

INDUSTRY-SPECIFIC APPORTIONMENT FORMULAS

Industries that have their own unique apportionment provisions are as follows:

- Direct air carriers.
- Motor carriers.
- Railroads and sleeping car companies.
- Pipeline companies.
- Financial organizations, including financial institutions, brokers-dealers, investment advisers, investment companies, and underwriters.
- Telecommunication companies.
- Insurance companies.

SPECIFIC EXCLUSION OF INCOME ITEMS

30% exclusion of capital gain for Wisconsin individual income tax purposes (40% for gains from farming assets).

100% exclusion of capital gain for investments in a "Qualified Wisconsin Business" (50% of payroll and 50% of value of real and tangible personal property are located in Wisconsin) that was purchased after December 31, 2010, and held for at least five years.

Income derived from the sale or rental of out-of-state nonbusiness real or tangible personal property is excluded.

SPECIFIC EXCLUSION OF COST ITEMS

Expenses attributable to out-of-state nonbusiness real or tangible personal property are excluded.

CREDITS AND TAX INCENTIVES

Multiple credits and incentives available. Refer to the following website for more information: <https://www.revenue.wi.gov/Pages/Businesses/Incentives.aspx>.

Some credits and incentives include:

Jobs tax credit: Maximum 10% of wages paid to eligible employees and claimed using Schedule JT. Certification must first be received from the Wisconsin Economic Development Corporation.

Manufacturing and agriculture credit: Contractors that also conduct operations with property that is assessed for property tax purposes as manufacturing property can claim a Wisconsin franchise/income tax credit beginning with the 2013 taxable year

using Schedule MA. Once fully phased in the credit will equal, with limitations, 7.5% of “eligible qualified production activities income.”

Research credit: Credit equal to 5% of increased qualified research expenses.

INCOME TAX—S CORPORATION

Wisconsin follows the federal tax treatment of S corporations but can opt out of S corporation treatment and be taxed as a regular C corporation. Entity level taxes include tax of 7.9% on apportioned net recognized built-in gains, the 0.2% economic development surcharge, and 7.9% tax on apportioned federal, state, and municipal interest income. LIFO recapture is fully recognized in last year as a regular C corporation.

REGISTRATION

Not Applicable

FORMS

Form 5S

RATES

7.9% of apportioned federal, state, and municipal interest income.

7.9% of apportioned net recognized built-in gains.

0.2% economic development surcharge.

DUE DATE

Fifteenth day of the third month following the close of the taxable year.

DUE DATE EXTENSION

Automatic extension to 30 days after the federal extended due date. If no federal extension was requested then an automatic seven-month extension is available. There is no extension of time to pay the franchise or income tax that is due.

ELECTRONIC FILING

Required unless a waiver has been granted and may be filed through the Federal/State E-Filing program.

ELECTRONIC PAYMENT

Can pay via EFT through the Wisconsin Department of Revenue's free online business tax system – My Tax Account or via check using Form 4-ES.

WEBSITE

www.revenue.wi.gov

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Revenue
P.O. Box 8908
Madison, WI 53708-8908
(608) 266-2772; email: corp@revenue.wi.gov

COMPOSITE RETURNS FOR S

Composite returns are available for nonresident S corporation shareholders.

ALLOWED OR NOT ALLOWED

Allowed for nonresident individual shareholders, nonresident individual owners of disregarded SMLLC shareholders, and nonresident individual grantor of grantor trust shareholders that are not required to file federal Form 1041.

Not allowed for electing small business trusts, part-year or full-year residents, nonresident individuals that derive Wisconsin taxable income from other than his or her share of income or loss from the one S corporation, shareholders wishing to claim any Wisconsin tax credits, or shareholders that are required to file Wisconsin Schedule RT, Wisconsin Related Entity Expenses Disclosure Statement, to report interest expenses, management fees, and intangible expenses that result from related-party transactions between the shareholder and the S corporation.

FORMS

1CNS

RATES

7.65%

DUE DATE

March 15 after calendar year for which the S corporation's taxable year ended. Example: S corporation with fiscal year end June 30, 2018, will have a corresponding composite tax return due date of March 15, 2019.

DUE DATE EXTENSION

Automatic extension to 30 days after the federal extended due date of the S corporation return. If no federal extension was granted then a statement can be attached to the filing of Form 1CNS that provides the following information:

- Federal extension provision being used and name and address and signature of each shareholder covered by the extension. Finally, federal extensions granted to individual participating shareholders similarly apply for Wisconsin, but only for those specific shareholders.

ELECTRONIC FILING

Allowed and available through the Federal/State E-Filing program at:
<https://www.revenue.wi.gov/Pages/WI-efile/home.aspx>
or My Tax Account.

ELECTRONIC PAYMENT

Can be made through My Tax Account or via third-party software.

WEBSITE

www.revenue.wi.gov

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Revenue
P.O. Box 8991
Madison, WI 53708-8991
(608) 266-2772

ESTIMATED TAX FOR S

Required if tax is at least \$500 for the taxable year.

FORMS

Form 4-ES.

RATES

Lesser of 90% of current year tax liability or 100% of last year's liability. The 100% of last year's liability safe harbor is not available if the corporation has at least \$250,000 of federal, state, and municipal government interest (after apportionment).

DUE DATE

Fifteenth day of 3rd, 6th, 9th, and 12th month of the taxable year.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Allowed or required upon notification by Wisconsin Department of Revenue.

ELECTRONIC PAYMENT

Allowed or required upon notification by Wisconsin Department of Revenue.

WEBSITE

www.revenue.wi.gov

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Revenue
P.O. Box 930208
Milwaukee, WI 53293-0208
(608) 266-0800

REQUIRED

When tax liability is at least \$500.

WITHHOLDING ON NON-RESIDENT S SHAREHOLDERS

Required unless nonresident share of pass-through income attributable to Wisconsin is less than \$1,000 or nonresident has filed and received an approved affidavit to elect out of withholding.

FORMS

PW-1, Wisconsin Nonresident Income or Franchise Tax Withholding on Pass-Through Entity Income.

RATES

7.65% for income attributable to individual, estate, or trust owners.
7.9% for corporations, partnerships and limited liability companies.

DUE DATE

Fifteenth day of the third month following the close of the S corporation's taxable year.

DUE DATE EXTENSION

Automatic seven-month extension is provided.

ELECTRONIC FILING

Required unless pass-through entity has \$25,000 or less of Wisconsin taxable income after apportionment. Options are through the Federal/State E-Filing Program or the Wisconsin Department of Revenue's My Tax Account.

ELECTRONIC PAYMENT

Required unless pass-through entity has \$25,000 or less of Wisconsin taxable income after apportionment. Options are through the Federal/State E-Filing Program or the Wisconsin Department of Revenue's My Tax Account.

