
DIGEST

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HB 628 Original

2017 Regular Session

Jones

Abstract: Imposes a Commercial Activity Tax on the taxable gross receipts of certain entities doing business in La. and provides for exemptions and administration of the tax.

Proposed law imposes a Commercial Activity Tax (CAT) on the taxable gross receipts of each entity doing business in La. CAT is required to be paid by the entity subject to the tax in addition to any other La. tax for which the entity may be liable.

Proposed law requires business entities, including certain S corporations whose income is deducted in computing La. corporation income tax liability, to pay a CAT as follows:

- (1) \$250 if the entity's gross receipts are at least \$150K, but equal to or less than \$500K.
- (2) \$500 if the entity's gross receipts are more than \$500K, but equal to or less than \$1M.
- (3) \$750 if the entity's gross receipts are more than \$1M, but equal to or less than \$1.5M.
- (4) \$1,500 if the entity's gross receipts are more than \$1.5M, but equal to or less than \$3M.
- (5) \$3,250 if the entity's gross receipts are more than \$3M, but equal to or less than \$6M.
- (6) \$6,500 if the entity's gross receipts are more than \$6M, but equal to or less than \$12M.
- (7) \$12,500 if the entity's gross receipts are more than \$12M.

Proposed law requires corporations and entities that are taxed as corporations for federal income tax purposes, except for corporations engaged in the business of manufacturing or merchandising, to pay the greater of the following:

- (1) The net corporation income tax due after the application of all credit carryforwards, nonrefundable credits, and refundable credits.
- (2) One of the following amounts:
 - (a) \$250 if the entity's gross receipts are at least \$150K, but equal to or less than \$500K.
 - (b) \$500 if the entity's gross receipts are more than \$500K, but equal to or less than \$1M.

- (c) \$750 if the entity's gross receipts are more than \$1M, but equal to or less than \$1.5M.
- (d) 0.35% of the amount of gross receipts if the entity's gross receipts are greater than \$1.5M.

Proposed law requires corporations and entities that are taxed as corporations for federal income tax purposes that are engaged in the business of manufacturing or merchandising or gaming to pay the greater of the following:

- (1) The net corporation income tax due after the application of all credit carryforwards, nonrefundable credits, and refundable credits.
- (2) One of the following amounts:
 - (a) \$250 if the entity's gross receipts are at least \$150K, but equal to or less than \$500K.
 - (b) \$500 if the entity's gross receipts are more than \$500K, but equal to or less than \$1M.
 - (c) \$750 if the entity's gross receipts are more than \$1M, but equal to or less than \$1.5M.
- (3) The lesser of the following:
 - (a) 0.35% of the amount of gross receipts if the entity's gross receipts are greater than \$1.5M.
 - (b) 2.76% of the amount of the entity's La. gross profits.

Proposed law requires consolidated returns to be filed by the following:

- (1) A corporation that is the sole member of one or more single member LLCs.
- (2) A corporation that is the sole shareholder of one or more qualified Subchapter S subsidiaries.
- (3) Certain publicly traded partnerships.

Proposed law exempts from the CAT the following entities:

- (1) Entities with less than \$150K in gross receipts.
- (2) Non-profit organizations and certain organizations not formed for pecuniary profit.
- (3) Certain public utilities.
- (4) Certain financial institutions.

- (5) Certain insurance companies.
- (6) Homeowners associations.
- (7) Political organizations.
- (8) Rural electric and telephone cooperatives.

Effective Jan. 1, 2018.

(Adds R.S. 47:288.1-288.7)