

## Florida 2014 updated filing requirements - addbacks

August 21, 2015

### Overview

Florida recently adopted the Internal Revenue Code (IRC) as of January 1, 2015, and decoupled from IRC § 168(k) federal bonus depreciation and IRC § 179 expense deductions—to the extent that such § 179 deductions exceed \$128,000.<sup>1</sup> On June 12, 2015, the Florida Department of Revenue (Department) issued Tax Information Publication (TIP) No. 15C01-04<sup>2</sup> providing guidance pertaining to the reporting—for the 2014 tax year—of additions for IRC § 168(k) bonus depreciation and IRC § 179 expenses as applied to taxpayers filing:

- Florida Form F-1120, *Florida Corporate Income/Franchise Tax Return* (Form F-1120)
- Florida Form F-1065, *Florida Partnership Informational Return* (Form F-1065)

This Tax Alert summarizes the addback requirements and TIP No. 15C01-04.

### 2014 filing requirements

On May 14, 2015, the Florida Legislature retroactively adopted the IRC, effective January 1, 2015, and expressly decoupled from IRC § 168(k) federal bonus depreciation and IRC § 179 expense deductions.<sup>3</sup> Accordingly, a taxpayer computing its Florida adjusted federal income for 2014 is required to add back:

1. Amounts deducted as bonus depreciation under IRC § 168(k) for assets placed in service before January 1, 2015, and
2. Amounts in excess of \$128,000 deducted under IRC § 179 for tax years beginning before January 1, 2015.<sup>4</sup>

However, a taxpayer is entitled to take a corresponding subtraction equally over a seven-year period for the IRC § 168(k) bonus depreciation and excess IRC § 179 expenses that the taxpayer is required to add back in 2014.<sup>5</sup>

For the 2014 tax year, a corporation is required to file Form F-1120. The Department revised Form F-1120 as of January 2015; however, the Department's revision did not specifically address the IRC § 168(k) bonus depreciation and IRC § 179 expense deductions for the 2014 tax year. To clarify this issue, the Department released TIP No. 15C01-04 instructing corporate taxpayers to report the required additions for IRC § 168(k) bonus depreciation and excess IRC § 179 expenses using Form F-1120, Schedule I, Line 18, *Other Additions*. The corresponding subtraction is to be reported equally over a seven-year period on Form F-1120, Schedule II, Line 10 (IRC § 168(k) bonus depreciation) and Line 9 (excess IRC § 179 expenses).<sup>6</sup> Also, TIP No. 15C01-04 provides that partnerships required to file a Form F-1065 should report on Part I the additions (and corresponding subtractions) for IRC § 168(k) bonus depreciation and excess IRC § 179 expenses.<sup>7</sup>

TIP No. 15C01-04 also acknowledged that some taxpayers may have already filed their 2014 returns, taking positions inconsistent with the law change. The TIP provides that for any such taxpayers filing amended returns to report the IRC § 168(k) bonus depreciation and excess IRC § 179 expense addbacks and paying additional tax (plus applicable interest) as a result of these addbacks, "reasonable cause exists ... for waiver" of the penalty resulting from the increased tax.<sup>8</sup>

<sup>1</sup> Chapter 2015-35, Laws of Florida, amending Fla. Stat. §§ 220.03(1)(n), 220.13(1)(e). For more information on the 2015 Florida law changes, see Multistate Tax Alert dated May 15, 2015, available [here](#).

<sup>2</sup> TIP No. 15C01-04 (Jun. 12, 2015) is available [here](#).

<sup>3</sup> Chapter 2015-35, Laws of Florida, amending Fla. Stat. §§ 220.03(1)(n), 220.13(1)(e).

<sup>4</sup> Fla. Stat. § 220.13(1)(e).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

## Contacts

If you have questions regarding TIP No. 15C01-04, the filing of Form F-1120 or Form F-1065 for the 2014 tax year, or other Florida tax matters, please contact one of the following Deloitte Tax LLP professionals.

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