WEBSITE

<https://www.revenue.wi.gov/Pages/CorpFranchise/home.aspx>

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Revenue
P.O. Box 8991
Madison, WI 53708-8991
(608) 261-6261

PAYMENT ON INCOME OR DISTRIBUTIONS

Withholding is applied on income that is allocable to nonresident shareholders whether or not the income is actually distributed.

S CORPORATION TREATMENT

Wisconsin follows federal treatment unless taxpayer opted out of S corporation treatment for Wisconsin purposes. If opted out then nonresident withholding does not apply.

C TREATMENT

If corporation opted out of S corporation treatment for Wisconsin purposes then nonresident withholding does not apply.

RECOGNIZE FEDERAL S ELECTION

Yes, but taxpayer can opt out of S corporation treatment for Wisconsin purposes.

STATE S ELECTION REQUIRED?

No separate election required.

INCOME TAX—PARTNERSHIPS, LLC

No income tax applicable at the partnership or LLC level. Previously there was an economic development surcharge that was repealed for individuals, partnerships, and LLCs taxed as partnerships effective with taxable years beginning on or after January 1, 2013.

COMPOSITE RETURNS

Allowed for nonresident individual partners that do not earn any income from Wisconsin sources other than through the partnership. Form is 1CNP.

FORMS

Form 3, Wisconsin Partnership Return.

RATES

7.65% for individual partners included in composite tax return.

7.9% for corporations, partnerships, limited liability companies.

DUE DATE

Fifteenth day of the third month following the close of the partnership's taxable year.

DUE DATE EXTENSION

Automatically allowed with federal return extension. If no federal return extension granted then attach statement to partnership return explaining which federal extension provision is being used. The extension period is five months.

ELECTRONIC FILING

Required unless waiver is obtained from Wisconsin Department of Revenue. Returns can be filed through the Federal/State E-Filing Program.

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

www.revenue.wi.gov

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Revenue
P.O. Box 8965
Madison, WI 53708-8965
(608) 266-1961

If partnership return is requesting a refund, send to P.O. Box 8908.

INCOME TAX—INDIVIDUAL

Yes – imposed on a tiered rate structure.

FORMS

Form 1, Wisconsin Income Tax Return.

Form 1NPR, Nonresident and Part-Year Resident Wisconsin Income Tax Return.

RATES

4.0%, 5.84%, 6.27%, and 7.65% based on filing status and taxable income.

DUE DATE

April 15 following the end of the calendar year.

DUE DATE EXTENSION

Automatic extension of six months to October 15 with either copy of federal extension application or statement indicating the federal extension provision to be applied to the Wisconsin return (for example, the federal automatic six-month extension provision).

ELECTRONIC FILING

Available and recommended. Options include Wisconsin e-file, utilizing tax preparation software that provides for e-filing, or utilizing a tax professional who offers electronic filing.

ELECTRONIC PAYMENT

Available if return is electronically filed via electronic funds transfer.

WEBSITE

www.revenue.wi.gov

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Revenue
P.O. Box 59
Madison, WI 53785-0001

Use P.O. Box 268 if tax is due
Use P.O. Box 34 if homestead credit is claimed
(608) 266-2486

FED RETURN ATTACHED TO STATE RETURN

Required

STATE CONSTRUCTION-RELATED CREDITS

Multiple credits and incentives available. Refer to the following website for more information: <https://www.revenue.wi.gov/Pages/Businesses/Incentives.aspx>.

Some credits and incentives include:

Jobs tax credit: Maximum 10% of wages paid to eligible employees and claimed using Schedule JT. Certification must first be received from the Wisconsin Economic Development Corporation.

Manufacturing and agriculture credit: Contractors that also conduct operations with property that is assessed for property tax purposes as manufacturing property can claim a Wisconsin franchise/income tax credit beginning with the 2013 taxable year using Schedule MA. Once fully phased in the credit will equal, with limitations, 7.5% of "eligible qualified production activities income."

Credit for other state taxes paid: State income taxes paid directly or indirectly by a pass-through entity may be claimed as a credit against a Wisconsin individual resident's income tax return.

Research credit may be claimed for 5% of increasing research activities in Wisconsin.

IRC CONFORMITY

Wisconsin's personal income tax calculation starts with federal adjusted gross income, as determined under the IRC as amended and in effect on December 31, 2017, but its IRC conformity statute specifically decouples from 20% IRC §199A Pass-through deduction enacted as part of the federal 2017 Tax Cuts and Jobs Act.

ALTERNATIVE MINIMUM TAX

Applicable for individual income tax purposes. Use Schedule MT to calculate the amount of Wisconsin alternative minimum tax that may be owed. The Wisconsin AMT rate is 6.5% with a \$45,000 exemption for MFJ filers.

NET WORTH OR STOCK TAX

REGISTRATION

Wisconsin does not have a net worth or stock tax.

GROSS RECEIPTS TAX

REGISTRATION

Generally, not applicable. Wisconsin's gross receipts taxes are limited to rail road, mining, and utility companies.

LOCAL BUSINESS LICENSE TAX

Not Applicable

STATE SALES AND USE TAX

REGISTRATION

Required

FORMS

BTR-101, Application for Business Tax Registration.

ST-12, Sales and Use Tax Return.

RATES

5% state sales and use tax.

DUE DATE

Varies depending on amount of taxable sales and purchases. Annual due date is end of the month following close of taxable year, quarterly due dates are the end of month following each quarter of the taxable year, monthly due dates occur at the end of the following month, and accelerated monthly due dates occur on the 20th of the following month.

DUE DATE EXTENSION

Can apply for one-month extension by writing a request to:

Wisconsin Department of Revenue
Mail Stop 5-77
P.O. Box 8949
Madison, WI 53708-8949

ELECTRONIC FILING

Required unless a waiver is granted. Returns are recommended to be filed via My Tax Account. Other options include Sales Telefile or a XML e-file transmission.

ELECTRONIC PAYMENT

Available through My Tax Account. The Sales Telefile and XML e-file transmission options also provide for electronic payment.

WEBSITE

<http://www.revenue.wi.gov/salesanduse/index.html>

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Revenue
P.O. Box 930389
Milwaukee, WI 53293-0389
(608) 266-2776

GRANDFATHERING OF RATE CHANGES

There are no specific provisions other than those that might be provided through the newly enacted tax law changes.

GOVERNMENT PROVIDED MATERIALS

Materials purchased by a federal or Wisconsin governmental organization for incorporation into a real property improvement are exempt from Wisconsin sales and use taxation. Contractors may only purchase the materials exempt from Wisconsin sales and use taxation if they are clearly government agents and title to the materials passes directly to the government.

See Wisconsin Publication 207 – *Sales and Use Tax Information for Contractors*.

