

New Hampshire Department of Revenue Administration

Overview of New Hampshire Taxes

Governor and Council Breakfast
April 23, 2014

John T. Beardmore, Commissioner



MISSION

The mission of the Department of Revenue Administration is to fairly and efficiently administer the tax laws of the State of New Hampshire, collecting the proper amount of taxes due, incurring the least cost to the taxpayers, in a manner that merits the highest degree of public confidence in our integrity. Further, we will provide prompt and constructive assistance to the municipal units of government in matters of budget, finance, and the appraisal of real estate.



Employee Code of Respect

We will cultivate respect and teamwork among fellow co-workers by encouraging each other to live up to our full potential through honesty, understanding, dignity, tolerance and accountability.

Agency Functions and Responsibilities

Administers 16 Taxes ~ \$5.1B Revenue

<u>Tax Type</u>	<u>Tax Rate</u>	<u>Statute</u>
•Business Enterprise Tax	0.75%	RSA 77-E
•Business Profits Tax	8.5%	RSA 77-A
•Communications Services Tax	7.0%	RSA 82-A
•Electricity Consumption Tax	\$0.00055/kilowatt hour	RSA 83-E
•ICF Quality Assessment	5.5%	RSA 84-D
•Interest and Dividends Tax	5.0%	RSA 77
•Meals and Rooms Tax	9.0%	RSA 78-A
•Medicaid Enhancement Tax	5.5%	RSA 84-A
•Nursing Facility Quality Assessment	5.5%	RSA 84-C
•Tobacco Tax	\$1.78 per pack/65.03% wholesale price	RSA 78
•Taxation of Railroads	Average rate of taxation of other property	RSA 82
•Utility Property Tax	\$6.60 per \$1,000	RSA 83-F
•Excavation Tax	\$.02 per cubic yard	RSA 72-B
•Real Estate Transfer Tax	\$0.75 per \$100	RSA 78-B
•Timber Tax	10% of stumpage value	RSA 79
•Property Tax	Varies	RSA 76

