## **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.

Note: On sales taxes, All states appear in agreement tax is either assessed 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, NM, NY, NJ, SD, WV and 2016 NC...and on some personal property options in FL, PA, TN, TX, UT and OH

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 postiion is heavily nuanced. Review carefully.

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

A - 8 100% Tax upfront B - 7 Pes Prop portion Only

											X - 5 NHSCA clarified no tax upfront							
			Ver 09/01/2017		® Copyright 2	016 CLM, Inc. &	NHSCA						29 X ?	Rest of States	+ DC			
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
Alabama	YES	6.50	AL S 40-18-31	YES	0.1500	AL 40-14A-22(a)								NO but not challenged				
Alaska														NO but not challenged				
Arizona	YES	6.97	AZ 43-1111											NO but not challenged				Filed as part of a Unitary Tax Return.
Arkansas	YES	1.00 - 6.50	AR S 26-51-205	*YES	Flat Fee \$300-	26-54-104							A1	YES upfront on contract sale & trade call fee	9.26% but 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 I 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						NO but not challenged				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)(I)											NO but not challenged				
Connecticut	YES	7.50	CT S 12-214(a)(1)										В1	HYBRID Only Personal portion @ 8%	6.35%	CT 12-407	FIXED DOLLAR MINIMUM TAX	Fixed Dollar Minimum tax is \$250. * SEE SALES TAX letter Jan 10, 2014 : separate personal from REAL and charge sales tax upfront 92-8%
Delaware	YES	8.70	DE S 30 1902(a)											NO but not challenged			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*										UNVERIFIED: TPP probable	5.75%	Ruling 9-464		* 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				X1	NO NHSCA ruling			Premium tax offset only applies to "Insurance Companies" MAY REQUIRE LEGISLATIVE CHANGE TO FIX See 624.509. Corp	2% Prem. Tax on 634.3 Home Warranty license (real estate related) 6% Sales tax for direct/retal 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								NO but not challenged				
Hawaii	YES	4.40 - 6.40	HI 235-71				NO		HRS 481X-9				A2	YES	4.35%	KPMG 2012 18- 237-1 Gross Receipts State		Filed as part of a Unitary Tax Return. Rate varies in and outside Honolulu 4.5%
Idaho	YES	7.60	ID 63-3025											NO but not challenged				Filed as part of a Unitary Tax Return.
Illinois	YES	4.80	IL 35 5/201(b)(8)											NO but not challenged				Filed as part of a Unitary Tax Return.
Indiana	YES	8.50	IN S 6-3-2-1										X2	NO NHSCA ruling				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						NO but not challenged				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							хз	NO NHSCA ruling				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)											NO but not challenged			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								NO but not challenged				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											NO but not challenged				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)											NO but not challenged				
Massachusetts										YES	0.0026	MA 63 32(a)		NO but not challenged				Minimum excise tax amount is \$456.
Michigan	YES	4.95	MI 208.1201(1)											NO but not challenged			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)											NO but not challenged			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)								NO but not challenged				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								NO but not				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
Montana	YES	6.75	MT 15-31-121											challenged NO but not				Filed as part of a Unitary Tax Return.
Nebraska	YES	5.58-7.81	NE 77-2734.02(1)										А3	challenged YES	6.80%	Reg 1-074.03		Filed as part of a Unitary Tax Return. Graduated tax rate of 5.58% to 7.81%. Sales tax rate varies state plus local tax
New Hampshire	YES	8.50	NH 77-A:2											NO but not			BUSINESS ENTERPRISE TAX	Filed as part of a Unitary Tax Return. Business Enterprise Tax Rate is 0.75%.
New Jersey	YES	9.00	NJ S 54:10A-5©(1)										A4	challenged YES	7.00%	KPMG 2012 N.J.S.A.54:32B-1	FIXED DOLLAR MINIMUM TAX; SURTAX	Fixed Dollar Minimum Tax is \$2000. Surtax is 4% of tax dur.