TAXABLE SERVICES

Wisconsin imposes several specifically enumerated taxable services. Common taxable services that contractors often provide are as follows:

- Installation of property, items, and goods which retain their character as personal property after installation.
- Repair, service, alteration, fitting, cleaning, painting, coating, towing, inspecting, and maintenance of tangible personal property including items of real property that retain their character as tangible personal property for repair purposes.
- Landscaping but not including rough grading or snow removal services.
- Real property construction improvement services are exempt but need to be cautious as portions of real property construction contracts are often treated for Wisconsin sales tax purposes as the sale of taxable tangible personal property or as the sale of a taxable service. If taxable portion of real property construction contract is under 10% of the value of the contract then the entire contract will be treated as an exempt real property improvement.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

No separate registration required. Handled with state registration.

FORMS

Not applicable. Local sales and use taxes are calculated and reported on state sales and use tax return.

RATES

0.5% county sales tax (applies in all but 10 counties – Brown, Calumet, Kewaunee, Manitowoc, Menominee, Outagamie, Racine, Sheboygan, Waukesha, and Winnebago).

0.5% Brown County Stadium Tax.

0.1% Stadium District Tax that applies in Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties.

Other local taxes in Wisconsin are premier resort area taxes and Milwaukee Exposition Center taxes, but these taxes are not imposed on real property improvement services.

DUE DATE

Not applicable. Filed with state sales and use tax return.

DUE DATE EXTENSION

Not applicable. Filed with state sales and use tax return.

ELECTRONIC FILING

Not applicable. Filed with state sales and use tax return.

ELECTRONIC PAYMENT

Not applicable. Filed with state sales and use tax return.

WEBSITE

<http://www.revenue.wi.gov/salesanduse/index.html>

MAILING ADDRESS/PHONE NUMBER

Not applicable. Filed with state sales and use tax return.

GRANDFATHERING OF RATE CHANGES

No specific provisions exist other than what may be provided by the specific newly enacted tax law changes.

GOVERNMENT PROVIDED MATERIALS

Same as state tax treatment described above.

TAXABLE SERVICES

Same as state tax treatment described above.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

Form BTR-101, Application for Business Tax Registration.

Form WT-4, Employee's Wisconsin Withholding Exemption Certificate and New Hire Reporting.

Form WT-6, Withholding Tax Deposit Report.

Form WT-7, Employer's Annual Reconciliation of Wisconsin Income Tax Withheld from Wages.

Form 9b, Wisconsin Information Report (federal Form 1099 can be used in place of Wisconsin Form 9b).

Federal Form W-2, used for Wisconsin wage and tax statement purposes.

RATES

Withholding tax rates vary based on employee's filing classification and wages earned and payment frequencies. The Wisconsin Department of Revenue has provided various withholding tax tables to be used in calculating the amount of Wisconsin income taxes to be withheld.

DUE DATE

WT-6 filing due dates vary depending upon assigned filing frequency: Annual – no filing required; quarterly and monthly returns are due on the last day of the following month; semi-monthly returns are due at the end of the month or on the 15th day of the following month.

WT-7 filings are due at the end of January following the end of the calendar year.

DUE DATE EXTENSION

Can request a one-month extension to file WT-6 or WT-7. A two-month extension is available for 1099-MISC, 1099-R, and 9b if no taxes were withheld.

ELECTRONIC FILING

Required unless a waiver has been granted. Filing options include My Tax Account, Telefile, and WT-6 File Transmission.

ELECTRONIC PAYMENT

Available and can be made through My Tax Account, Credit Card, or ACH Credit.

WEBSITE

<http://www.revenue.wi.gov/withholding/index.html>

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Revenue
Mail Stop 5-77
P.O. Box 8949
Madison, WI 53708-8949
(608) 266-2776
E-mail: dorwithholdingtax@revenue.wi.gov

NEW HIRE

Newly hired or rehired employees are required to be reported with 20 days of the start date or rehire date.

TERMINATION

Employers have the right to terminate employment at will but may not terminate workers for illegal reasons such as for retaliation and discrimination.

INDEPENDENT CONTRACTOR TREATMENT

Wisconsin imposes a \$25,000 per violation penalty on certain contractors (roads, bridges, highways, sewers, water mains, utilities, public buildings, factories, housing, or similar construction projects) for willfully providing false information or who willfully and with intent to evade any withholding requirement misclassifies an employee as a nonemployee.

UNEMPLOYMENT

FORMS

UCT-1-E, Wisconsin Employer Report.

UC-7823-E, Quarterly Wage Report.

UCT-101-E, Quarterly Contribution Report to be filed with Quarterly Wage Report.

RATES

Unemployment taxes are imposed on the first \$14,000 of wages earned by each employee. The rate varies depending upon the business unemployment experience rating.

The new construction rate in 2019 for small firms (under \$500K in taxable payroll) is 3.75%, for large firms the rate is 3.90%.

DUE DATE

Quarterly wage and contribution reports are to be reported on a calendar-quarter basis and are due at the end of the following month.

DUE DATE EXTENSION

Can defer the first quarter filing by filing the reports electronically and requesting the deferral between February 15 and April 30.

ELECTRONIC FILING

Required unless business is filing their own contribution and wage reports and have under 25 employees.

ELECTRONIC PAYMENT

Allowed via on-line EFT payments:
<https://unemployment.wisconsin.gov/SUITESPortalWelcome/EmployerPortalWelcome.aspx?target=TaxWageFilingInfo.aspx>

WEBSITE

<https://dwd.wisconsin.gov/uitax/>

MAILING ADDRESS/PHONE NUMBER

Department of Workforce Development
Division of Unemployment Insurance
P.O. Box 78960
Milwaukee, WI 53278
(608) 266-6877
E-mail: taxnet@dwd.wisconsin.gov

NEW HIRE

Required to be reported to Wisconsin New Hire Reporting Center within 20 days of start date or rehire date: <https://wi-newhire.com/>

TERMINATION

Employees are disqualified from unemployment compensation benefits for a variety of reasons including: 1) if they quit the job without good cause; 2) fired for misconduct, or 3) fired for substantial fault.

INDEPENDENT CONTRACTOR TREATMENT

Employee or independent contractor treatment tests are not the same as used for federal or Wisconsin income tax purposes. For independent contractor status the worker must: 1) be free of the employer's direction and control, and 2) must meet six of nine additional considerations. Refer to following link on the Department of Workforce Development's website: https://dwd.wisconsin.gov/worker_classification/

PROPERTY TAX

PERSONAL PROPERTY

Imposed on tangible personal property including all goods, wares, merchandise, chattels, and effects of any nature or description having any marketable value. Several exemptions are available including household furniture and furnishings, motor vehicles and aircraft, apparel and musical instruments for personal use, equipment assessed as manufacturing property, and inventories.

REGISTRATION

Not applicable. Assessors will issue property tax bills to owners, though if desired to be assessed as a manufacturer then written request needs to be filed by March 1.

FORMS

PA-003, Personal Property Assessed Locally.

PA 750 M-P, Personal Property Assessed as Manufacturing.

PA 750 M-L, Leased, Rented, or Loaned Personal Property Assessed as Manufacturing.

