



2023-2024 General Assembly

SENATE BILL 508: 2023 Budget Technical/Other Corrections, Sec. 11.3: Extend Filing Date for SALT Cap Election

Committee:		Date:	August 14, 2024
Introduced by:		Prepared by:	Trina Griffin Staff Attorney
Analysis of:	Sec. 11.3 of S.L. 2024-1		

OVERVIEW: Section 11.3 of S.L. 2024-1 extends from October 15, 2023, to July 1, 2024, the filing date for a SALT cap election for the 2022 taxable year.

This section is effective for taxable years beginning on or after January 1, 2022.

CURRENT LAW: [Section 42.21 of S.L. 2023-134](#) added certain trusts and all corporations to the list of permissible owners of a partnership electing to be taxed at the entity level for the SALT cap workaround. The SALT cap workaround allows a partnership to pay State income tax at the partnership level (i.e., pay the tax on behalf of partners). The partners can deduct the full amount of the State tax payment on the partners' federal income tax returns, thus avoiding the federal state and local tax (SALT) cap of \$10,000.

The changes are effective for the 2022 tax year, and partnerships that could not make the election at the time of filing their returns were allowed to file an amended return by October 15, 2023.

BILL ANALYSIS: Given that the 2023 budget did not become law until October 3, 2023, Section 11.3 of S.L. 2024-1 extended from October 15, 2023, to July 1, 2024, the filing date for SALT cap election for the 2022 taxable year.

EFFECTIVE DATE: This section is effective for taxable years beginning on or after January 1, 2022.

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