Florida Corporate Income Tax
Adoption of Internal Revenue Code and Other 2019 Legislative Changes

2019 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 2019-168, Laws of Florida, amends the Florida Income Tax Code to adopt the Internal Revenue Code retroactively to January 1, 2019. 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.

Retroactive Subtraction for Section 951A, Internal Revenue Code, Global Intangible Low-Taxed Income (GILTI)

In computing Florida adjusted federal income, section 220.13(1)(b), F.S., provides for a subtraction from federal taxable income for the amount of GILTI included therein. The subtraction is net of direct and indirect expenses related to GILTI, and it is net of the federal subtraction under section 250, Internal Revenue Code, that is related to GILTI.

This subtraction is retroactive to taxable years beginning January 1, 2018, and applies to any taxable year beginning thereafter.
On Form F-1120 Florida Corporate Income/Franchise Tax Return, revision date 01/19, take this subtraction on Schedule II, Line 11 ("Other subtractions"), and attach a schedule showing the full amount of GILTI, direct and indirect expenses related to GILTI, and the amount of the federal subtraction related to GILTI under section 250, Internal Revenue Code.

Retroactive Clarification for Foreign Source Subtractions

The foreign source subtractions permitted under subparagraph 220.13(1)(b)2., F.S. (for amounts included in federal taxable income under sections 862, 78, 951, and 951A, Internal Revenue Code), are allowed only to the extent such amounts are not deductible in determining federal taxable income.

This clarification is retroactive to January 1, 2018.

Tax Cuts and Jobs Act of 2017

Information on the Tax Cuts and Jobs Act of 2017, including possible refunds and possible tax rate reductions, will be covered in subsequent Taxpayer Information Publications.

References: Chapters 2018-119 and 2019-168, Laws of Florida; Sections 220.03, 220.1105, and 220.13, 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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