RATES

Vary depending on valuation of property and tax levy of community, with rates typically ranging around 2%.

DUE DATE

March 1

Payment of property taxes is due at the end of the following month of January.

DUE DATE EXTENSION

One-month extension is available upon written request to report property that is assessed as manufacturing property. For other personal property returns a reasonable extension of time may be granted upon request.

ELECTRONIC FILING

Not required but recommended for filing of Forms M-P and M-L.

ELECTRONIC PAYMENT

Not required

WEBSITE

<https://www.revenue.wi.gov/Pages/PropertyTax/home.aspx>

MAILING ADDRESS/PHONE NUMBER

Varies depending upon location of property and whether or not it is assessed by the state as manufacturing property.

REAL PROPERTY

Imposed on the value of real property.

REGISTRATION

Not applicable. Tax bills are issued by local assessor. A request to be assessed as a manufacturer is required to be filed by March 1.

FORMS

M-R, Manufacturing Real Estate Return.

RATES

Varies depending upon location, valuation, and community tax levy. Rates typically range around 2%.

DUE DATE

March 1 for Form M-R

DUE DATE EXTENSION

One month for Form M-R if requested in writing.

ELECTRONIC FILING

Available and preferred for Form M-R.

ELECTRONIC PAYMENT

Not required

WEBSITE

<https://www.revenue.wi.gov/Pages/PropertyTax/home.aspx>

MAILING ADDRESS/PHONE NUMBER

Varies depending upon location of property and whether or not it is assessed as manufacturing property.

INTANGIBLES TAX

REGISTRATION

Wisconsin does not have an intangibles tax.

FUEL TAX

REGISTRATION

Required by persons who act as a supplier or “restricted” supplier of motor vehicle fuel (gasoline or diesel fuel) in Wisconsin; sellers of petroleum products in Wisconsin if their suppliers have not already charged them the Wisconsin motor vehicle fuel tax and the petroleum inspection fee; terminal operators if they own any of the fuel that they are handling, and any persons (except private carriers that transport fuel only within Wisconsin and not across state lines) who transport motor vehicle fuel, general aviation fuel, or alternate fuels on Wisconsin highways.

FORMS

MF-100, Application for Fuel License.

MF-002, Wisconsin Combined Monthly Fuel Summary Report.

MF-010MW, Terminal Operator’s Schedule of Meter Readings.

MF-017, Wisconsin Blender’s Report.

RATES

Motor vehicle fuel tax is 30.9 cents per gallon.

Petroleum inspection fee is 2 cents per gallon.

DUE DATE

Last day of the following month except for MF-010MW, which is due on the 15th day of the following month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Required for MF-002, MF010MW, and MF-017. MF-002 can be filed either on My Tax Account or XML schema format. MF1010MW and MF-017 are required to be filed on My Tax Account.

ELECTRONIC PAYMENT

Required. Must be made via EFT to the Wisconsin Department of Revenue’s depository bank.

WEBSITE

<https://www.revenue.wi.gov/Pages/Businesses/MotorFuel.aspx>

MAILING ADDRESS/PHONE NUMBER

Wisconsin Department of Revenue
Excise Tax Unit
P.O. Box 8900
Madison, WI 53708-8900
(608) 266-6701
E-mail: excise@revenue.wi.gov

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Financial assets and safe deposit boxes for which there has been no contact by their owners typically for a period of five years needs to be turned over to the state. Some property such as payroll checks are considered abandoned after just one year. See the following link for more information: <http://www.revenue.wi.gov/ucp/index.html>

IMPACT FEES

Imposed by various communities on developers and builders to pay for capital improvements within the community which are necessary to service and/or accommodate the community.

STATE ISSUES OTHER THAN TAXES

Recent changes to residential construction laws require consumers to afford contractors the right to cure construction defects before filing suit.

MINIMUM WAGE

Wisconsin's minimum wage is \$7.25 per hour.

REGISTERED AGENTS

Out-of-state contractors are required to have or hire a statutory registered agent in order to qualify to do business with the Wisconsin Department of Financial Institutions.

DAVIS BACON

Wisconsin does have prevailing wage laws for contractors engaged in public construction projects.

As of July 1, 2011, projects of public works with total estimated costs of completion that equal or exceed the single-trade and multiple-trade project thresholds require a prevailing wage rate determination. A "single-trade project of public works" means a project in which a single trade accounts for 85% or more of the total labor cost of the project. The single trade threshold is \$48,000. A "multiple-trade project of public works" means a project in which no single trade accounts for 85% or more of the total labor cost of the project: 1) The multiple-trade threshold is \$100,000, unless a municipality falls under the description in 2, or 2) The multiple-trade threshold of \$234,000 applies to public works projects erected, constructed, repaired, remodeled, or demolished by a private contractor for a city or village with a population less than 2,500, or a town.

A copy of the applicable prevailing wage rate determination must be posted by the contracting agency in at least one conspicuous and easily accessible place on the site of a project. A local governmental unit may post this document at the place normally used to post public notices if there is no common site on a project. This document must remain posted during the entire time any worker is employed on a project and must be physically incorporated into all proposals, specifications, contracts, and most subcontracts.

See more at:

https://dwd.wisconsin.gov/er/labor_standards/prevailing_wage_rate/

DRUG TESTING FACILITIES

Private contractors for public works construction projects are required to have a written program in place and require that the employees submit to drug and alcohol testing before the start of the project, random drug and alcohol testing, reasonable suspicion drug and alcohol testing, and post-accident drug and alcohol testing. The laboratory testing and chain-of-custody procedures set by the “Substance Abuse and Mental Health Services Administration” of the Department of Health and Human Services are required to be followed.

OTHER

Wisconsin imposes an alternate fuel tax on all compressed natural gas (24.7 cents/gallon) or liquid natural gas (19.7 cents per gallon) or liquid propane (22.6 cents per gallon) that is placed into a supply tank of a motor vehicle. Therefore if such natural gas or propane is purchased for heating fuel and this fuel is subsequently used in motor vehicles, an Alternate Fuel User License will be required and the tax will need to be paid directly to the Wisconsin Department of Revenue.

CFMA Chapters in Wisconsin:

Fox River Valley, Green Bay, WI: <http://cafe.cfma.org/FoxRiverValley/Home/>

Madison, WI: <http://cafe.cfma.org/MadisonWI/Home/>

Milwaukee, WI: <http://cafe.cfma.org/MilwaukeeWI/Home/>

Wisconsin Department of Revenue released a new article “Painting and Finishing Contractors – Are Your Sales Subject to Sales Tax?” is available on department’s website: <https://www.revenue.wi.gov/Pages/SalesAndUse/articles.aspx>.

See also:

Publication 200 – Electrical Contractors – How do WI S&U taxes affect your business? – released 5/1/17

Publication 207 – Sales and use tax information for Contractors – released 1/31/19.

WI news for tax practitioners No. 07/06/18 – Publication of construction contractor exemption.

