



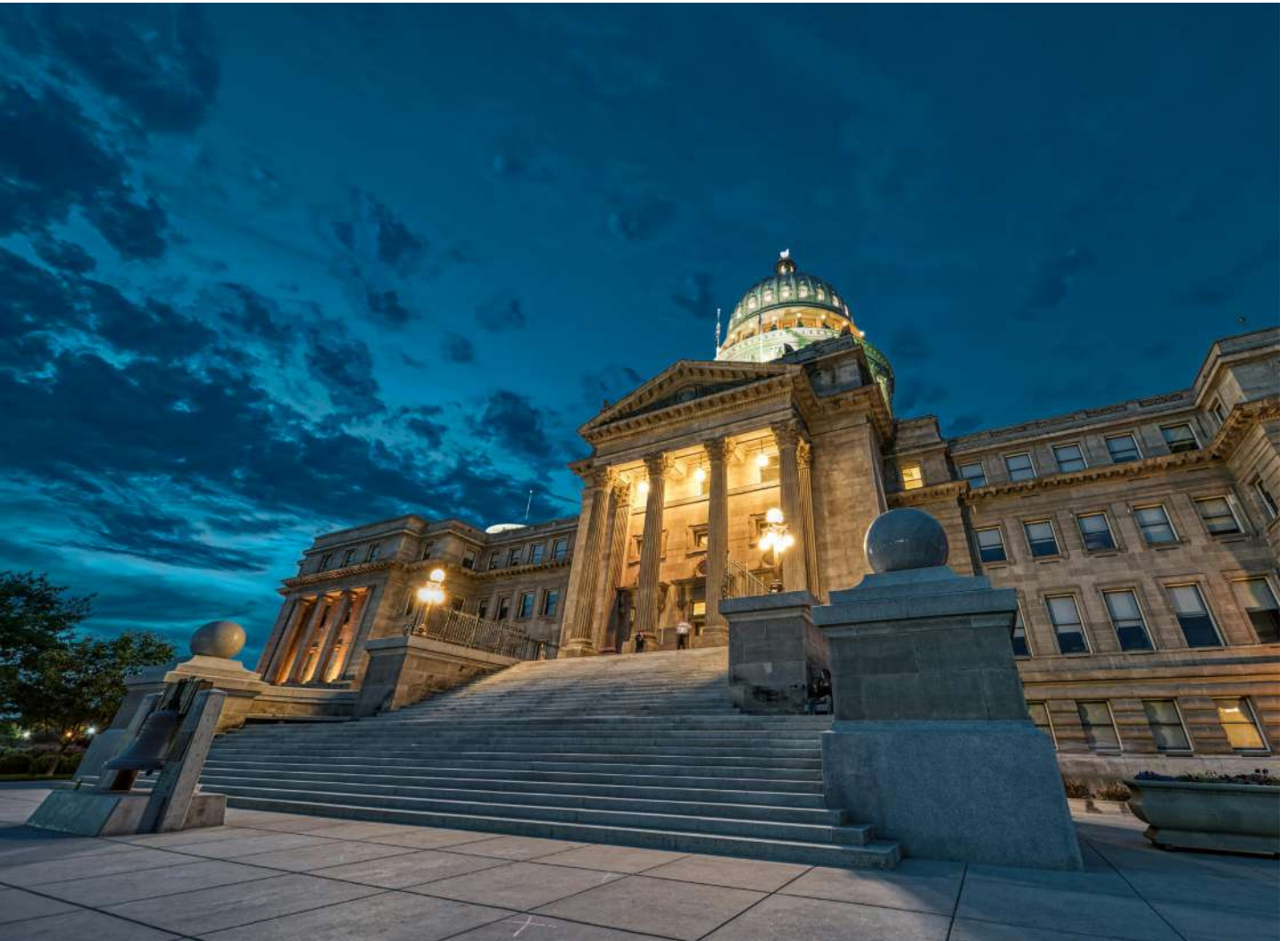
CERTIFIED PUBLIC ACCOUNTANTS

# STATE INCOME TAX NEWSLETTER

*1st Quarter 2025*



KBF's quarterly newsletter updates clients on state and local income/franchise tax news, developments, and trends. Note that this newsletter is for discussion purposes only; for specific guidance, consult with your KBF service team or find a KBF tax professional [here](#).



## ■ IDAHO

### Corporate and Individual Tax Rates Reduced and Other Taxpayer-Friendly Changes Enacted

The new law, signed by the governor on Mar. 6, 2025, enacts various taxpayer-favorable law changes including corporate and individual tax rate reductions from 5.695% to 5.3%. The tax rate reductions are retroactively effective Jan. 1, 2025.

Additionally, the new law (1) exempts certain military benefits from income taxation, and (2) exempts certain precious metal transactions from being included in taxable income.

Enacted: Mar. 6, 2025 | Effective: Tax Year 2025 | Bills: [H.B. 40](#)

## ■ MICHIGAN

### New Laws Create Research & Development Tax Credits

New laws, signed Jan. 13, 2025 and effective for tax years beginning on or after Jan. 1, 2025, created a research and development credit for "authorized businesses." An "authorized business" is a flow-through entity subject to the state's employee compensation withholding tax requirements, a corporation, an insurance company, a financial institution, or a unitary business group, which has increased its qualifying R&D expenses.

- The credit generation is dependent on the number of employees that the authorized business has:



No. of Employees:	≥ 250	< 250
Amount of Credit:	3% of the qualifying R&D expenses incurred, up to the base amount, and  10% of the qualifying R&D expenses incurred in excess of the base amount.	3% of the qualifying R&D expenses incurred, up to the base amount, and  15% of the qualifying R&D expenses incurred in excess of the base amount.
Max. Credit:	\$2m annually	\$250k annually

- An additional credit was created, capped at \$200k, which is equal to 5% of qualifying R&D expenses in excess of the base amount to the extent that the expenses incurred are in collaboration with a Michigan research university.
- The state is limiting total credits granted to all authorized businesses to \$100m annually; authorized businesses must apply for the credit by Apr. 1, 2026 for TY2025 credits (and by Mar. 15th of the year following the close of the calendar year for which a credit will be claimed).
- The credits discussed are NOT transferable or assignable.

Enacted: Jan. 13, 2025 | Effective: Tax Year 2025 | Bills: HBs [5100](#) & [5101](#).



## ■ UTAH

### Corporate and Individual Tax Rates Reduced

New law signed by the governor on Mar. 26, 2025, effective on May 7, 2025, and retroactively applicable for tax years beginning on or after January 1, 2025, lowered corporate and individual income tax rates from 4.55% to 4.5%.

Enacted: Mar. 26, 2025 | Effective: Tax Year 2025 | Bills: [HB 106](#)



## ABOUT US

KBF is a public accounting firm that offers a comprehensive range of tax, assurance and advisory services. KBF is a recognized leader in Accounting for Income Tax (ASC 740) and GAAP advisory services. KBF serves hundreds of public, private equity-owned and venture-backed companies, as well as select dynamic privately-held businesses.

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