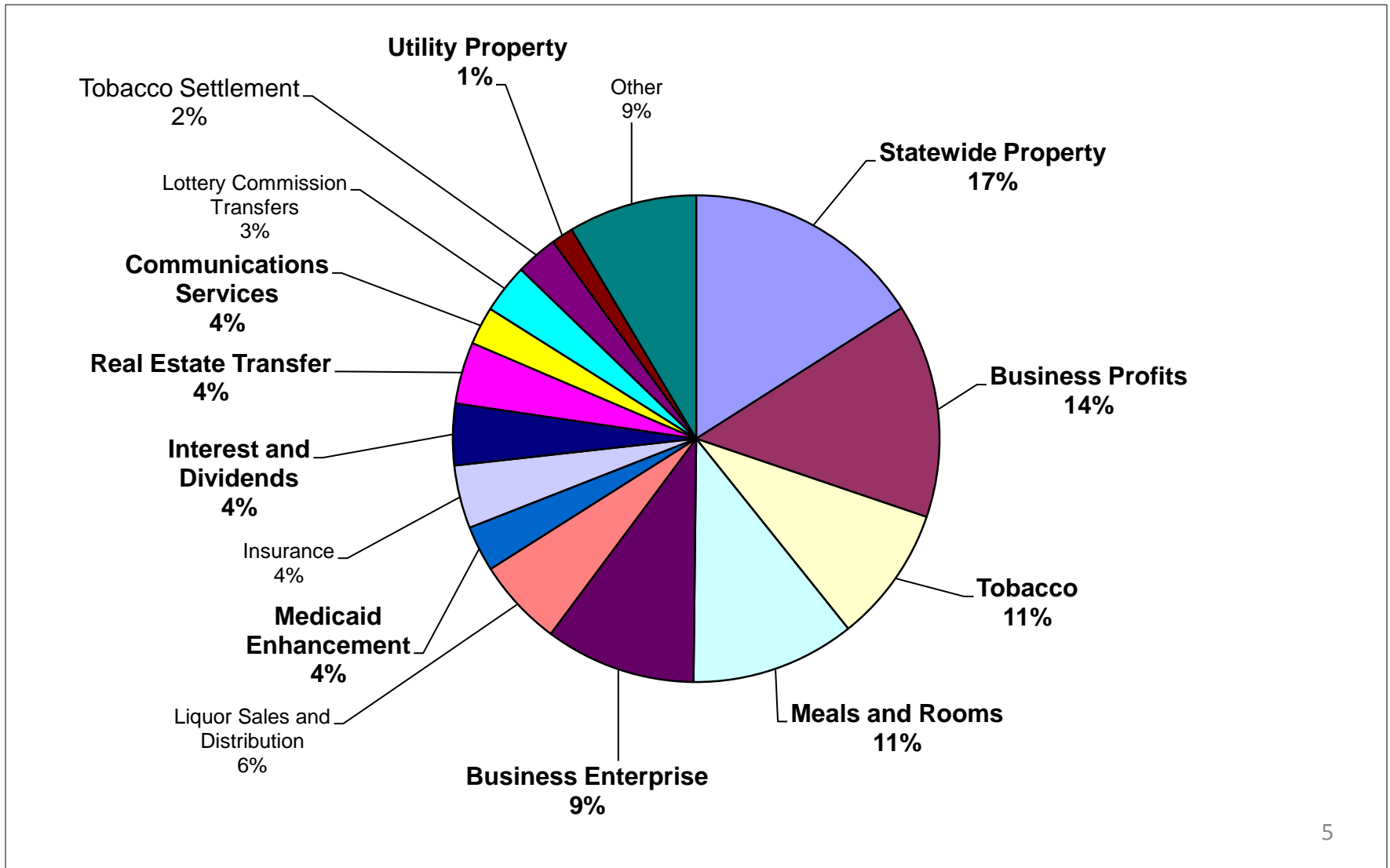
Taxes DRA Does Not Collect

<u>Tax Type</u>	<u>Statute</u>
•Insurance Premium Tax	RSA 400-A
•Beer Tax	RSA 178
•Road Toll (Gas Tax)	RSA 260

Share of Unrestricted Revenues

General and Education Funds – Source FY2013 CAFR

Note: DRA's Statutory Responsibilities represent approximately 80% of NH State General and Education Trust Fund Revenue (\$1.8B out of \$2.3B)



Business Profits Tax (BPT)

Overview of Tax	When to File for Calendar Year End
<ul style="list-style-type: none">•8.5% of taxable business profits•Every enterprise organized for gain or profit carrying on any business activity within the state•Gross receipts in excess of \$50,000 from all activities	<ul style="list-style-type: none">•Corporate and combined returns are due March 15•Proprietorship, partnership and fiduciary returns are due April 15•7-month extensions to file, with payment, are due by the return due date•Estimates equal to 25% of estimated tax liability are due April 15, June 15, September 15 and December 15 if estimated liability exceeds \$200

Business Enterprise Tax (BET)

Overview of Tax	When to File for Calendar Year End
<ul style="list-style-type: none">•0.75% of the Enterprise Value Tax Base (dividends, compensation and interest)•Every profit or non-profit enterprise or organization with any business activity inside NH (except 501(c)(3) organizations)•Gross business receipts in excess of \$200,000 or Enterprise Value Tax Base greater than \$100,000•Credit for BET paid against Business Profits Tax due•Carry forward unused credit for 10 years	<ul style="list-style-type: none">•Corporate returns are due March 15•Proprietorship, partnership and fiduciary returns are due April 15•Non-profit returns are due May 15•7-month extensions to file, with payment, are due by the return due date•Estimates equal to 25% of estimated tax liability are due April 15, June 15, September 15 and December 15 if estimated liability exceeds \$260

Meals and Rooms (Rentals) Tax (M&R)

Overview of Tax	When to File
<ul style="list-style-type: none">•9% on meals, rooms and motor vehicle rentals•Tax is paid by the consumer and collected and remitted by operators of hotels, restaurants, or other businesses providing taxable meals, rooms rentals, and motor vehicle rentals•Operators may retain a commission equal to 3% of taxes due if return and payment are timely filed, they maintain appropriate records and they file electronically if the prior year's taxable revenue was greater than \$25,000	<ul style="list-style-type: none">•Returns are filed on a monthly basis and are due by the 15th day of the month following the taxable period•Electronic filing, via touch tone telephone and personal computer, is available.•A paper return is not required if filing electronically, but operators must retain the Meals and Rooms (Rentals) worksheet