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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DATE OF THIS UPDATE

April 3, 2019

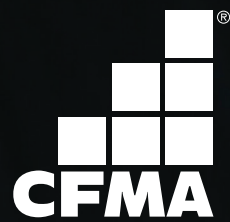
DATE OF LAST UPDATE

May 11, 2015

SUBJECT MATTER EXPERT

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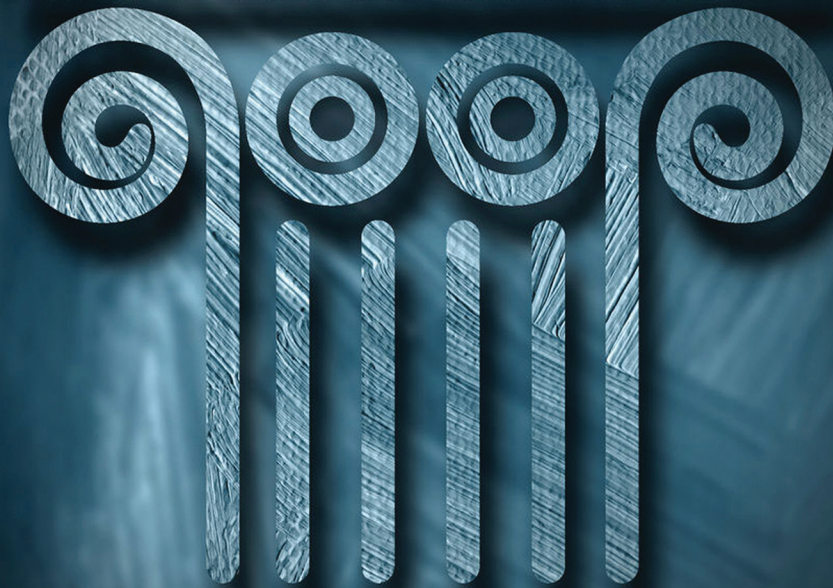
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**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**

**CONSTRUCTION
FINANCIAL
MANAGER'S
GUIDE TO**

STATE TAX LAWS



WYOMING

2019

QUALIFICATION/REGISTRATION

INITIAL REGISTRATION WITH SECRETARY OF STATE

To do business as a corporation, a limited partnership, or as a limited liability company in Wyoming, an entity must register with the Secretary of State (SOS). Sole proprietorships and general partnerships are not required to register with the SOS.

Registered companies must name a legal agent.

Out-of-state entities conducting business in Wyoming must obtain a Certificate of Authority.

Corporations formed under Wyoming law must submit Incorporation Articles to the SOS. They can also file a Reservation of Corporate Name.

A signed Consent to Appointment (COA) by Registered Agent form must accompany the Incorporation Articles.

FORMS

Forms for obtaining a Certificate of Authority, amending a COA, incorporation, dissolution, withdrawal, and other purposes can be found on the SOS website.

Registered companies can obtain their annual report form from the SOS website.

The annual report can also be filed electronically by qualified businesses if their report fee is \$500 or less. Paper filing is mandated for companies with a fee greater than \$500. An electronic filing fee ranging between \$2.00 and \$8.95 applies.

RATES, FEES, COSTS

A total fee schedule can be found at:

<http://soswy.state.wy.us/Business/docs/UCCEFSFees.pdf>

WEBSITE

<http://soswy.state.wy.us/>

MAILING ADDRESS/PHONE NUMBER

Business Division,
Secretary of State
State Capitol Building, Room 110
200 West 24th St.

Cheyenne, WY 82002-0020
Phone: (307) 777-7311
Fax: 307) 777-5339

ADDITIONAL ASSISTANCE

See Wyoming SOS website for FAQs, forms, instructions, fee schedules, etc.

ANNUAL REPORTS

To remain in good standing each business entity is required to file an annual report and pay a fee based on its assets located and employed in Wyoming.

FORMS

The forms can be located at:

<http://soswy.state.wy.us/Business/Default.aspx>

RATES

The filing fee to form or qualify a “for profit” business entity is \$100. For non-profit entities, the fee is \$25.

Entities will pay a license tax based on all assets located and employed in Wyoming. The tax is \$50 or \$.0002 on the dollar, whichever is greater.

An entity with \$250,000 or less in assets pays a minimum of \$50.

There is a convenience fee for electronic payment based on the amount of your annual report license tax.

DUE DATE

Annual report is due on the first day of the anniversary month of formation.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

<https://wyobiz.wy.gov/Business/Default.aspx>

If the annual report fee is greater than \$500, e-filing is not permitted.

ELECTRONIC PAYMENT

<https://wyobiz.wy.gov/Business/Default.aspx>

An additional \$2 - \$9 convenience fee is charged for online filing. The website accepts Visa or MasterCard debit/credit cards.

WEBSITE

<http://soswy.state.wy.us/Business/Default.aspx>

MAILING ADDRESS/PHONE NUMBER

See SOS information above.

REGISTRATION WITH DEPARTMENT OF REVENUE

Wyoming requires a separate registering for each type of state tax imposed (e.g., sales and use tax, mineral taxes).

FORMS

ETS Form 001.1, Sales/Use Tax.

RATES

See specific tax type.

DUE DATE

See specific tax type.

DUE DATE EXTENSION

See specific tax type.

ELECTRONIC FILING

Wyoming Internet Filing System for Business (WYIFS) – covers filing sales/use tax registration and e-filing of returns. Also permits electronic registration and reporting for contractors.

ELECTRONIC PAYMENT

E-check system through Automated Clearing House (ACH) to transfer funds to the Wyoming Department of Revenue (Department).

WEBSITE

<http://soswy.state.wy.us/Business/Default.aspx>

MAILING ADDRESS/PHONE NUMBER

Excise Tax Division
125 W. 25th Street, Herschler Bldg.
Cheyenne, WY 82002-0110

Contacts:

Administrative Services
Phone: (307) 777-5275
Fax: (307) 777-5223

Excise Tax Division
Phone: (307) 777-5200
Fax: (307) 777-3632

INCOME TAX

INCOME TAX—C CORPORATION

There is no corporate income tax in Wyoming.

INCOME TAX—S CORPORATION

There is no S corporate income tax in Wyoming.

INCOME TAX—PARTNERSHIPS, LLC

There is no partnership income tax in Wyoming.

INCOME TAX—INDIVIDUAL

Wyoming does not have an individual income tax.

FRANCHISE TAX

REGISTRATION

See above in SOS section.

TAXABLE BASIS

Assets located in and employed in Wyoming.

FORMS

Electronic filing generally required.

RATES

As noted above, the tax is \$50 or \$.0002 per dollar of taxable assets whichever is greater.

An entity with \$250,000 or less in assets pays a minimum of \$50.

DUE DATE

First day of the month of registration or formation after the initial year.

DUE DATE EXTENSION

See above in SOS section.

ELECTRONIC FILING

Through SOS website.

