

GREEN SHEET REDIGEST

HB 402

2015 Regular Session

Stokes

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

**TAX/INCOME TAX: Adds requirements for eligibility for the income tax credit for taxes paid in other states**

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DIGEST

**Abstract:** Adds requirements relative to eligibility for the individual income tax credit for taxes paid to another state regarding property or activity located in La.

Present law authorizes an individual income tax credit in an amount equal to income taxes which were paid for the same taxable period to another state on income which is subject to La. tax.

Proposed law retains present law and adds the following requirements for eligibility for the tax credit:

- (1) The credit is allowed if the other state provides a similar credit for La. income taxes paid on income derived from property located in La., services rendered in La., and business transacted in La.
- (2) The credit shall be limited to the lesser of the proportional credit limitation amount or the actual tax paid to the other state. The "proportional credit limitation amount" means the amount of La. income tax that would have been imposed if the income earned in the other state had been earned in La.
- (3) The credit shall not be allowed for income taxes paid to a state that allows a nonresident a credit against the income taxes imposed by that state for taxes paid or payable to the state of residence.

Effective July 1, 2015, and applicable to all claims for the tax credit on any tax return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. However, any deduction not allowed by the proposed law on a return filed after July 1, 2015, pursuant to an extension of time to file granted prior to July 1, 2015, must be allowed in the following manner. One-third of any such deduction not allowed may be taken as a deduction only in each of the taxpayer's tax years beginning during calendar years 2017, 2018, and 2019.

(Adds R.S. 47:33(A)(4)-(6))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add services rendered in La. and business transacted in La. as income generating activities the taxes upon which are subject to the provisions of proposed law.
2. Change applicability of proposed law from taxable periods beginning Jan. 1, 2015, to all claims for the tax credit on any tax return filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Expects from the provision in the proposed law that makes its provisions applicable to any claim made on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates, claims made pursuant to an extension of time to file granted prior to July 1, 2015. One-third of the claim may be taken only in each of the taxpayer's tax years beginning during calendar years 2017, 2018, and 2019.