

A Technical Information Release is designed to provide immediate information of changes in tax laws administered by the Department for 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.)

The purpose of this information release is to provide taxpayers with an overview of the changes in taxes enacted under Chapter 158, Laws of 2001.

Chapter 158, Laws of 2001

Chapter 158, increased the rate for Business Profits Tax and Business Enterprise Taxes, increased the permanent portion of the Communications Services Tax and continued the surtax, reduced the State Education Property Tax, established a low and moderate income homeowners property tax relief program, repealed the Legacy and Succession Tax, removed the Real Estate Transfer Tax exemption and created a tax amnesty period.

Copies of the actual legislation may be obtained from:
www.gencourt.state.nh.us/legislation/2001/hb0170.html
or the NH State Library, 20 Park Street, Concord, NH 03301

BUSINESS TAXES

The Business Profits Tax rate is increased from 8% to 8.5%. The Business Enterprise Tax rate is increased from .5% to 0.75%. Also, the filing threshold for the business enterprise tax increased to \$150,000 of gross business receipts or \$75,000 of the enterprise value tax base (as compared to previous filing thresholds of \$100,000 and \$50,000 respectively). The tax rate increases and filing threshold changes are effective for all returns and taxes due on account of taxable periods ending on or after July 1, 2001. For taxpayers who elected a federal 52-53 week tax year under section 441(f) of the US Internal Revenue Code and the fiscal year of which ends on the last day of the week nearest to June 30, 2001, the taxable period will be deemed to have ended on June 30, 2001 for purposes of this act.

For further information, please contact the Department's Document Processing Division, 45 Chenell Drive, PO Box 637, Concord, NH 03302-0637 or call (603) 271-2186.

COMMUNICATIONS SERVICES TAX

Chapter 158, increased the permanent portion of the Communications Services Tax rate to 4.5% from the current 3% and continued the surtax of 2.5%, resulting in an overall tax rate of 7% for the period beginning July 1, 2001 and ending June 30, 2003. The existing rate of 5.5% applies to all two way communications services prior to June 30, 2001. See Technical Information Release ([TIR 2001-08](#)) for details.

For further information, please contact the Department's Audit Division, 45 Chenell Drive, PO Box 457, Concord, NH 03302-0457 or call (603) 271-3400.

STATE EDUCATION PROPERTY TAX

Beginning with the April 1, 2002 tax year (school year 7/1/02 - 6/30/03), the State Education Property Tax rate will be reduced from \$6.60 per \$1,000 of value to \$5.80 per \$1,000 of value. The sunset provision of the State Education Property Tax has been repealed, making the tax a permanent revenue source dedicated to funding education. For State Education Property Tax and adequate education grant amounts, go to www.state.nh.us/revenue/municipalities

EDUCATION PROPERTY TAX HARDSHIP RELIEF

Chapter 158 expanded the Education Property Tax Hardship Relief program property taxes assessed April 1, 2002. The existing Hardship Relief program will remain in effect for the property taxes assessed April 1, 2001. Additional information will be provided in a separate Technical Information Release (TIR) at a later date.

LEGACY AND SUCCESSION TAX

The Legacy and Succession Tax (a tax upon property passing at death to non-lineal descendants or ascendants) is repealed for property passing as the results of deaths occurring on or after January 1, 2003.

For further information, please contact the Department's Estate & Legacy Bureau, 45 Chenell Drive, PO Box 457, Concord, NH 03302-0457 or call (603) 271-2580.

REAL ESTATE TRANSFER TAX

Chapter 158 removed the exception from the tax on transfer of real property for transfers of title pursuant to a merger, consolidation or other reorganization qualifying as a tax-free reorganization. It also removed the exception of the transfer of title from one business entity to another, the ownership interest of which may be the same. These changes are effective for transfers occurring on or after July 1, 2001.

For further information, please contact the Department's Collection Division, 45 Chenell Drive, PO Box 454, Concord, NH 03302-0454 or call (603) 271-3701.

TAX AMNESTY

The Legislature authorized a tax amnesty period. Starting December 1, 2001, taxpayers will be able to apply for tax amnesty from the assessment of payment of penalties and interest greater than 7% with respect to taxes due but unpaid on or before February 15, 2002. The amnesty period will expire February 15, 2002. Amnesty program details will be published in Technical Information Releases (TIR's) and other media in the early fall of this year.

Individuals who need auxiliary aids for effective communications in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the specific division listed for each legislative change.