ELECTRONIC PAYMENT

Not authorized

WEBSITE

<http://soswy.state.wy.us/Business/Default.aspx>

MAILING ADDRESS/PHONE NUMBER

See above in SOS section.

ESTIMATED TAX

Not required

FORMS

See Annual Report section.

RATES

See Annual Report section.

DUE DATE

See Annual Report section.

DUE DATE EXTENSION

See Annual Report section.

ELECTRONIC FILING

See Annual Report section.

ELECTRONIC PAYMENT

See Annual Report section.

WEBSITE

See Annual Report section.

MAILING ADDRESS/PHONE NUMBER

See Annual Report section.

GROSS RECEIPTS TAX

REGISTRATION

Wyoming does not have a gross receipts tax.

NET WORTH OR STOCK TAX

REGISTRATION

Wyoming does not have a net worth or stock tax.

BUSINESS PRIVILEGE TAX

REGISTRATION

Wyoming does not have a business privilege tax.

LICENSES—GC & SPECIALTY

REGISTRATION

Wyoming does not have a state level registration requirement for contractors with the exception of electrical contractors. The option to license contractors has been provided to the local jurisdictions where the construction activity occurs.

Electrical contractors are under the authority of the State Fire Marshall. They must obtain an annual license to undertake any wiring, power hook-ups, and other related work in Wyoming. In addition, a wiring permit is required.

Each employee performing electrical work is required to be licensed as a journeyman or master electrician, have a temporary work permit as a journeyman, or be registered as an apprentice electrician.

The various permits and licenses are issued by the Department of Fire Prevention & Electrical Safety.

TESTS AND EXAMS

At the state level, the examination and licensing of electricians is handled by the Department of Fire Prevention & Electrical Safety.

FORMS

Application for Electrical Contractor's License (includes Master Acknowledgement of Responsibility Form).

Application for Electrical Wiring Permit.

Application for Master Electrical Test.

Application for Journeyman Electrical Exam.

Application for Electrical Apprentice Registration.

RATES

Annual license and renewal after initial license granted	\$400
Fee for a wiring permit. Additional fees for inspections	\$ 50
Initial journeyman's license; lasting three years	\$100
Annual renewal fee	\$ 50
Journeyman's reciprocal license	\$100
Initial master electrician license; lasting three years	\$200
Annual renewal fee	\$100

Annual master electrician's reciprocal license	\$200
Apprentice registration and renewal	\$ 20

DUE DATE

The deadline for a contractor's license application or renewal is on or before July 1 for master electricians and on or before September 1 for journeyman electricians.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

<http://wsfm.wyo.gov/electrical-safety/license-and-exam-applications/license-renewal>

MAILING ADDRESS/PHONE NUMBER

Department of Fire Prevention & Electrical Safety
Electrical Licensing
122 W. 25th St.
Herschler Bldg. – 1 West
Cheyenne, WY 82002
Phone: (307) 777-7288
Fax: (307) 777-7119

RECIPROCITY STATES

Journeyman: Arkansas, South Dakota, Oregon, Texas, Nebraska, Utah, Maine, Colorado, New Hampshire, Minnesota, Idaho, Montana, and New Mexico.

Master Electrician: Idaho, South Dakota, and Utah.

EQUITY REQUIREMENT

Not Applicable

FINANCIAL STATEMENT REQUIREMENTS

Not Applicable

LOCAL LICENSES

REGISTRATION

With the exception of electrical and water well contractors, all contractor licensing is deferred to the local jurisdiction where the construction activity is to take place.

The Wyoming Trades Certification Program offers state-wide testing in the areas of: Roofing, Concrete, Plumbing, Gas Pipe Fitting, Mechanical HVAC, Building Contracting, Residential Contracting and General Contracting, Framing, Drywall and Masonry, and Electrical.

FORMS

Vary by locality.

RATES

Vary by locality.

DUE DATE

Varies by locality.

DUE DATE EXTENSION

Varies by locality.

ELECTRONIC FILING

See specific locality for filing requirements.

ELECTRONIC PAYMENT

See specific locality for filing requirements.

WEBSITE

Check website of specific municipality or county.

MAILING ADDRESS/PHONE NUMBER

Check website of specific municipality or county.

STATE SALES AND USE TAX

REGISTRATION

Sales and use tax registration is done through ETS Form 001.1 with a required \$60 fee of most businesses.

Contractors must complete ETS Form 121, Construction Project and General Project Registration. Due within 15 days of project award date.

Out-of-state contractors may also be required to complete ETS Form 124 a, Non-Resident Contractor Sales and Use Tax Covering a Single Contract or ETS Form 124 b, Non-Resident Contractor Sales and Use Tax Bond Covering Multiple Contracts.

Prime contractors must file Form ETS 120, Nonresident Subcontractor Information Report, for each subcontractor working on a Wyoming project.

FORMS

Form 41-1, Wyoming Sales & Use Tax Return for Licensed Vendors.

Form 45 -1, Wyoming Sales & Use Tax Return for Contractors.

Form 45-2, Wyoming Sales & Use Tax Supplement for Contractors.

<http://revenue.wyo.gov/Excise-Tax-Division/sales-and-use-tax-returns>

RATES

Sales and use tax registration has a non-refundable \$60 fee.

Wyoming's state sales tax rate is 4%. Local rates may also apply.

DUE DATE

The sales volume and amount of sales tax due of a retailer or the use tax of a business with a use tax permit determines the filing frequency.

Quarterly filing: \$0 - \$150 in collected or self-assessed tax per month.

Monthly filing: More than \$150 in collected or self-assessed tax per month.

Licensed vendors are required to file a tax return based on their established filing frequency even if no tax is due.

Monthly returns are due on the last day of the month following the sales and use tax reporting period. Quarterly returns are due on the quarters ending: January 31,

April 30, July 31, and October 31 (or on the following business day if the due date falls on a weekend or holiday).

DUE DATE EXTENSION

The Department may grant extensions of filing due date for up to 90 days under limitations specified in statutes W.S. 39-16-107 (a) (i) and W.S. 39-16-107(a)(iii). Requests for extension must be made in writing to the Excise Division Administrator and must thoroughly explain the reason for the request.

ELECTRONIC FILING

The Excise Tax Division offers an internet filing option (WYIFS) for vendors. Vendors should contact the Excise Tax Division and request an internet filing agreement. Vendors can also obtain a copy of this agreement from: <http://revenue.wy.gov>

ELECTRONIC PAYMENT

Taxpayers can pay sales or use tax due through the Department E check or ACH debit method of electronically transferring funds. The Department allows payment by credit card through a third-party credit card processing company and accepts wire transfers and ACH credits: <http://revenue.wyo.gov/Electronic-Services/excsie>

WEBSITE

<http://revenue.wyo.gov/Excise-Tax-Division>

MAILING ADDRESS/PHONE NUMBER

Wyoming Department of Revenue
Excise Tax Division
122 W. 25th St.
Herschler Bldg., 2nd Floor West
Cheyenne, WY 82002-0110
(307) 777-5200

GRANDFATHERING OF RATE CHANGES

Not Applicable

GOVERNMENT PROVIDED MATERIALS

See the Department Website, in particular "Sales Tax Guidelines for the Construction Industry" (revised August 1, 2014).

