

NHSCA Tax Tips

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This TAX TIP sheet is based upon member input with limited review. It is a guide only. Legal and tax counsel should always be consulted.

This TAX TIP sheet will be updated as further information, research and clarification is obtained. Ongoing member input is encouraged.

Note: On sales taxes, All states appear in agreement tax is either assess upfront on contract sale OR at time services eprformed, but not both.

States that collect sales tax upfront on the sale of service contracts are: AR, HI, NE, NY, NJ, SD and WV and on some personal property options in FL, PA, TN, TX and UT

If not taxed up front, assumption is sales tax assessed by local contractor only on property or service as law requires when services performed.

Some states have special opinions on Sales Tax or posttiion is heavily nuanced. Review carefully.

Most sales tax letters or opinions are on file with NHSCA.

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State	State Income Tax	%	Cite	Franchise Tax	%	Cite	Prem. Tax	%	Cite	Excise Tax	%	Cite	SALES TAX UPFRONT ON SALE	%	Citation	Other Taxes Paid	Notes/Comments
													Could be local/other				
Alabama	YES	6.50	AL S 40-18-31	YES	0.1500	AL 40-14A-22(a)											
Alaska																	
Arizona	YES	6.97	AZ 43-1111														Filed as part of a Unitary Tax Return.
Arkansas	YES	1.00 - 6.50	AR S 26-51-205	*YES	Flat Fee \$300-400	26-54-104							YES upfront on contract sale *	Varies	Ark Code Ann 26-52-301(7); See also GR-99D(2)	State plus local %	*Franchise tax applies to all companies. <\$100M in assets is \$300 > \$100M 1 assets is \$ 400. * In 2013 Resolved AR DFA that TRADE SERVICE FEE ALSO subject to sales tax. Remind local contractors to collect and remit.
California	YES	8.84	CA 23151		MIN \$ 800	CA 23001	YES	2.35									Filed as part of a Unitary Tax Return. *CA charges a minimum franchise tax amount of \$800. If pay Franchise tax and Prem. Tax, it is unclear whether you are exempt from Income Tax but members report practice and state forms indicate this. NHSCA is researching.
Colorado	YES	4.63	CO S 39-22-301(1)(d)(f)														
Connecticut	YES	7.50	CT S 12-214(a)(1)										YES, but still under DOR review			FIXED DOLLAR MINIMUM TAX	Fixed Dollar Minimum tax is \$250. * New SALES TAX letter May, 2013 ruled must separate personal from REAL and charge sales tax upfront.
Delaware	YES	8.70	DE S 30 1902(a)													Flat fee minimum if no income tax owed: Cite pending	* Called a Franchise tax but actually an "income tax". Min \$ 250
District of Columbia	YES *	9.9750	DC S 47-1807.02	YES*									UNCLEAR: Possible resolution -m 2-13-14				* Called a Franchise tax but actually a calculation based upon "income tax". Minimum is \$ 100
Florida	YES	5.50	FL S 220.11(2)				YES	2.00	FL St. 634.313							Premium tax offset only applies to "Insurance Companies" MAY REQUIRE LEGISLATIVE CHANGE TO FIX See 624.509. Corp Income Tax Return Required.	2% Prem. Tax on 634.3 Home Warranty license (real estate related) 6% Sales tax for direct/retail sales under a 634.4 Service Warranty license. As of Jan 1 2011 only need 634.3 license for Home warranty
Georgia	YES	6.00	GA S 48-7-21	YES	TABLE	GA 48-6-95											
Hawaii	YES	4.40 - 6.40	HI 235-71				NO		HRS 481X-9				YES				Filed as part of a Unitary Tax Return. Rate varies in and outside Honolulu 4.5%
Idaho	YES	7.60	ID 63-3025														Filed as part of a Unitary Tax Return.
Illinois	YES	4.80	IL 35 5/201(b)(8)														Filed as part of a Unitary Tax Return.
Indiana	YES	8.50	IN S 6-3-2-1										NO				Info Bulletin No. 2, Jan 1, 2013, pay only sales tax when work is performed.
Iowa	YES	6.00 - 12.00	IA S 422.33(1)				YES *	3.00									IA has a graduated Income tax rate of 6% to 12% Filing fee based upon written premium. * Authority for Premium tax is yet unclear? No citation to law.
Kansas	YES	4.00	KS 79-32,110 (c)(1)	YES	2008 - 0.09375; 2009 - .0625%; 2010 -	KSA 79-5401							UNCLEAR NHSCA TAX Op. Req.				Filed as part of a Unitary Tax Return. Income tax is 4% plus 3.1 % surtax over 50,000.
Kentucky	YES	4.00-6.00	KY 141.040(5)													LIMITED LIABILITY ENTITY TAX	Filed as part of a Unitary Tax Return. Graduated rate of 4% to 6%.
Louisiana	YES	4.00 - 8.00	LA S 47:287.12	YES	See Note	LA 47:601											LA has a graduated rate of 4% to 8%. Franchise Tax is 1.50 for every \$1000 of taxable capital.
Maine	YES	3.50 - 8.93	ME 36 5200														Filed as part of a Unitary Tax Return. Graduated rate of 3.5% to 8.93%
Maryland	YES	8.25	MD S 10-105(b)														
Massachusetts										YES	0.0026	MA 63 32(a)					Minimum excise tax amount is \$456.
Michigan	YES	4.95	MI 208.1201(1)													GROSS RECEIPTS; ANNUAL SURCHARGE	Filed as part of a Unitary Tax Return. 4.95% On Business income and 0.80% on Gross Receipts. Annual Surcharge of 21.99%
Minnesota	YES	9.80	MN 290.06 (1)													AMT TAX	Filed as part of a Unitary Tax Return. AMT tax rate 5.8%
Mississippi	YES	3.00 - 5.00	MS S 27-7-5(1)	YES	See Note	MS 27-13-5(1)											MS has a graduated rate of 3% to 5%. Franchise Tax is \$2.50 per \$1,000.
Missouri	YES	6.25	MO S 143.071	YES		MO S 147.010											Income tax and Franchise tax is on same form. Franchise tax only applicable if over 10M in Missouri Assets. Changed Jan 1, 2010 from \$ 1M

