

2017 Regular Session

HOUSE BILL NO. 312

BY REPRESENTATIVE STOKES

TAX/INCOME-CREDIT: Repeals the three-year sunset of certain eligibility provisions for the tax credit for taxes paid to other states and authorizes the credit for certain individual partners or members of entities

1 AN ACT

2 To amend and reenact Section 4 of Act No. 109 of the 2015 Regular Session of the
3 Legislature and R.S. 47:33(A)(4), relative to the individual income tax credit for
4 taxes paid to other states; to provide with respect to the sunset provisions of certain
5 eligibility requirements for the credit; to repeal the three-year sunset of certain
6 modifications to the tax credit; to extend the credit to certain parties who pay another
7 state's entity level tax; to provide for an effective date; and to provide for related
8 matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:33(A)(4) is hereby amended and enacted to read as follows:

11 §33. Credit for taxes paid in other states

12 A. Subject to the following conditions, resident individuals shall be allowed
13 a credit against the taxes imposed by this Chapter for net income taxes imposed by
14 and paid to another state on income taxable under this Chapter, provided that:

15 * * *

16 (4)(a) The credit shall be allowed only if the other state provides a similar
17 credit for Louisiana income taxes paid on income derived from property located in,
18 or from services rendered in, or from business transacted in Louisiana.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 312 Engrossed

2017 Regular Session

Stokes

Abstract: Removes the three-year sunset provision relative to the individual income tax credit for net taxes paid to other states and authorizes the credit for individual partners or members of certain entities who pay another state's entity level tax for their proportionate share of the entity level tax paid on or after Jan. 1, 2018.

Present law authorizes an individual income tax credit in an amount equal to income taxes paid for the same taxable period to another state on income that is subject to La. tax if the other state authorizes a similar credit.

Present law authorizes a credit for three years in an amount of the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Present law sunsets in three years, those provisions of present law that require the state to which income taxes were paid, to authorize a similar credit and that the credit amount be the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Proposed law repeals the three-year sunset provisions of present law thereby making the provisions of present law permanent.

Proposed law authorizes the credit in present law to individual partners or members of entities who pay another state's entity level tax that is based solely on the income in the entity's federal taxable income and does not include a capital component, equal to 50% of their proportionate share of the entity level tax paid on or after Jan. 1, 2018.

Proposed law prohibits a credit under proposed law for a state's entity level tax if the proportionate share of the related income and the tax paid to the other state is not included in the calculation of La. taxable income reported on the La. return of the individual partner or member.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:33(A)(4) and §4 of Act No. 109 of the 2015 R.S.)