

# Florida's Corporate Income Tax

## 2012 Law Changes to Florida Corporate Income Tax

Several changes were made in 2012 that affect corporate income tax, including:

- Florida adjustments to income are required for 2012.
- The Florida exemption increases to \$50,000 for 2013.

Read [TIP 12C01-01](#) to find out more about these and other changes.

## Who Must File?

Corporations and artificial entities that conduct business, or earn or receive income in Florida, including out-of-state corporations, must file a Florida corporate income tax return unless exempt. They must file a return, even if no tax is due.

Sole proprietorships, individuals, estates of decedents, and testamentary trusts are exempted and do not have to file a return.

Corporations and other artificial entities, including those located in other states, that are partners in a partnership or members of a joint venture doing business in Florida must file the *Corporate Income/Franchise and Emergency Excise Tax Return* (Florida [Form F-1120](#)). A partnership must file a *Florida Partnership Information Return* ([Form F-1065](#)) if it is doing business in Florida and a corporation is one of the partners.

- *View a list of business types* to see if you need to file corporate income tax returns in Florida.

## List of Business Types

- A **limited liability company (LLC)**, classified as a **corporation** for Florida and federal income tax purposes, is subject to the Florida Income Tax Code and must file a Florida corporate income tax return.
- An **LLC**, classified as a **partnership** for Florida and federal income tax purposes, must file Form F-1065 if one or more of its owners is a corporation. In addition, the corporate owner of an LLC that is classified as a partnership for Florida and federal income tax purposes must file a Florida corporate income tax return.
- A **single member LLC**, disregarded for Florida and federal income tax purposes, does not have to file a separate Florida corporate income tax return. However, the income of the company is not exempt from tax if a corporation owns the company, whether directly or indirectly. In this case, the corporation must file Form F-1120 reporting its own income, and the income of the single member LLC.
- **S corporations** usually do not have to file a Florida corporate income tax return unless they pay federal income tax on Line 22c of federal Form 1120S.

**Tax-exempt organizations** usually do not have to file a Florida corporate income tax return unless they have "unrelated trade or business income" for federal income tax purposes.

- **Homeowner and condominium associations** that file a *U.S. Corporation Income Tax Return* (federal Form 1120) must file Florida Form F-1120 or F1120A regardless of whether any tax may be due. However, if they file a *U.S. Income Tax Return for Homeowners Associations* (federal Form 1120-H), they do not have to file a Florida return.

## Filing a Corporate Short Form (F-1120A)

- A corporation that has zero tax due or owes less than \$2,500 in tax may file Form F-1120A if certain *criteria* are met. You may file Form F-1120A [electronically](#).

### Criteria for Filing Form F-1120A

- It has Florida net income of \$45,000 or less.
- It conducts 100 percent of its business in Florida.
- It does not report any additions to and/or subtractions from federal taxable income other than a net operating loss deduction and/or state income taxes, if any.
- It has no Florida Emergency Excise Tax (EET) liability.
- It is not included in a Florida or federal consolidated corporate income tax return.
- It claims no tax credits other than tentative tax payments or estimated tax payments.
- It is not required to pay Federal Alternative Minimum Tax.

## Tax Base and Rate

Florida corporate income tax liability is computed using federal taxable income, modified by certain Florida adjustments, to determine adjusted federal income.

- A corporation doing business outside Florida may apportion its total income. Adjusted federal income is apportioned to Florida using a three-factor formula. The formula is a weighted average, designating 25 percent each to factors for property and payroll, and 50 percent to sales.
- You should add nonbusiness income allocated to Florida to the Florida portion of adjusted federal income.
- You should then subtract an exemption of up to \$5,000 to arrive at Florida net income.
- Finally, you should compute tax by multiplying Florida net income by 5.5 percent.

## Filing and Paying Taxes

Corporations must file a *Florida Corporate Income/Franchise and Excise Tax Return* (Form F-1120) each year. The due date is based on the corporation's tax year. See "When Tax Is Due." If your corporation owes more than \$2,500 in Florida corporate income tax annually, you must

make estimated tax payments on a *Declaration/Installment of Florida Estimated Income/Franchise and/or Emergency Excise Tax* ([Form F-1120ES](#)).

Taxpayers who paid \$20,000 or more in corporate income tax during the state's prior fiscal year (July 1 — June 30) must file Florida corporate income tax returns and pay tax electronically. Form F-1120 must be filed through the Internal Revenue Service's Modernized e-File (MeF) Program. [Read more](#) about electronic filing and payment of corporate income tax.

## Using Software to Prepare Your Return

You may purchase "alternative" forms software and use it to prepare and file your paper return. The [list of approved vendors](#) is updated every January. Before using software, ask the vendor for proof that the forms in the software package have been approved by the Department of Revenue.

## When Tax is Due

Generally, the Florida corporate income tax return is due:

- On or before the first day of the fourth month following the close of the tax year, or
- The 15<sup>th</sup> day following the due date, without extension, for the filing of the related federal return, whichever is later. Any balance of tax owed must be paid in full by the due date of the Florida return. The *Florida Partnership Information Return* (Form F-1065) is due on or before the first day of the fifth month following the close of the tax year.

If you need an extension you must file a *Florida Tentative Income/Franchise and Emergency Excise Tax Return and Application for Extension of Time to File Return* ([Form F-7004](#)) must be filed with payment of tax by the original due date of the Florida return. You may file Form F-7004 [electronically](#). Properly filing this form will automatically give corporations 6 months from the due date of the return to file the corporate return. For partnerships, the extension will give you 5 months from the due date of your return to file your return.

## Estimated Tax

If your corporation owes more than \$2,500 in Florida corporate income tax annually, you must make estimated tax payments on a *Declaration/Installment of Florida Estimated Income/Franchise and Emergency Excise Tax* ([Form F-1120ES](#)). You can file and pay estimated tax [electronically](#).

Estimated tax payments are due on or before:

- The last day of the 4<sup>th</sup> month.
- The last day of the 6<sup>th</sup> month.
- The last day of the 9<sup>th</sup> month.
- The last day of the tax year.

## Florida Alternative Minimum Tax (AMT)

- You must compute *Florida alternative minimum tax (AMT)* if you paid federal AMT for the same tax year.

### **How to Compute Florida AMT**

- Compute Florida AMT by multiplying Florida alternative minimum taxable income by 3.3 percent. The tax due is whichever amount is greater: the regular Florida corporate income tax or the Florida AMT. In later years, corporations that paid AMT are allowed a credit.
- The amount of the available credit carried over to later years is equal to the amount of Florida AMT paid over the amount of Florida “regular” tax that would have otherwise been due. The available Florida AMT credit that you may take in a tax year is limited to the amount of Florida “regular” tax that is due for that year over the Florida AMT calculated for that year.

### **Corporate Tax Incentives**

A business located in an [enterprise zone](#) may be eligible for [corporate income tax incentives](#).

A business that donates cash, property, or goods to an approved community-based organization or government agency may take a [community contribution tax credit](#) against Florida corporate income tax.

A business that contributes to nonprofit scholarship funding organizations (SFOs) may receive tax credits. You can [apply online](#).

### **Resources**

[Download](#) a corporate income tax brochure.

Read [Tax Information Publications](#) about specific tax issues.

Get [answers to frequently asked questions](#).

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