

Committee on Finance and Tax

HB 7127 — Corporate Income Tax

by Ways and Means Committee and Rep. Avila (CS/CS/SB 576 by Appropriations Committee; Finance and Tax Committee; and Senators Perry, Flores, and Stargel)

The bill adopts provisions of the Internal Revenue Code in effect on January 1, 2019, for purposes of Florida's corporate income tax; however, the bill decouples from the Global Intangible Low-Taxed Income (GILTI) provisions of the Tax Cuts and Jobs Act of 2017. As a result, a taxpayer is allowed to subtract GILTI in determining the taxpayer's net income subject to tax in Florida.

The bill provides if Fiscal Year 2019-2020 corporate income tax net collections exceed the February 2018 corporate income tax estimate by more than seven percent, then the amount over seven percent must be refunded to taxpayers, and the corporate income tax rate is decreased for taxable years beginning on or after January 1, 2019, but before January 1, 2020. The bill provides additional refunds if Fiscal Year 2020-2021 corporate income tax net collections exceed the February 2018 corporate income tax estimate by more than seven percent. In such case, the corporate income tax rate is decreased for taxable years beginning on or after January 1, 2020, but before January 1, 2021.

The bill requires taxpayers to submit additional information to the Department of Revenue for taxable years that begin in calendar years 2018 and 2019. The required information includes specified items of income and deduction related to the Tax Cuts and Jobs Act of 2017.

If approved by the Governor, these provisions take effect upon becoming law and operate retroactively to January 1, 2019, except that provisions that allow the GILTI subtraction operate retroactively to January 1, 2018.

Vote: Senate 39-1; House 71-41