



Florida Department of Revenue
Tax Information Publication

TIP

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**The Florida Corporate Income Tax Code Does Not Conform to First Year
Federal Bonus Depreciation or the Expensing of Certain Property Above
\$25,000**

Each year, the Florida Legislature adopts the current Internal Revenue Code (Title 26, United States Code) so certain tax definitions and the calculation of adjusted federal income are consistent between the Internal Revenue Code and the Florida Income Tax Code (Chapter 220, Florida Statutes). The Florida corporate income tax “piggybacks” federal income tax determinations, and uses adjusted federal income as the starting point for computing Florida net income. Chapter 2008-206, Laws of Florida, amends the Florida Income Tax Code to partially adopt the IRC, retroactive to January 1, 2008.

The Florida corporate income tax provides for certain additions and subtractions in determining adjusted federal income and Florida net income. Effective January 1, 2008, section 220.13(1)(a), Florida Statutes, has been amended to require the addition of amounts in excess of \$25,000 deducted under section 179 of the Internal Revenue Code and for amounts deducted as bonus depreciation under section 168(k) of the Internal Revenue Code.

The addition for bonus depreciation applies to assets placed into service after December 31, 2007. The addition for amounts in excess of \$25,000 expensed under section 179 applies to tax years beginning after December 31, 2007, and all years thereafter. All other calculations of adjusted federal income, including the basis of assets, recovery period, and depreciation conventions, remain the same. There is no corresponding subtraction or basis adjustment allowed for the amounts of bonus depreciation and section 179 expense required to be added back. For example, if an asset is sold for \$250 and federal bonus depreciation claimed has reduced the asset basis to \$100, the gain for federal and Florida tax purposes will be \$150 (\$250 - \$100), even though the bonus depreciation was added back under section 220.13(1)(a), Florida Statutes.

For the 2007 tax year, an amended return may be required for those fiscal year taxpayers that have claimed bonus depreciation. For returns with tax years beginning before January 1, 2008, and assets placed in service after December 31, 2007, the addition is included in the "Other Additions" line of Schedule I of the F-1120 (Florida Corporate Income/Franchise and Emergency Excise Tax Return) for the 2007 tax year.

Finally, effective January 1, 2009, the due dates for declarations of estimated tax and the due dates for payments of estimated tax will be one day earlier than in previous years. This change will require the declaration or the payment to be made on or before the last day of the 4th month, the last day of the 6th month, the last day of the 9th month, and the last day of the tax year.

References: Chapter 2008-206, Laws of Florida; Section 220.03(3), Florida Statutes; Sections 220.13(1)14. and 15., 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 our Internet site at www.myflorida.com/dor or call Taxpayer Services, 8:00 a.m. to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, 1379 Blountstown Highway, Tallahassee, FL 32304-2716.