TAXABLE SERVICES

Services are not taxable in Wyoming unless the statutes specifically include a service within the sales and use tax base. Taxable services include:

- Repair, alteration, or improvement of tangible personal property
Telecommunication services.
- Lodging.
- Oil and gas production services, including contracting.
- Intrastate transportation of passengers.

Note that construction and contracting services involving real property are not taxable.

LOCAL SALES AND USE TAX (City/County/Special)

REGISTRATION

Local sales and use taxes are administered by the Department.

FORMS

Businesses report county sales and use taxes and other local taxes on the state sales and use tax forms.

RATES

Counties are authorized to impose two optional sales and use taxes; either for general or specific purposes. Each option tax is limited to a maximum of 2%.

Counties and municipalities can add 1% sales and use tax rate for economic development purposes.

Note that the combined county sales and use tax rate for general and specific purposes and for economic development is capped at 3%.

Wyoming law also permits cities, towns, and counties to impose a local option lodging tax of not more than 4%. This rate varies among taxing districts from 2% to 4%.

Counties and municipalities can add 1% sales and use tax rate for economic development purposes.

Finally, special resort districts may impose a sales tax of not more than 1%.

The specific and combined tax rates by local jurisdiction are available on the Department website.

DUE DATE

See state sales and use tax provisions.

DUE DATE EXTENSION

See state sales and use tax provisions.

ELECTRONIC FILING

See state sales and use tax provisions.

ELECTRONIC PAYMENT

See state sales and use tax provisions.

WEBSITE

See the Department website.

MAILING ADDRESS/PHONE NUMBER

See state sales and use tax information.

GRANDFATHERING OF RATE CHANGES

Not Applicable.

GOVERNMENT PROVIDED MATERIALS

See the Department website.

TAXABLE SERVICES

Same as state tax base.

FUEL TAX

REGISTRATION

Motor fuel taxes are administered by the Wyoming Department of Transportation. Every supplier, distributor, terminal operator, importer, exporter, or dealer of motor fuel must obtain a Wyoming fuel license. An application must be completed, and a fee of \$25 per fuel type per location must be submitted to the Wyoming Department of Transportation for approval.

Corporations planning to distribute fuel in Wyoming must be registered with the SOS.

FORMS

The Wyoming Motor Fuel Tax License Application – Additional Retail Location Form can be found on the following website:

http://www.dot.state.wy.us/home/business_with_wydot/fuel_tax/new_applicants.html

Tax return forms can be found on the following website:

http://www.dot.state.wy.us/home/business_with_wydot/fuel_tax/tax_returns.html

RATES

Gasoline/Gasohol/Propane – \$0.24 per gallon.

Undyed Diesel/Kerosene/Biodiesel (highway use) – \$0.24 per gallon.

Dyed Diesel/Kerosene/Biodiesel (Off-road use) – \$0.01.

Note: All rates include \$0.01 per gallon tax for LUST program.

DUE DATE

Dealers/Retailers: Due on or before the last business day of the month for fuel transactions during the preceding month. Return must report the number of gallons purchased and sold during the preceding calendar month.

Suppliers, Distributors, Importers, and Exporters: Report and remit all taxes due on or before the last business day of the month for the fuel transactions of the preceding calendar month.

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

An electronic filing program is available for fuel tax returns of supplies and distributors. It involves an EDI format. Details are available on the Wyoming Department of Transportation's website:

http://www.dot.state.wy.us/home/business_with_wydot/fuel_tax/electronic_filing.html

ELECTRONIC PAYMENT

An electronic payment option is available. Information can be obtained by contacting the Wyoming Motor Fuel tax office.

http://www.dot.state.wy.us/home/business_with_wydot/fuel_tax/electronic_filing.html

WEBSITE

http://www.dot.state.wy.us/home/business_with_wydot/fuel_tax.default.html

MAILING ADDRESS/PHONE NUMBER

Wayne Hassinger, Program Manager
Kimberly Peters, Program Supervisor
Wyoming Department of Transportation
Fuel Tax Administration
5300 Bishop Blvd.
Cheyenne, WY 82009-3340
Phone: (307) 777-4826
Fax: (307) 777-4769

PROPERTY TAX

PERSONAL PROPERTY

In general, all tangible person property tax is subject to ad valorem taxation in Wyoming.

The tax is imposed by local units of government, including school districts. It is based on the assessed value of the property. "Assessed value" means taxable value. "Taxable value" is set by statute at a percent of the fair market value of property in a particular class as follows: (1) gross product of minerals and mine products, 100%, (2) property used for industrial purposes, 11.5%, and (3) all other property, real and personal, 9.5%.

The following articles of tangible property are exempt from property tax:

- Personal property held for family or personal use (excludes mobile homes).
- Inventories (if held for resale).
- Fire suppression and pollution control property and equipment.
- Snowmobiles.
- Veterans' property.
- All livestock, including livestock in feed lots being fed for slaughter.
- Property used for religious, educational, charitable, fraternal, benevolent, and government purposes.
- Improvements for handicapped access.
- Mobile machinery under W.S. 31-18-203 through 31-18-208.
- Property owned and used by cities and towns.

Personal property leased to government entities and non-profit organizations is taxable to the lessor.

The assessment date to determine taxable value of personal property is January 1 of each reporting year.

REGISTRATION

Not applicable. Tax is administered locally and no registration is necessary.

FORMS

Annual personal property rendition forms are available on the Department website. The county assessor also sends all filers a listing of the property reported on their prior year rendition.

A copy of the rendition can be obtained from the following website:

<http://wyo-prop-div.wyo.gov/>

RATES

Property tax rates are determined locally. A listing of rates for taxing districts in Wyoming is available on the Department website.

DUE DATE

The deadline for filing a rendition of personal property is March 1.

Taxes are due and payable at the office of the County Treasurer of the county in which the taxes are levied. 50% of taxes are due by November 10 in each year and the remaining 50% of taxes are due by May 10 of the succeeding calendar year. If the entire tax is paid on or before December 31, no interest or penalty will be charged.

DUE DATE EXTENSION

A written request for extension must be received by February 15.

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

See Department website for further information.

<http://wyo-prop-div.wyo.gov/>

MAILING ADDRESS/PHONE NUMBER

Not Applicable

REAL PROPERTY

Real property is taxed at the local level in Wyoming. Property assessment is under the jurisdiction of county boards of equalization with oversight from the State Department of Revenue's Property Tax Division. Disputes over valuation taxpayers and the Department of Revenue are resolved by the State Board of Equalization.