Tobacco Tax

Overview of Tax	When to File
<ul style="list-style-type: none">•\$1.78 per pack of 20 cigarettes, \$2.23 per pack of 25 cigarettes and 65.03% of the wholesale sales price for all other tobacco products (OTP)•Premium cigars are exempt from taxation•Tax on tobacco products is a direct tax upon the consumer at retail, but it is pre-collected and paid by the wholesaler for the purpose of convenience and facility•For packages of 20 or 25 cigarettes, payment of tax is evidenced by the wholesaler's purchase of Tobacco Tax stamps which are affixed to each package	<ul style="list-style-type: none">•For cigarettes sold in packages containing quantities other than 20 or 25 not suitable for stamping and for OTP, the wholesaler must report and pay the tax liability on a monthly basis•The return and payment of tax are due on or before the 15th day of the month following the end of the reporting period•Stamps may be purchased on a bond filed with the Department, which allows for payment to be made within 30 days after the days of purchase

Real Estate Transfer Tax (RETT)

Overview of Tax	When to File
<ul style="list-style-type: none">•Tax on the sale, granting, and transfer of real property or interest in real property•Tax is imposed on both the buyer and seller at a rate of \$0.75 per \$100 of the price or consideration for the sale granting or transfer•RETT is paid by buying stamps, which are affixed to the deed, from the Register of Deeds in the county where the property is located•Each Register of Deeds retains 4% of the face value of the stamps sold in the county	<ul style="list-style-type: none">•Each buyer and seller must file a Declaration of Consideration and an Inventory of Property Transfer within 30 days•Each Register of Deeds shall remit the taxes collected to the Department on a monthly basis

Interest and Dividends Tax (I&D)

Overview of Tax	When to File for Calendar Year End
<ul style="list-style-type: none">•5% on interest and dividends income•All New Hampshire residents, fiduciaries, LLCs, partnerships and associations•Threshold of \$2,400 annually (\$4,800 for joint filers) with a \$1,200 exemptions for residents age 65 or older, blind, or disabled before their 65th birthday	<ul style="list-style-type: none">•Returns are due April 15•7-month extensions to file, with payment, are due by the return due date•Estimates equal to 25% of estimated tax liability are due April 15, June 15, September 15 and January 15 (of the subsequent year) if estimated liability exceeds \$500

Medicaid Enhancement Tax (MET)

Overview of Tax	When to File
<ul style="list-style-type: none">•5.5% tax upon the “net patient services revenue” of hospitals•Tax is paid by general hospitals and special hospitals for rehabilitation that provide inpatient and outpatient hospital services, but not including government facilities•The tax period for MET is a 12-month period beginning July 1 and ending June 30 and the tax due is based upon each hospital’s fiscal year ending during the first full calendar year preceding the tax period	<ul style="list-style-type: none">•Each hospital is required to pay 100% of its MET due and payable for the tax period no later than October 15th•No penalty or interest is imposed for failure to make a payment of tax due if such payment is made on or before October 31•Every hospital shall file a return by July 10th

Nursing Facility Quality Assessment (NFQA) and Intermediate Care Facility Quality Assessment (ICFQA)

Overview of Tax	When to File
<ul style="list-style-type: none"> •5.5% tax upon the “net patient services revenue” on all nursing and intermediate care facilities on the basis of patient days in each facility •The assessment is paid by nursing and intermediate care facilities as well as facilities licensed as a specialty hospital and certified to receive federal reimbursement as a nursing facility •The assessment period for NFQA and ICFQA is a 3-month period beginning July 1, October 1, January 1 and April 1 of each year 	<ul style="list-style-type: none"> •Every facility shall file a return by the 10th day of the month following the expiration of the assessment period (January 10, April 10, July 10 and October 10) •Each facility is required to pay 100% of its NFQA/ICFQA due and payable for the assessment period no later than the 15th day of the month following the assessment period (January 15, April 15, July 15 and October 15) •No penalty or interest is imposed for failure to make a payment of the assessment due if such payment is made by electronic funds transfer on or before the last day of the month in which payment is due

Communications Services Tax (CST)

Overview of Tax	When to File
<ul style="list-style-type: none">•7.0% on all two-way communications services•Tax is paid by the consumer and collected by two-way communication providers•All two-way communication providers are responsible for collecting and remitting the tax from the consumer and filing a return	<ul style="list-style-type: none">•Returns are filed on a monthly basis and are due by the 15th day of the following month•If the liability under \$100 per month, returns are filed quarterly and are due by the 15th day of the month following the quarter•Estimates are required if the tax liability is over \$10,000 per month and the payment equal to 90% of the actual tax collected is due by the 15th day of the month during which the liability is incurred

