

**New Hampshire Department of Revenue Administration
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
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A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Taxpayer Services at (603) 230-5920.

**NEW SCHEDULE IV – OTHER INTERNAL REVENUE CODE RECONCILING
ADJUSTMENTS**

The purpose of this Technical Information Release is to notify taxpayers of the new Schedule IV, “Other Internal Revenue Code Reconciling Adjustments,” applicable to the New Hampshire Business Profits Tax (BPT) return for all entity types.

For the BPT, New Hampshire adopts the IRC as of a specific date, currently, the IRC as of December 31, 2016 for taxable periods beginning on or after January 1, 2018. More specifically, as a starting point for calculating BPT liability, the taxpayer must use federally reported amounts as the starting point for calculating gross business profits. For example, for a corporation (other than “S” corporations), the taxpayer must begin with federally reported taxable income before net operating losses and “special deductions” reported by the taxpayer on their federal return. On the federal form 1120, this figure appears on Line 28.

After entering the figure appearing on federal Line 28, the NH BPT return then directs the taxpayer to make a number of reconciling adjustments to account for the differences between the current IRC and the version of the IRC applicable to the BPT.

New this year, taxpayers who enter reconciling adjustments to account for the difference between the current IRC and the IRC adopted for the BPT will be asked to further detail those adjustments on a new Schedule IV.

The adjustments that should appear on the Schedule IV are primarily attributable to the recently enacted federal tax reform. Some of the more common adjustments that should appear on the Schedule IV account for the following federal provisions:

- Global Intangible Low-Taxed Income (GILTI) (IRC § 951A)
- Business Interest (IRC § 163(j))
- Research and Experimental Expenses (IRC § 174)
- Like-Kind Exchanges (IRC § 1031)

- Fringe Benefits (federal repeal of deduction for entertainment, amusement, and recreation expenses; federal expansion of the 50% limitation for meal and beverage deduction; federal repeal of deduction for transportation fringe benefits)
- Qualified Opportunity Zones (IRC § 1400Z)
- Fines and Penalties (IRC § 162(f))
- Settlement Payments (IRC § 162(q))
- Commissions/Performance-Based Compensation (IRC § 162(m))
- Lobbying Expenses (repeal of deduction for local lobbying expenses)

The above list of adjustments is not all-inclusive and taxpayers should consult the IRC as of December 31, 2016 to determine each adjustment to their NH BPT return that should be reflected on the Schedule IV. Adjustments for IRC §179 expense and bonus depreciation are reported directly on the BPT return and should not also be entered on the Schedule IV.

Taxpayers are not required to adjust their NH BPT return to account for the increase in the threshold for the utilization of the cash method of accounting effective federally for tax years beginning after December 31, 2017. Taxpayers who elect to utilize a particular method of accounting under the new federal threshold should also utilize that same method of accounting on their NH BPT return.

Additional information about the BPT can be obtained by referencing RSA 77-A and N.H. Code of Admin. Rules, Rev 300, which can be accessed on the Department's [website](#).

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5920.