

Florida Tax Law Update

May 15, 2015

Overview

On May 14, 2015, Governor Scott signed Florida House Bill 7009 (“H.B. 7009”),¹ which includes the following modifications to the Florida Corporate Income Tax Code:

- Updates Florida’s federal tax conformity date to the Internal Revenue Code (“IRC”) as in effect on January 1, 2015
- Decouples from federal bonus depreciation and IRC § 179 expense deductions (to the extent that such § 179 expense deductions exceed \$128,000) for assets placed in service during taxable years ending after December 31, 2013 and before January 1, 2015

We summarize these law changes in this Tax Alert.

Federal Conformity

H.B. 7009 updates the Florida Income Tax Code to adopt the IRC as in effect on January 1, 2015.² However, as discussed below, H.B. 7009 expressly decouples from federal bonus depreciation and IRC § 179 expense deductions provided under the Tax Increase Prevention Act of 2014.³

Bonus Depreciation and I.R.C. § 179 Decoupling Provisions

H.B. 7009 updates Florida’s bonus depreciation decoupling provisions, requiring an *addition* modification for the calculation of Florida taxable income equal to 100 percent of any federal bonus depreciation deductions taken under I.R.C. §§ 167 and 168(k) for property placed in service during taxable years ending after December 31, 2013 and before January 1, 2015.⁴

Similarly, H.B. 7009 updates Florida’s IRC § 179 expense decoupling provisions, requiring an *addition* modification for any expense in excess of \$128,000 deducted under IRC § 179 for property placed in service during taxable years ending after December 31, 2013 and before January 1, 2015.⁵

H.B. 7009 made no changes to the *subtraction* modifications relating to bonus depreciation and I.R.C. § 179 expenses.⁶ A subtraction equal to one-seventh of the addition modifications for bonus depreciation or § 179 expense in excess of \$128,000 are provided for the taxable year in which the addition modification is required, and for each of the six subsequent taxable years. As was the case with the prior Florida bonus depreciation and § 179 expense decoupling provisions, the subtraction modifications are to be made regardless of whether the property remains in the taxpayer’s possession.

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¹ H.B. 7009, 2015 Leg., Reg. Sess. (Fla. 2015), Chapter 2015-35, Laws of Florida (signed by Governor Scott on May 14, 2015), available at <http://www.flsenate.gov/Session/Bill/2015/7009/BillText/er/PDF>.

² H.B. 7009, Sec. 1, amending Fl. Stat. § 220.03(1)(n).

³ H.B. 7009, Sec. 2, amending Fl. Stat. § 220.13(1)(e).

⁴ H.B. 7009, Sec. 2, amending Fl. Stat. § 220.13(1)(e)1. Prior to H.B. 7009, § 220.13(1)(e)1 contained similar bonus depreciation decoupling provisions applicable to years ending after December 31, 2007, and before January 1, 2014.

⁵ H.B. 7009, Sec. 2, amending Fl. Stat. § 220.13(1)(e)2. Prior to H.B. 7009, § 220.13(1)(e)2 contained similar IRC § 179 expense decoupling provisions applicable to years ending after December 31, 2007, and before January 1, 2014.

⁶ As previously provided in Fla. Stat. §§ 220.13(1)(e)1 and 2.

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