Electricity Consumption Tax (ECT)

Overview of Tax	When to File
<ul style="list-style-type: none">•\$0.00055 per kilowatt hour on persons, including government units, distributing, redistributing or transmitting electrical energy for consumption•Tax is paid by the consumer and collected by distribution companies•All distribution companies are responsible for collecting and remitting the tax from the consumer and filing a return, except in the case of consumers who do not pay the tax to a provider in which case the consumers submit the return	<ul style="list-style-type: none">•Returns are filed on a monthly basis and are due by the 15th day of the second month following the month in which the electrical energy was provided to a consumer

Utility Property Tax (UPT)

Overview of Tax	When to File
<ul style="list-style-type: none">•Tax rate is \$6.60 per \$1,000 of value of utility property as defined by RSA 83-F•Tax is on the value of the property as determined by the Department on December 1 of each year for the value as of the previous April 1	<ul style="list-style-type: none">•On or before May 1 of each year the company shall file a form detailing the company's actual financial operating performance since the prior April 1 of the preceding year•Return and payment are due on or before January 15•Estimates equal to 25% of estimated tax liability are due April 15, June 15, September 15 and December 15

Railroad Tax

Overview of Tax	When to File
<ul style="list-style-type: none">•Every railroad, railway, express, and every parlor, sleeping or dining car company, or other company owning any cars operated for profit on any NH railroad•Tax is on the market value of the property's full and true value as of April 1 of each year and is imposed at the average rate of taxation at that time upon other property throughout the State•Property values and average rate of taxation are determined by the Department•Railroad "property" applies to both railroad companies and private rail cars operated for profit on any railroad in NH	<ul style="list-style-type: none">•On or before May 1 of each year the company shall file a form detailing the company's actual financial operating performance since the prior April 1 of the preceding year•Return and payment are due within 15 days from the date of the Notice of Value and Tax Bill (typically due December 15)•Estimates equal to 25% of estimated tax liability are due April 15, June 15, September 15 and December 15 if estimated liability exceeds \$200

Property Taxes

Statewide Education Property Tax	Local Property Tax
<ul style="list-style-type: none">•Tax is assessed and collected by the municipalities to be retained for use by their local school districts•The tax rate is set at a level sufficient to generate revenue of \$363,000,000•The rate shall be set to the nearest ½ cent necessary to generate the revenue required	<ul style="list-style-type: none">•Property taxes, based upon local assessed valuations, are administered and collected by the individual cities and towns•The majority of property taxes collected are based on the market value of the property at his highest and best use•Exemptions, credits and deferrals include the elderly and blind exemptions and deferrals, veterans tax credit, disability exemption, exemption for improvements to assist persons with disabilities and exemption for wind-powered, solar and wood heating energy systems

Excavation (Gravel) Tax

Overview of Tax	When to File
<ul style="list-style-type: none">•Tax rate is \$0.02 per cubic yard of earth, as defined in RSA 155-E:1, I, excavated, with certain exceptions•Tax is assessed by, and payable to, the local assessing officials•The Department is responsible for administering and enforcing the tax including educating municipal officials, having the authority to check on the volumes turned in on the report of excavated material, reporting violations to local and state officials and entering any lands that may have an excavation	<ul style="list-style-type: none">•A Notice of Intent to Excavate, along with a \$100 administration and enforcement fee, must be filed with the Department prior to excavation and at the beginning of each tax year (April 1) for excavation in progress or not yet completed•Owner must report all earth excavated within 30 days of completion, local assessing official must assess the excavation tax within 30 days after receipt of report and owner must pay tax within 30 days after tax bill is mailed by tax collector

Timber Tax

Overview of Tax	When to File
<ul style="list-style-type: none">•Tax rate is 10 percent of the stumpage value at the time of cutting•Tax is assessed by, and payable to, the local assessing officials•The Department is responsible for administering and enforcing the tax including entering land for which there may be a timber operation, reviewing any records in conjunction with a timber operation, stopping any operation in violation and reporting violations to local authorities	<ul style="list-style-type: none">•A Notice of Intent to Cut must be filed with the municipal assessing officials, with a copy to the owner, logger and Department, at the beginning of each tax year (April 1) or prior to commencing each cutting operation•Owner must report all wood or timber cut within 30 days of completion, local assessing official must assess the tax within 30 days after receipt of report and owner must pay tax within 30 days after tax bill is mailed by tax collector