

2015 Regular Session

HOUSE BILL NO. 624

BY REPRESENTATIVE JACKSON

TAX/CORP INCOME: Reduces the amount of certain corporate income tax exclusions and deductions

1 AN ACT

2 To amend and reenact R.S. 47:287.732(B)(2) and 287.738(F)(1), relative to corporate
3 income tax; to provide for corporate tax expenditures; to provide for corporate
4 income tax exclusions and deductions; to reduce the amount of certain corporate
5 income tax exclusions and deductions; to provide for an effective date; and to
6 provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:287.732(B)(2) and 287.738(F)(1) are hereby amended and
9 reenacted to read as follows:

10 §287.732. S Corporations

11 * * *

12 B. S corporation exclusion. This Subsection provides an exclusion to
13 corporations classified as S corporations under federal law for the taxable year, as
14 follows:

15 * * *

16 (2) The excludable percentage of Louisiana net income is determined by
17 multiplying eighty percent of Louisiana net income for a taxable year by a ratio, the
18 numerator of which is the number of issued and outstanding shares of capital stock
19 of the S corporation which are owned by Louisiana resident individuals on the last
20 day of the corporation's taxable year, and the denominator of which is the total
21 number of issued and outstanding shares of capital stock of the corporation on the
22 last day of the corporation's taxable year, provided that no share shall be allowed to

1 be counted in the numerator unless its owner has for the taxable year of inclusion
2 filed a correct and complete Louisiana individual income tax return as a resident.

3 * * *

4 §287.738. Other inclusions and exclusions from gross income

5 * * *

6 F. Deduction for interest and dividends.

7 (1) Effective for taxable years beginning after December 31, 2005, there
8 shall be allowed for each taxable year a deduction equal to eighty percent of the
9 amount of dividends that would otherwise be included in gross income.

10 * * *

11 Section 2. This Act shall become effective on July 1, 2015; if vetoed by the governor
12 and subsequently approved by the Legislature, this Act shall become effective on July 1,
13 2015, or on the day following such approval by the Legislature, whichever is later.

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 624 Original

2015 Regular Session

Jackson

Abstract: Reduces the amount of certain corporate income tax exclusions and deductions.

Present law provides an exclusion from corporate income taxation for a corporation classified under Subchapter S of the Internal Revenue Code as an S corporation in an amount equal to the La. net income multiplied by a number derived from the number of issued and outstanding shares of capital stock held by La. shareholders divided by the number of total number of issued and outstanding shares of capital stock of the corporation on the corporation's last taxable year.

Proposed law retains present law but reduces the amount of the La. net income used to determine the amount of the exclusion from the full amount of the La. net income to 80% of the La. net income.

Present law authorizes a deduction from gross income of a corporation in an amount equal to interest and dividend income included on the federal income tax return.

Proposed law retains present law but reduces the amount from the full amount of dividends to 80% of the amount of dividends that would be included in income.

Effective beginning July 1, 2015

(Amends R.S. 47:287.732(B)(2) and 287.738(F)(1))