New Mexico	YES	4.80 - 7.60	NM S 7-2A-5	YES	See Note	NM 7-2A-3(B)							Х6	NO		et seg NM 7-9-1 et seg GR RECEIPTS	NHSCA MEMBER REPORT No	NM has a graduated rate of 4.8% to 7.6%. Franchise tax is \$50 per corporation
	State	4100 7100	18157 205	125	See Note	1117 27 5(5)							AU			STATE	Sales tax upfrint	
State	Income Tax	%	Cite	Franchise Tax	%	Cite	Prem. Tax	%	Cite	Excise Tax	%	Cite					NO	Notes/Comments
New York	YES	7.10	NY S 210(1)(a)										A6	YES	8.4875 Varies	Tax Bulletin ST-836	METROPOLITAN TRANSPORTATION BUSINESS TAX SURCHARGE	Rate is for entire net income base.
Nevada														NO but not challenged			TAX SURCHARGE	
North Carolina	YES	6.90	NC 105-130.3	YES	0.1500	NC 105-114(a1)							A7	YES	6.90%	NCGS 105- 164.4(a)(16)		New Jan 1 2014 HB 998 Interpretation being reviwed if can do up frint mixed % New March 1, 2016 HB 97 Due all upfrontCall NHSCA Staff
North Dakota	YES	2.60-6.50	ND 57-38-30											NO but not challenged		104.4(a)(10)		New Plater 1, 2010 Til 57 Bue di apriorit Califfridek Staff
Ohio	NO	Phased out in 2009	Formerly OH 5733.06	YES	0.4000	OH 5733.06							В2	YES Mixed % Test NHSCA Ruling	7.10%	RC 573901 et seq	A Comm. Activity Tax similar to a sales tax. Cite pending	5.1% UP TO 50,000.8.5% thereafter. Sales Tax letter Feb 26, 2013 states charge sales tax upfront based upon predetermined % of real to personal property.
Oklahoma	YES	6.00	OK 68 2355(D)	YES	0.1250	OK S 68 2370(A)								NO but not challenged			ADM Fee on contracts gross premium	See 36 OS 2001, Section 6615 2% Qtrly Adm fee of gross premium unless CLIP policy then many elect flat \$3000
Oregon	YES	6.60	OR 317.061											NO but not challenged			premium	Filed as part of a Unitary Tax Return. Or call their tax an excise tax but it's really based on income.
Pennsylvania	YES	9.99	PA 72 7402(b)	YES	0.2890	PA 72 7601(a)							В3	YES - Pers Prop	6.34%	61 PA CODE 31.5		in control
Rhode Island	YES	9.00	RI 44-11-2(a)											NO but not			FIXED DOLLAR MINIMUM TAX	Fixed Dollar Minimum Tax is \$500.
South Carolina	YES	5.00	SC 12-6-530											NO but not challenged				
South Dakota													A8	YES	5.83%	KPMG	Rate varies state plus local	
Tennessee	NO *			YES	See Note	TN 67-4-2007(a)				YES	6.50	TN 67-4-2007(a)	В4	YES - Pers Prop	9.45%	KPMG		Franchise and Excise tax is calculated based upon * Income on same form
Texas	Yes/No*			YES	1.00	TX 171.002							В5	YES - IF TPP only or Sep Chrge	8.05%	Rule TAC3.291 et s		Filed as part of a Unitary Tax Return. The franchise tax, now called a margins tax, but is based upon * income. New TX Compt ruling pending Nov 2016ask NHSCA staff
Utah	Yes/No*	5% of special calculation		YES		59-7-104							В6	YES - Pers Prop only but WHAT IS under				Filed as part of a Unitary Tax Return. Franchise tax based upon income but if no presence in Utah, called an * Income tax. Min tax of \$100
Vermont	YES	6.00 - 8.50	VT 32 5832(1)											NO but not challenged			FIXED DOLLAR MINIMUM TAX	Filed as part of a Unitary Tax Return. Graduated Tax Return of 6% to 8.5%.Fixed Dollar Minimum Tax is \$250.
Virginia	YES	6.00	VA 58.1-400				YES	2.25	38.2-2619(H). Changing Jan 1				X4	NO Exempt if Pay	6.00%	Changing Jan 1		Exemption form Inc Tax if Prem tax paid 58.1-401. Moving out of DOI to VDACS Jan 1 2018.
Washington		0.00	571 30.1 100					2.23	2018				~-	2.25% Prem tax	0.0070	2018		NHSCA defeated case to extend sales tax on "extended warranties" to HSK in 2009 SALES
Washington													X5	NO BUT DISPUTED	8.89%	W.V. G. L.	Business and occupation tax: RCW 82.04.220	TAX in dispute. Legislation pending 2013 to tax sale up front but exclude trade service fee.
West Virginia	YES	8.75	WV 11-24-4	YES	0.5500	WV 11-23-6							A9	YES	6.00%	W. Va. Code §11- 15		Filed as part of a Unitary Tax Return.
Wisconsin	YES*	7.90	71.23										В7	MIXED Principal Purpose NHSCA RULING	5.43%	NHSCA RULING	A franchise or Income tax based upon calculation	Recycling Surcharge tax rate is 0.03 or min § 25. WI DOR SALES Tax Bulletin No. 181 Aug. 2013 Caution: Tax on trade fee unless on real estate.
Wyoming														NO but not challenged				
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