

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 618 by Representative Greene

TAX/CORP FRANCHISE: Phases in an exemption of the first \$150,000 of taxable capital from corporate franchise taxation and eliminates the annual payment of the minimum amount of the tax

Synopsis of Senate Amendments

1. Regarding corporations with taxable capital of less than \$300,000, changes proposed law from exemption of the first \$150,000 of taxable capital and a reduction in tax rate on amounts over \$150,000 up to \$300,000 to a phase-out of the tax for corporations with taxable capital of \$150,000 or less.

Digest of Bill as Finally Passed by Senate

Present law requires every corporation to pay an annual tax at the rate of \$1.50 for each \$1,000 on the first \$300,000 of taxable capital and at the rate of \$3.00 for each \$1,000 of taxable capital which exceeds \$300,000. In any case, they must pay a minimum tax of not less than \$10 per year.

Proposed law deletes the annual minimum tax, requiring all corporations to pay only an initial tax of \$10 in the first accounting period or fraction in which they become subject to the tax or would have become subject to the tax, beginning January 1, 2010.

Proposed law otherwise retains the tax rate above for corporations whose taxable capital exceeds \$150,000, but for corporations whose taxable income is \$150,000 or less, provides that:

1. For taxable periods beginning during calendar year 2011, the annual tax rate is \$1.00 for each \$1,000 of taxable capital.
2. For taxable periods beginning during calendar year 2012, the annual tax rate is 50 cents for each \$1,000 of taxable capital.
3. For all taxable periods beginning after January 1, 2013, corporations whose taxable capital is \$150,000 or less are exempt from the payment of the corporate franchise tax, except for the initial payment of \$10.

Effective for all taxable periods beginning on or after Jan. 1, 2010.

(Amends R.S. 47:601(A) and 611)