



## Tax Information Publication

# TIP

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### Florida Corporate Income Tax Adoption of 2023 Internal Revenue Code

Each year, the Florida Legislature must consider adopting the current Internal Revenue Code (Title 26, United States Code) to ensure certain tax definitions and the calculation of adjusted federal income will be consistent between the Internal Revenue Code (IRC) and the Florida Income Tax Code (Chapter 220, Florida Statutes [F.S.]). The Florida corporate income tax “piggybacks” federal income tax determinations and uses adjusted federal income as the starting point for computing Florida net income.

This year, sections 28-29, Chapter 2023-157, Laws of Florida, amend the Florida Income Tax Code to adopt the IRC retroactively to January 1, 2023. This means Florida will follow the computation of federal taxable income. However, s. 220.13(1)(e), F.S., continues to require several modifications to federal taxable income, including:

- **Bonus Depreciation** – An addition is required equal to the amount deducted as bonus depreciation under s. 168(k), IRC (the “addback”) for assets placed in service before January 1, 2027. Amounts required to be added to federal taxable income for bonus depreciation are provided back to a taxpayer through an annual subtraction over a seven-year period, equal to one-seventh of the amount of the addition, beginning with the taxable year of the addition.
- **Qualified Improvement Property Placed in Service On or After January 1, 2018** – An addition is required equal to the amount of federally-deducted depreciation of qualified improvement property, as defined in s. 168(e)(6), IRC, whether depreciated under s. 167(a), IRC, or bonus depreciated under ss. 167 or 168(k), IRC. There is a corresponding Florida subtraction for the depreciation that would have been allowed under the IRC in effect on January 1, 2020, without the retroactive change made by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and without taking into account any sale or other disposition of the property.
- **Business Meal Expenses** – An addition is required equal to the amount federally deducted in excess of the amount allowed prior to changes made to the IRC by Public Law 116-260, Division EE, Title II, s. 210, making business meals provided by a restaurant 100% deductible.
- **Film, Television, and Live Theatrical Production Expenses** – An addition is required equal to the amount of the deduction taken on the federal return under s. 181, IRC. The corresponding subtraction is equal to the amount that would have been allowed without application of s. 181, IRC, if any.

For more information, review [TIP 21C01-01R](#).

## **Federal Credits**

Florida does not allow any adjustment to federal taxable income for federal credits unless specifically stated in the Florida Statutes. Section 220.13(1)(b)3., F.S., allows a deduction for wages and salaries paid in Florida when a federal deduction is not allowed pursuant to s. 280C(a) IRC. However, for other federal credits, a Florida deduction is not included in the Florida Statutes and therefore not allowed.

## **Florida Credits**

Visit the Department's Florida Tax Incentives for Businesses [webpage](#) for more information on credits that may be applied against Florida corporate income tax.

**Community Contribution Tax Credit** – The annual credit cap is increased to \$25 million beginning with the 2023-24 state fiscal year.

**Contaminated Site Rehabilitation Tax Credit** – The annual credit cap is increased to \$35 million beginning with the 2023-24 state fiscal year.

**Experiential Learning Tax Credit Program** – The Internship Tax Credit Program is renamed, and the program availability is expanded. See [TIP 23C01-02](#) for information.

**New: Live Local Program Tax Credit** – This credit supports the Florida Housing Finance Corporation State Apartment Incentive Loan Program and is available for taxable years beginning on or after January 1, 2023. Taxpayers may begin submitting applications for allocation of credit on October 1, 2023.

**New: Credit for Manufacturing of Human Breast Milk Derived Human Milk Fortifiers** – Available for taxable years that begin within the 2023 and 2024 calendar years, this credit is for 50 percent of the cost of equipment purchased for use in the production of human breast milk derived human milk fortifiers. See [TIP 23C01-03](#) for information.

**New: Residential Graywater Systems Tax Credit** is for taxable years beginning on or after January 1, 2024. Additional information will be available closer to the start date of this new program.

**References: Chapters 2023-17 and 2023-157, Laws of Florida; Sections 220.03, 220.13, 220.183, 220.1845, 220.1878, 220.199, 220.1991, Florida Statutes**

### **For More Information**

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit the Department's website at [floridarevenue.com](http://floridarevenue.com) or call Taxpayer Services at 850-488-6800, Monday through Friday (excluding holidays).

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services MS 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

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