



This Week in State Tax (TWIST)

March 6, 2023



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Multistate: Corporate Surcharge Updates

There are a few states that currently or recently had surtaxes or surcharges in place that have or are set to expire. In New Jersey, legislation that was enacted in 2018 imposed a 2.5 percent surtax on Corporation Business Tax taxpayers with allocated New Jersey net income in excess of \$1 million. During the COVID-19 pandemic, the 2.5 percent surtax was extended through December 31, 2023. When added to the regular CBT rate, the total rate imposed on New Jersey corporate taxpayers subject to the surtax is 11.5 percent. Recently, Governor Murphy released his proposed budget and confirmed that he does not plan on seeking an extension of the surtax. In contrast, some neighboring states are considering extending surtaxes or surcharges on corporate income. In New York, Governor Hochul is proposing to extend the 0.75 percent additional corporate franchise rate that applies to taxpayers whose business income base exceeds \$5 million. This 7.25 percent (6.5 percent plus 0.75 percent) rate is currently scheduled to sunset at the end of the 2023 tax year; the Governor seeks a three-year extension. Finally, in Connecticut the 10 percent corporate surtax expired for tax years beginning on or after January 1, 2023. Governor Lamont has proposed extending the surtax for three additional years. Stay tuned to TWIST for updates on these surcharges.



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