

Regular Session, 2013

HOUSE BILL NO. 680

BY REPRESENTATIVE RICHARD

TAX: Reduces the rates of corporate income tax and repeals the corporation franchise tax

1 AN ACT

2 To amend and reenact R.S. 47:32(C) and 287.12 and to repeal Chapter 5 of Subtitle II of
3 Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:601 through
4 618, relative to corporate taxes; to provide with respect to the rates of corporation
5 income tax; to repeal the corporation franchise tax; to provide for an effective date;
6 and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:32(C) and 287.12 are hereby amended and reenacted to read as
9 follows:

10 §32. Rates of tax

11 * * *

12 C. On corporations. The tax to be assessed, levied, collected, and paid upon
13 the net income of every corporation shall be computed at the rate of:

14 ~~(1) Four percentum upon the first twenty-five thousand dollars of net~~
15 ~~income.~~

16 ~~(2) Five percentum upon the amount of net income above twenty-five~~
17 ~~thousand dollars but not in excess of fifty thousand dollars.~~

18 ~~(3) Six percentum on the amount of net income above fifty thousand dollars~~
19 ~~but not in excess of one hundred thousand dollars.~~

1 ~~(4) Seven percentum on the amount of net income above one hundred~~
 2 ~~thousand dollars but not in excess of two hundred thousand dollars.~~

3 (1) No tax shall be assessed, levied, collected, or paid upon the first two
 4 hundred thousand dollars of net income of a corporation.

5 ~~(5) Eight percentum~~ (2) Eight percent on all net income in excess of two
 6 hundred thousand dollars.

7 * * *

8 §287.12. Rates of tax

9 The tax to be assessed, levied, collected, and paid upon the Louisiana taxable
 10 income of every corporation shall be computed at the rate of:

11 ~~(1) Four percent upon the first twenty-five thousand dollars of Louisiana~~
 12 ~~taxable income.~~

13 ~~(2) Five percent upon the amount of Louisiana taxable income above~~
 14 ~~twenty-five thousand dollars but not in excess of fifty thousand dollars.~~

15 ~~(3) Six percent on the amount of Louisiana taxable income above fifty~~
 16 ~~thousand dollars but not in excess of one hundred thousand dollars.~~

17 ~~(4) Seven percent on the amount of Louisiana taxable income above one~~
 18 ~~hundred thousand dollars but not in excess of two hundred thousand dollars.~~

19 (1) No tax shall be assessed, levied, collected, or paid upon the first two
 20 hundred thousand dollars of Louisiana taxable income of a corporation.

21 ~~(5)~~ (2) Eight percent on all Louisiana taxable income in excess of two
 22 hundred thousand dollars.

23 Section 2. Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of
 24 1950, comprised of R.S. 47:601 through 618, is hereby repealed in its entirety.

25 Section 3. This Act shall become effective on January 1, 2014, and shall be
 26 applicable to all corporation income tax years beginning on and after January 1, 2014, and
 27 all corporation franchise tax years beginning on and after January 1, 2015.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

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)]

Richard

HB No. 680

Abstract: Exempts the first \$200,000 of La. taxable income from corporation income tax and repeals the corporation franchise tax.

Present law provides that the tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation shall be computed at the following rates:

- (1) 4% on the first \$25,000 of La. taxable income.
- (2) 5% on La. taxable income above \$25,000 but not in excess of \$50,000.
- (3) 6% on La. taxable income above \$50,000 but not in excess of \$100,000.
- (4) 7% on La. taxable income above \$100,000 but not in excess of \$200,000.
- (5) 8% on all La. taxable income in excess of \$200,000.

Proposed law changes present law by exempting the first \$200,000 of La. taxable income from corporation income tax. Proposed law retains the 8% rate for all La. taxable income in excess of \$200,000.

Present law provides for the imposition of corporation franchise tax which requires every domestic corporation and every foreign corporation, exercising its charter, or qualified to do business or actually doing business in this state, or owning or using any part or all of its capital, plant, or any other property in this state, to pay an annual tax at the rate of \$1.50 for each \$1,000 on the first \$300,000 of taxable capital and \$3 for each \$1,000 which exceeds \$300,000 of taxable capital. Present law defines "taxable capital", "capital stock", and "surplus and undivided profits" for purposes of the corporation franchise tax, provides for a formula for the allocation of taxable capital, provides for exemptions, and provides for the due date, payment, and reporting of the tax.

Proposed law repeals present law relative to the imposition of a corporation franchise tax.

Effective on Jan. 1, 2014, for corporation income tax years beginning on and after Jan. 1, 2014, and all corporation franchise tax years beginning on and after Jan. 1, 2015.

(Amends R.S. 47:32(C) and 287.12; Repeals R.S. 47:601-618)