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HB 7031, Engrossed 1

2026 Legislature

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 2 An act relating to the Internal Revenue Code; amending  
 3 s. 220.03, F.S.; revising the definition of the term  
 4 "Internal Revenue Code"; amending s. 220.13, F.S.;  
 5 conforming provisions to changes made by the act;  
 6 providing for retroactive application; requiring the  
 7 Department of Revenue to adopt rules; authorizing the  
 8 department to adopt emergency rules; providing an  
 9 effective date.

10  
 11 Be It Enacted by the Legislature of the State of Florida:

12  
 13 Section 1. Paragraph (n) of subsection (1) and paragraph  
 14 (c) of subsection (2) of section 220.03, Florida Statutes, are  
 15 amended to read:

16 220.03 Definitions.—

17 (1) SPECIFIC TERMS.—When used in this code, and when not  
 18 otherwise distinctly expressed or manifestly incompatible with  
 19 the intent thereof, the following terms shall have the following  
 20 meanings:

21 (n) "Internal Revenue Code" means the United States  
 22 Internal Revenue Code of 1986, as amended and in effect on  
 23 January 1, 2026 ~~2025~~, except:

- 24 1. As provided in subsection (3);  
 25 2. Sections 168(k), 174(a), 163(j), 274, and 179 of the

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26 United States Internal Revenue Code of 1986 are included as  
 27 amended and in effect on January 1, 2025; and

28 3. Sections 168(n) and 174A are not included.

29 (2) DEFINITIONAL RULES.—When used in this code and neither  
 30 otherwise distinctly expressed nor manifestly incompatible with  
 31 the intent thereof:

32 (c) Any term used in this code has the same meaning as  
 33 when used in a comparable context in the Internal Revenue Code  
 34 and other statutes of the United States relating to federal  
 35 income taxes, as such code and statutes are in effect on January  
 36 1, 2026, except as provided in paragraph (1) (n) ~~2025~~. However,  
 37 if subsection (3) is implemented, the meaning of a term shall be  
 38 taken at the time the term is applied under this code.

39 Section 2. Subsection (2) of section 220.13, Florida  
 40 Statutes, is amended to read:

41 220.13 "Adjusted federal income" defined.—

42 (2) For purposes of this section, a taxpayer's taxable  
 43 income for the taxable year means taxable income as defined in  
 44 s. 63 of the Internal Revenue Code and properly reportable for  
 45 federal income tax purposes for the taxable year, except as  
 46 provided in s. 220.03(1) (n) and (2) (c), but subject to the  
 47 limitations set forth in paragraph (1) (b) with respect to the  
 48 deductions provided by ss. 172 (relating to net operating  
 49 losses), 170 (d) (2) (relating to excess charitable  
 50 contributions), 404 (a) (1) (D) (relating to excess pension trust

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51 contributions), 404(a)(3)(A) and (B) (to the extent relating to  
52 excess stock bonus and profit-sharing trust contributions), and  
53 1212 (relating to capital losses) of the Internal Revenue Code,  
54 except that, subject to the same limitations, the term:

55 (a) "Taxable income," in the case of a life insurance  
56 company subject to the tax imposed by s. 801 of the Internal  
57 Revenue Code, means life insurance company taxable income;  
58 however, for purposes of this code, the total of any amounts  
59 subject to tax under s. 815(a)(2) of the Internal Revenue Code  
60 pursuant to s. 801(c) of the Internal Revenue Code shall not  
61 exceed, cumulatively, the total of any amounts determined under  
62 s. 815(c)(2) of the Internal Revenue Code of 1954, as amended,  
63 from January 1, 1972, to December 31, 1983;

64 (b) "Taxable income," in the case of an insurance company  
65 subject to the tax imposed by s. 831(b) of the Internal Revenue  
66 Code, means taxable investment income;

67 (c) "Taxable income," in the case of an insurance company  
68 subject to the tax imposed by s. 831(a) of the Internal Revenue  
69 Code, means insurance company taxable income;

70 (d) "Taxable income," in the case of a regulated  
71 investment company subject to the tax imposed by s. 852 of the  
72 Internal Revenue Code, means investment company taxable income;

73 (e) "Taxable income," in the case of a real estate  
74 investment trust subject to the tax imposed by s. 857 of the  
75 Internal Revenue Code, means the income subject to tax, computed