REGISTRATION

Not Applicable

FORMS

Not Applicable

RATES

Same as personal property. See Department website.

DUE DATE

Not Applicable

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Not Applicable

ELECTRONIC PAYMENT

Not Applicable

WEBSITE

See above.

MAILING ADDRESS/PHONE NUMBER

See county assessment websites for information.

INTANGIBLES TAX

REGISTRATION

There is no intangibles tax in Wyoming.

EMPLOYMENT TAXES

WITHHOLDING

FORMS

There is no personal income tax withholding in Wyoming.

UNEMPLOYMENT

FORMS

Employer meeting certain conditions are subject to the state's unemployment wage reporting and tax requirements.

Covered employers register for both Unemployment Compensation (UC) and Workers Compensation (WC) on the Form WYO35WC, Joint Business Registration Form.

Quarterly tax and wage reporting is done using the Form WYO56, Wyoming Quarterly UI/WC Summary Report.

Nonresident employers are required to complete the Out-of-State Employer Questionnaire form.

Employers can register electronically at or download the printable registration form and file by mail.

Information on other UC and WC forms are located on the state's employment website: <http://doe.wyo.gov/>

RATES

The 2019 unemployment tax experienced employer rates range from 0.18% to 8.72%.

<http://wyomingworkforce.org/docs/ui/taxrates/2019.pdf> gives specific rates based on NAICS grouping.

The unemployment insurance taxable wage base for 2019 is \$25,400.

DUE DATE

Reports are due on a quarterly basis:

Quarter 1 – April 30 (May 1 is delinquent date).

Quarter 2 – July 31 (August 1 is delinquent date).

Quarter 3 – October 31 (November 1 is delinquent date).

Quarter 4 – January 31 (February 1 is delinquent date).

DUE DATE EXTENSION

Not Applicable

ELECTRONIC FILING

Employers can use the Wyoming Internet Reporting for Employers (WIRE) website to file quarterly wage reports and pay taxes due. Employers may also use this system to elect for electronic separation notices. See: <http://doe.state.wy.us/wire/>

ELECTRONIC PAYMENT

<http://doe.state.wy.us/wire/>

WEBSITE

<http://wyomingworkforce.org>

MAILING ADDRESS/PHONE NUMBER

Department of Workforce Services
Unemployment Insurance Division, Employer Accounts Section
100 W. Midwest, P.O. Box 2468
Casper, WY 82602
(307) 235-3217

NEW HIRE

In addition to state UC quarterly wage filings, all employers in Wyoming are required to report newly hired workers. This includes first time employees, re-hired or recalled employees, and temporary employees. This can be done electronically using the Wyoming New Hire Reporting website or paper reports (Wyoming New Hire Reporting Form) which should be sent to the following address:

Wyoming New Hire Reporting Center
P.O. Box 1408
Cheyenne, WY 82003
(301) 638-1675

<https://newhire-reporting.com/WY-Newhire/Default.aspx>

Employers must submit information on newly hired and re-hired employees to a designated Wyoming agency within 20 days of the date employment begins.

TERMINATION

Employers desiring to terminate their UC and WC coverage in Wyoming must file a request to do so on the Wyoming Employer's Notice of Change form. The form section for Request to Close Account should be completed and the document sent to:

Wyoming Department of Workforce Services
Unemployment Tax Division
Employer Services
P.O. Box 2760
Casper, WY 82602-2670
(307) 235-3217

INDEPENDENT CONTRACTOR TREATMENT

Wyoming generally follows the IRS guidelines for classifying a worker as an employee or independent contractor. Under W.S. 72-3-104(b)(i)(v) and (vi), "a worker is considered to be an employee unless, the individual is free from control or direction of the performance of services by contract and by fact: and the individual represents his services to the public as a self-employed individual or an independent contractor, and the individual may substitute another individual to perform his services."

Employers with questions as to the status of a worker should complete the Form WYO-218: Employee/Independent Contractor Status Questionnaire and submit it to the Wyoming Unemployment Insurance Division (see address under "Termination").

OTHER (Taxes, Fees, Registration, etc.)

UNCLAIMED PROPERTY PROGRAM

Abandoned and unclaimed property must be reported to the Wyoming Treasurer's Office. Holders of unclaimed property must annually file a Form WUP-1: Report of Unclaimed Property Verification and Checklist.

The form can be filed electronically or in paper form and sent to:
Wyoming Unclaimed Property Division
2515 Warren Avenue, Suite 502
Cheyenne, WY 82002
(307) 777-5590

Or e-mail them to:
upreports@wyo.gov

The reporting forms and instructions along with FAQs and brochures are located on the state's unclaimed property website at: <http://treasurer.state.wy.us>

Zero returns (i.e., no unclaimed property to report, are not required).

IMPACT FEES

Not Applicable

STATE ISSUES OTHER THAN TAXES

Not Applicable

MINIMUM WAGE

\$5.15/hour

Employers subject to the Fair Labor Standards Act must pay the \$7.25 Federal minimum wage

REGISTERED AGENTS

Wyoming's registered officers and agent's requirement are detailed in Section 17-28-101, Wyoming Statutes. A registered agent must be:

- An individual who is at least 18 years of age, resides in Wyoming, and whose business office is identical with the registered office;
- A domestic business entity whose business office is identical with the registered office and which has a written agreement creating an agency relationship with an individual providing for acceptance of service of process as provided in W.S. 17-28-104;

- A foreign business entity authorized to transact business in Wyoming whose business office is identical with the registered office and which has a written agreement creating an agency relationship with an individual providing for acceptance of service of process as provided in W.S. 17-28-104; or

- A business entity or an individual at least 18 years of age, who is:
 - In the business of serving as a registered agent for more than 10 entities, including a registered agent which serves as a registered agent for the entities served by another commercial registered agent; and
 - Registered as a commercial registered agent under W.S. 17-28-105 and whose business office is identical with the registered office. A business entity registered as a commercial registered agent shall have a written agreement creating an agency relationship with a natural person providing for acceptance of service of process as provided in W.W. 17-28-104.

Website: <http://soswy.state.wy.us>

A business can act as its own registered agent but it must have a physical location and address in Wyoming.

DAVIS BACON

Wyoming has a “Little Davis Bacon” law that requires the Department of Employment to issue prevailing wage determinations.

The Department of Workforce Services publishes these rates which can be obtained on its website. The 2016 building construction rates are available in PDF form at: <http://www.wyomingworkforce.org/docs/labor/2016-Building-Construction-Rates.pdf>

DRUG TESTING FACILITIES

There are a number of drug testing facilities located in Wyoming.

A search of various internet sources indicates that such facilities are operated in the following locations:

- Afton
- Casper
- Cheyenne
- Cody
- Gillette
- Laramie
- Riverton
- Rock Springs
- Worland

CONTACT INFORMATION FOR PREPARER OF THIS STATE TAX FORM

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SUBJECT MATTER EXPERT

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