



Florida Corporate Income Tax Adoption of Internal Revenue Code and Tax Credit Changes

2018 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 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, section 1, Chapter 2018-119, Laws of Florida, amends the Florida Income Tax Code to adopt the Internal Revenue Code retroactively to January 1, 2018. This means Florida will follow the computation of federal taxable income. However, section 220.13(1)(e), F.S., requires the addition of amounts deducted as bonus depreciation under section 168(k) of the Internal Revenue Code (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. For more information, review TIP 16C01-02.

Florida does not allow any adjustment to 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 section 280C(a) of the Internal Revenue Code. However, for other federal credits, a Florida deduction is not included in the Florida Statutes and therefore not allowed.

Community Contribution Tax Credit

The cap for the Community Contribution Tax Credit is \$12.5 million for the 2018-2019 state fiscal year, \$13.5 million for the 2019-2020 state fiscal year, and \$10.5 million for each state fiscal year thereafter.

Contaminated Site Rehabilitation Tax Credit

The cap for the Contaminated Site Rehabilitation Tax Credit is \$18.5 million for the 2018-2019 state fiscal year and \$10 million for each state fiscal year thereafter.

Mailing of CIT Forms Will Cease

Corporate income tax return forms are available through the Department’s website; however, they will no longer be mailed to taxpayers. Increased electronic filing allowed the Department to identify postage cost savings, which resulted in a recurring budget reduction beginning in fiscal year 2018-2019.

References: Chapters 2018-118 and 2018-119, Laws of Florida; Sections 212.08(5)(p), 220.03, 220.13, 220.183, 220.1845, 376.30781, and 624.5105, 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 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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