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76 | as provided in s. 857 of the Internal Revenue Code;

77 |       (f) "Taxable income," in the case of a corporation which  
78 | is a member of an affiliated group of corporations filing a  
79 | consolidated income tax return for the taxable year for federal  
80 | income tax purposes, means taxable income of such corporation  
81 | for federal income tax purposes as if such corporation had filed  
82 | a separate federal income tax return for the taxable year and  
83 | each preceding taxable year for which it was a member of an  
84 | affiliated group, unless a consolidated return for the taxpayer  
85 | and others is required or elected under s. 220.131;

86 |       (g) "Taxable income," in the case of a cooperative  
87 | corporation or association, means the taxable income of such  
88 | organization determined in accordance with the provisions of ss.  
89 | 1381-1388 of the Internal Revenue Code;

90 |       (h) "Taxable income," in the case of an organization which  
91 | is exempt from the federal income tax by reason of s. 501(a) of  
92 | the Internal Revenue Code, means its unrelated business taxable  
93 | income as determined under s. 512 of the Internal Revenue Code;

94 |       (i) "Taxable income," in the case of a corporation for  
95 | which there is in effect for the taxable year an election under  
96 | s. 1362(a) of the Internal Revenue Code, means the amounts  
97 | subject to tax under s. 1374 or s. 1375 of the Internal Revenue  
98 | Code for each taxable year;

99 |       (j) "Taxable income," in the case of a limited liability  
100 | company, other than a limited liability company classified as a

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101 partnership for federal income tax purposes, as defined in and  
102 organized pursuant to chapter 605 or qualified to do business in  
103 this state as a foreign limited liability company or other than  
104 a similar limited liability company classified as a partnership  
105 for federal income tax purposes and created as an artificial  
106 entity pursuant to the statutes of the United States or any  
107 other state, territory, possession, or jurisdiction, if such  
108 limited liability company or similar entity is taxable as a  
109 corporation for federal income tax purposes, means taxable  
110 income determined as if such limited liability company were  
111 required to file or had filed a federal corporate income tax  
112 return under the Internal Revenue Code;

113 (k) "Taxable income," in the case of a taxpayer liable for  
114 the alternative minimum tax as defined in s. 55 of the Internal  
115 Revenue Code, means the alternative minimum taxable income as  
116 defined in s. 55(b)(2) of the Internal Revenue Code, less the  
117 exemption amount computed under s. 55(d) of the Internal Revenue  
118 Code. A taxpayer is not liable for the alternative minimum tax  
119 unless the taxpayer's federal tax return, or related federal  
120 consolidated tax return, if included in a consolidated return  
121 for federal tax purposes, reflect a liability on the return  
122 filed for the alternative minimum tax as defined in s. 55(b)(2)  
123 of the Internal Revenue Code;

124 (l) "Taxable income," in the case of a taxpayer whose  
125 taxable income is not otherwise defined in this subsection,

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126 means the sum of amounts to which a tax rate specified in s. 11  
 127 of the Internal Revenue Code plus the amount to which a tax rate  
 128 specified in s. 1201(a)(2) of the Internal Revenue Code are  
 129 applied for federal income tax purposes.

130 Section 3. (1) The amendments made by this act to ss.  
 131 220.03(1)(n) and (2)(c) and 220.13(2), Florida Statutes, operate  
 132 retroactively to January 1, 2026.

133 (2) Pursuant to the rulemaking authority in s. 213.06,  
 134 Florida Statutes, and the specific authority in s. 213.05,  
 135 Florida Statutes, for the Department of Revenue to regulate,  
 136 control, and administer all revenue laws therein, including all  
 137 portions of chapter 220, Florida Statutes, the Department of  
 138 Revenue shall adopt rules to implement this act.

139 (3) The Department of Revenue is authorized, and all  
 140 conditions are deemed met, to adopt emergency rules under s.  
 141 120.54(4), Florida Statutes, for the purpose of implementing  
 142 this act. Notwithstanding any other law, emergency rules adopted  
 143 under this section are effective for 6 months after adoption and  
 144 may be renewed during the pendency of procedures to adopt  
 145 permanent rules addressing the subject of the emergency rules.

146 Section 4. This act shall take effect upon becoming a law.