

NH Department of Revenue

UNH Tax Institute

November 16, 2012

This presentation represents some positions of the Department as well as opinions and conclusions of its presenter on the limited issues discussed herein based on current law and Department interpretation.

For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.) for independent verification.

Presenter

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What Will Be Covered in this Presentation:

- ✓ 2012 Legislative Changes
 - Senate Bill 372
 - House Bill 242
 - House Bill 1418
 - Senate Bill 326
 - House Bill 1204
- ✓ Forms
- ✓ Common Filing Errors



2012 Legislative Changes

- ✓ **Senate Bill 372 (Chapter 287, Laws of 2012 – effective June 27, 2012 and the first program year begins January 1, 2013)** – establishes an Education Tax Credit against the BPT and/or BET for business organizations/enterprises that contribute to scholarship organizations, which award scholarships to be used by students to defray educational expenses. May claim tax credit equal to 85% of contribution.
- ✓ **House Bill 242 (Chapter 71, Laws of 2012 – effective May 23, 2012 for a net operating loss generated after January 1, 2013)** – changes the applicability date for the increase in the Net Operating Loss that may generated from \$1,000,000 to \$10,000,000. (Originally July 1, 2013)



2012 Legislative Changes (continued)

- ✓ **House Bill 1418 (Chapters 279:1, Laws of 2012 – effective taxable periods ending on or after December 31, 2013)** - Increases the Business Enterprise Tax filing thresholds to gross business receipts in excess of \$200,000 or an enterprise value tax base greater than \$100,000. Note: to be adjusted biennially for inflation rounded to the nearest \$1,000. Also BET threshold for estimates raised to \$260.
- ✓ **House Bill 1418 (Chapter 279:10, Laws of 2012 – effective June 21, 2012 for any qualifying Section 179 property placed in service on or after January 1, 2012)** – creates a section, RSA 77-A:3-a “Expense Deductions” under the Business Profits Tax that allows an expense in determining gross business profits before net operating loss and special deductions, wherein a business organization shall calculate expense deductions not to exceed \$25,000 as permitted under the Internal Revenue Code.



2012 Legislative Changes (continued)

- ✓ **Senate Bill 326 (Chapter 286:3 through 286:8, Laws of 2012 – effective June 27, 2012 and apply to taxable periods ending on or after December 31, 2013) – Eliminate the taxation of trusts under the Interest and Dividends Tax, RSA Chapter 77.**
- ✓ **House Bill 1204 (Chapter 73:3 through 73:6, Laws of 2012 – effective May 23, 2012) – M&R Operator’s License shall remain valid during the pendency of an appeal of a refusal to renew the M&R Operator’s License.**



FORMS

✓ 2011 general changes

- Coupled estimated business tax payments and old estimate vouchers.
- Drafted business forms to mirror statute and rules. Also designed to improve federal compatibility which is a prerequisite for e-file.
- Incorporated Schedule R adjustments into the new BPT forms.
- Most forms became longer.

2012 general changes

- Removed shading (less ink/toner)
- Removed outline around shading
- Removed constraints/combs in alpha fields
- Change State Seal
- Content and order changes

Forms (cont)

The screenshot shows a Windows Internet Explorer browser window. The address bar contains the URL http://www.revenue.nh.gov/forms/2011/documents/DP-10v11_SF2.pdf. The browser interface includes a menu bar (File, Edit, Go To, Favorites, Help), a search bar with 'Google', and a toolbar with various navigation and utility icons. The main content area displays a PDF document. At the top of the PDF, there is a purple banner with the text 'Please fill out the following form. You can save data typed into this form.' and a 'Zoom out (Ctrl+Minus)' button. Below the banner, the document features the Seal of the State of New Hampshire, which is a circular emblem containing a ship on the stocks, surrounded by the Latin text 'SIGILLUM REIPUBLICÆ NEO HANTONIENSIS' and the year '1784'. To the right of the seal, the words 'New' and 'Revenue' are partially visible in a large, bold, serif font. The browser's status bar at the bottom indicates 'Downloading (1.19 MB of 1.20 MB) : http://www.revenue.nh.gov/forms/2011/documents/DP-10v11_SF2.pdf' and shows the system tray with the Start button, taskbar, and system clock (4:08 PM).



Forms (cont)

- ✓ DP-120
- ✓ DP-120-P
- ✓ NH-1065
- ✓ DP-10
- ✓ NH-1120-WE
- ✓ DP-160
- ✓ BET
- ✓ NH-1040
- ✓ DP-121



Forms (cont)

- ✓ DP-120, DP-120-P, & NH-1065
 - Deleted gain lines which were re-characterizations of long term capital gains (collectables and unrecaptured 1250 gain)
 - Added IRC§179 Deduction
 - Deleted Investment expense included in other deductions
 - Added foreign taxes paid



Forms (cont)

- ✓ DP-10 Changed order so as to flow front to back.
 - Page 1 is still page 1
 - Page 4 is now page 2
 - Page 5 is now page 3
 - Page 2 is now page 4
 - Page 3 is now page 5



Forms (cont)

▼ NH-1120-WE

- Schedule I has been incorporated into the form and is on page 1.
- As a result every line has been renumbered.

▼ DP-160 Schedule of Credits

- Added the Education Tax Credit

▼ BET

- BET Credit Worksheet – mandatory
- Current year first, then carryover amounts
 - (77-A:5)



Forms (cont)

✓ NH-1040

- No longer can file as taxpayer and spouse
- Removed Domestic Production Activities Deduction

✓ DP-121

- Designed for combined groups with proprietorship or trust/estate members



Common Filing Errors

- ✓ Staples
- ✓ Cents
- ✓ Form DP-160 is not required to be part of every filing
- ✓ Sequencing
- ✓ Attachments
- ✓ Negative numbers
- ✓ NH-1040
- ✓ Original signature(s) taxpayer(s)
- ✓ BT-SUMMARY Step 2 incomplete
- ✓ Federal Forms missing
- ✓ I&D Failure to enter non-taxable income reason code.
- ✓ Extension form filed with no money due.



Common Filing Errors (cont)

- ✓ Amended return requesting a refund filed after the statute of limitations has expired.
- ✓ Apportionment form missing when factor is not 1.000000.
- ✓ SMLLC not filed separately from its owner.
- ✓ SMLLC filed without a DIN or FEIN.



Sequencing of Forms

- ▼ BT-SUMMARY
- ▼ BET
- ▼ BET-80 or BET-80-WE
- ▼ NH-1120, NH-1120-WE, NH-1065, NH-1040, NH-1041
- ▼ ADDLINFO
- ▼ DP-80



Sequencing of Forms (cont)

- ▼ DP-160
- ▼ DP-132, DP132-WE
- ▼ AFFILIATION SCHEDULE
- ▼ FEDERAL PAGES, NH STATEMENTS, COPIES OF EXTENSIONS, ETC.



General Information

▼ DRA Web Site: www.nh.gov/revenue

DRA Telephone Assistance:

– (603) 230-5000 from 8 to 4:30 pm

▼ DRA Tax Forms:

– Web www.nh.gov/revenue/forms

– Telephone (603) 230-5001

▼ Comments on forms may be sent to:

– FORMSCMTE@REV.STATE.NH.US