



Florida Tax Credit Scholarship Program 2018 Legislative Changes

The Florida Tax Credit Scholarship Program allows taxpayers to make private, voluntary contributions to nonprofit scholarship-funding organizations (SFOs) and receive a credit against specific Florida taxes.

Taxpayers who pay any of the following taxes may participate in the program:

- corporate income;
- excise tax on liquor, wine, and malt beverages;
- insurance premium;
- sales tax if paid in accordance with a direct pay permit; and
- severance tax for oil and gas production.

See Rules 12-29.002 and 12-29.003, Florida Administrative Code, for more information.

Tax Credit Carryforward Extended for All Eligible Taxpayers

Tax credits earned in a taxable year beginning on or after January 1, 2018, may be carried forward up to 10 years when a taxpayer's tax liability is insufficient to use the entire credit. However, any unused credits earned in a taxable year beginning before January 1, 2018, may be carried forward for a period not to exceed five years.

Unused tax credits automatically carry forward. Applications to carry forward an unused tax credit into a specific tax year are no longer required.

Collection Allowance for Direct Pay Permit Holders

Effective July 1, 2018, the collection allowance for a direct pay permit holder claiming a Florida Tax Credit Scholarship Program credit under Section 212.1831, Florida Statutes (F.S.), will be calculated based on the Amount Due on Line 10, plus the amount of the tax credit reported on Line 21(a) of the *Sales and Use Tax Return* (Form DR-15). Direct pay permit holders must electronically file a return and electronically pay tax timely to receive a collection allowance.

Provisions Pertaining to Corporate Income Taxpayers Only

The following provisions pertain to corporate income taxpayers with taxable years beginning on or after January 1, 2018:

- Application Period Extended
A corporate income taxpayer may submit an application for an allocation of tax credit through the day before the date the taxpayer is required to file its Florida corporate income/franchise tax return for that tax year, including a valid extended due date.
- Contribution Period Extended
A contribution must be made to an eligible SFO on or before the date the corporate income taxpayer is required to file its Florida corporate income/franchise tax return for that tax year, including a valid extended due date. The corporate income taxpayer must attach a copy of the contribution certificate received from the SFO to its Florida corporate income/franchise tax return.

- Applications for Allocation of Tax Credit Made During Extension Periods

If a corporate income taxpayer is approved for a tax credit after timely requesting an extension of time to file its Florida corporate income/franchise tax return, the following applies:

- The tax credit does not reduce the amount of tax due for purposes of determining whether the taxpayer's extension of time to file is valid, pursuant to Sections 220.222 and 220.32, F.S.
- A tax credit is revoked and rescinded when a corporate income taxpayer fails to remit sufficient tentative tax with its extension request, such that the extension is not valid under Sections 220.222 and 220.32, F.S.
- A taxpayer will be assessed for any tax, penalties, or interest due as a result of failing to remit sufficient tentative tax with its extension request.

- Tax Credit Addback

If the amount of a tax credit taken under Section 220.1875, F.S., is added to federal taxable income on the Florida corporate income/franchise tax return in a previous tax year and is taken as a deduction for federal tax purposes in the current tax year, the amount of the federal deduction is not required to be added to federal taxable income on the Florida corporate income/franchise tax return in the current year. This provision ensures the amount of the tax credit taken under Section 220.1875, F.S., is added to federal taxable income in the applicable tax year and does not result in a duplicate addition in a subsequent tax year.

- Effect of Credit on Determining Underpayment of Estimated Tax

To determine if penalty or interest will be imposed for underpayment of estimated corporate income tax with regard to the prior year exception (Section 220.34(2)(d)1., F.S.), a taxpayer may, after earning a tax credit, reduce any estimated payment in that taxable year by the amount of the tax credit.

- Reducing Tax Credit Provision (Section 220.1875, F.S.) Remains Unchanged

Section 220.1875, F.S., continues to require the tax credit be reduced by the difference between the amount of federal corporate income tax taking into account the credit and the amount of federal corporate income tax without application of the credit. As a result, taxpayers should exercise caution when a tax credit is earned for Florida corporate income tax purposes and the related contribution is made for federal income tax purposes in a subsequent taxable year.

References: Chapter 2018-6, Laws of Florida; Sections 211.02, 211.025, 212.183, 212.1831, 220.1875, 220.222, 220.32, 220.34, 563.05, 564.06, 565.12, 624.509, and 1002.395, 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 the Department's website at floridarevenue.com or call Taxpayer Services at 850-488-6800, Monday through Friday (excluding holidays).

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services MS 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

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