



New Hampshire

#6

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
6	32	12	1	39	27

Like other states that forgo one or more major taxes, New Hampshire's lack of a sales tax, and the fact that its individual income tax applies only to interest and dividends income, yields a top 10 overall ranking despite relatively lower rankings on the corporate tax and property tax components. New Hampshire will officially join the ranks of the individual income tax-free states once its low-rate interest and dividends (I&D) tax is eliminated in January 2025, further solidifying its competitive standing overall.

The Granite State has recently taken steps to improve its corporate income tax structure by decoupling from the federal limitation on the deductibility of business net interest expenses, but New Hampshire has a short net operating loss (NOL) carryforward period of only 10 years, with a \$10 million cap. Furthermore, the state does not offer bonus depreciation under Section 168(k), and it limits Section 179 expensing to \$500,000, while most other states' limit is \$1 million. Additionally, New Hampshire has two different business taxes, the business profits tax and the business enterprise tax. The state is also penalized for its lack of conformity to federal schedules for the deductibility of natural resource depletion.

Without broad-based sales or individual income taxes, New Hampshire relies heavily on property taxes and corporate income taxes, with high rates that affect its scores on those components as a trade-off for its competitiveness compared to states that levy sales taxes and broad-based individual income taxes. Moving forward, in addition to eliminating the I&D tax, New Hampshire could improve its competitiveness by adopting permanent full expensing and improving its treatment of NOLs.