HOUSE SUMMARY OF SENATE AMENDMENTS

HB 624 **2015 Regular Session** **Jackson**

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

Synopsis of Senate Amendments

1. Deletes provisions relative to the credit union exclusion, foreign bank exclusion, electric cooperative exclusion, the exclusion and deduction for interest from state obligations, and the Subchapter S deduction from proposed law.

2. Adds provision that authorizes a deduction against a taxpayer's 2017, 2018, and 2019 return for any exclusion or deduction not allowed by proposed law on returns filed after July 1, 2015 pursuant to a filing extension that was granted prior to July 1, 2015.

3. Adds effective date of July 1, 2015.

Digest of Bill as Finally Passed by Senate

Present law (R.S. 47:51) excludes from corporation gross income any funds received by a corporation from a governmental entity to subsidize the operation and maintenance of a public transportation system.

Proposed law retains present law but reduces the exclusion from any funds received to 80% of the funds received by a corporation.

Present law (R.S. 47:158) provides an additional deduction in determining net income for oil and gas depletion. The deduction equals 22% of gross income from the property, excluding any rents or royalties paid or incurred by the taxpayer due to the property. The deduction is further limited to 50% of the net income from the property calculated without the deduction for depletion.

Proposed law retains present law but reduces the deduction from 22% of the gross income from the property during the taxable year, excluding any rents or royalties, to 18% of the gross income from the property during the taxable year, excluding 80% of rents or royalties. Further reduces allowable deduction from an amount not to exceed 50% of the net income of the taxpayer to an amount not to exceed 40% of the net income.

Present law (R.S. 47:246) provides a deduction for net operating loss of a corporation. The amount of the deduction is equal to the amount of the net operating loss.

Proposed law retains present law but reduces the amount of the deduction from the entire amount of the net operating loss to 80% of the net operating loss.

Present law (R.S. 47:287.71) excludes from corporation gross income any funds received by a corporation from a governmental entity to subsidize the operation and maintenance of a public transportation system.

Proposed law retains present law but reduces the exclusion from any funds received to 80% of the funds received by a corporation.

Present law (R.S. 47:287.73) provides for a deduction from corporate income tax any expenses disallowed under I.R.C. Section 280C. Further requires a taxpayer who elects to claim certain credits that are based on an expense to reduce the federal deduction for the expense by the dollar amount of the credit claimed.

Proposed law retains present law but reduces the amount of the deduction from disallowed expenses to 80% of disallowed expenses.

Present law (R.S. 47:287.86) provides a deduction from corporate income for the amount of the net operating loss incurred in La.

Proposed law retains present law but reduces the amount of the deduction from the entire amount of the net operating loss to 80% of the net operating loss.

Present law (R.S. 47:287.738) authorizes a deduction from gross income of an amount equal to interest and dividend income included on the federal income tax return.

Proposed law retains present law but reduces the deduction from the amount of interest and dividend income to 80% of the interest and dividend income.

Present law (R.S. 47:287.745) provides an additional deduction in determining net income for oil and gas depletion. The deduction is 22% of gross income from the property, excluding any rents or royalties paid or incurred by the taxpayer due to the property. The deduction is further limited to 50% of the net income from the property calculated without the deduction for depletion.

Proposed law retains present law but reduces the deduction from 22% of the gross income from the property during the taxable year, excluding any rents or royalties, to 18% of the gross income from the property during the taxable year, excluding 80% of rents or royalties. Further reduces allowable deduction from an amount not to exceed 50% of the net income of the taxpayer to an amount not to exceed 40% of the net income.

Present law (R.S. 51:3092) exempts from corporation income and franchise taxes, certain La. Community Development Financial Institutions for 5 consecutive taxable periods, commencing with the taxable period in which the capital company is certified by the commissioner.

Proposed law retains present law but reduces the exemption from five consecutive taxable periods to four consecutive taxable periods.

Effective beginning July 1, 2015 and applicable for all exclusions from taxable income and all claims for deductions made on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

Authorizes a deduction against a taxpayer's 2017, 2018, and 2019 return for any exclusion or deduction not allowed by proposed law on returns filed after July 1, 2015 pursuant to an extension of time to file that was granted prior to July 1, 2015.

Effective July 1, 2015.

(Amends R.S. 47:51, 158(C) and (D), 246(A), 287.71(B)(2), (3), and (6), 287.73(C)(4), 287.86(A)(intro. para.), 287.738(F)(1) and (G), and 287.745(B), and R.S. 51:3092)