

2016 First Extraordinary Session

HOUSE BILL NO. 95

BY REPRESENTATIVE LEGER

TAX/INCOME TAX: Repeals the state income tax deduction for federal income taxes paid for purposes of calculating corporate income taxes (Item #17)

1 AN ACT

2 To amend and reenact R.S. 47:241 and 287.69 and to repeal R.S. 47:55(5), 287.79, 287.83,  
3 287.85, and 287.442(B)(1), relative to income tax; to provide relative to the  
4 deductibility of federal income taxes; to repeal deductibility of federal income taxes  
5 paid for purposes of calculating corporate income taxes; to provide for applicability;  
6 to provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:241 and 287.69 are hereby amended and reenacted to read as  
9 follows:

10 §241. Net income subject to tax

11 The net income of a nonresident individual ~~or a corporation~~ subject to the tax  
12 imposed by this Chapter shall be the sum of the net allocable income earned within  
13 or derived from sources within this state, as defined in R.S. 47:243, and the net  
14 apportionable income derived from sources in this state, as defined in R.S. 47:244,  
15 less ~~the amount of federal income taxes attributable to the net allocable income and~~  
16 net apportionable income derived from sources in this state. ~~The amount of federal~~  
17 ~~income taxes to be so deducted shall be that portion of the total federal income tax~~  
18 ~~which is levied with respect to the particular income derived from sources in this~~  
19 ~~state to be computed in accordance with rules and regulations of the collector of~~

1 ~~revenue:~~ Proper adjustment shall be made for the actual tax rates applying to  
 2 different classes of income and for all differences in the computation of net income  
 3 for purposes of federal income taxation as compared to the computation of net  
 4 income under this Chapter. Where the allocation of the tax is to be based on a ratio  
 5 of the amount of net income of a particular class, both the numerator and the  
 6 denominator of the fraction used in determining the ratio shall be computed on the  
 7 basis that such net income is determined for federal income tax purposes.

8 \* \* \*

9 §287.69. Louisiana taxable income defined

10 "Louisiana taxable income" means Louisiana net income; after adjustments;  
 11 ~~less the federal income tax deduction allowed by R.S. 47:287.85.~~ "After  
 12 adjustments" means after the application of the net operating loss adjustment allowed  
 13 by R.S. 47:287.86.

14 Section 2. R.S. 47:55(5), 287.79, 287.83, 287.85, and 287.442(B)(1) are hereby  
15 repealed in their entirety.

16 Section 3. The provisions of this Act shall be applicable for all taxable periods  
17 beginning on and after January 1, 2017.

18 Section 4. This Act shall take effect and become operative if and when the proposed  
 19 amendment of Article VII of the Constitution of Louisiana contained in the Act which  
 20 originated as House Bill No. 31 of the 2016 First Extraordinary Session of the Legislature  
 21 is adopted at a statewide election and becomes effective.

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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)]

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HB 95 Reengrossed                      2016 First Extraordinary Session                      Leger

**Abstract:** Repeals the deductibility of federal income taxes paid for purposes of calculating corporate income taxes.

Present constitution and present law authorize a state deduction for federal income taxes paid for purposes of computing income taxes for the same period.

Proposed law repeals the present law provisions that authorize a state deduction for federal income taxes paid for purposes of calculating corporate income taxes.

Applicable for all taxable periods beginning on or after Jan. 1, 2017.

Effective if and when House Bill No. 31 of the 1st E.S. of 2016 is enacted and becomes effective.

(Amends R.S. 47:241 and 287.69; Repeals R.S. 47:55(5), 287.79, 287.83, 287.85, and 287.442(B)(1))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Restore provisions of present law relative to the deductibility of federal income taxes paid for purposes of calculating individual income tax.