

2023 Regular Session

SENATE BILL NO. 89

BY SENATOR STINE

TAX/INCOME/PERSONAL. Provides relative to the net capital gains deduction for individual income tax. (8/1/23)

1 AN ACT

2 To amend and reenact R.S. 47:293(9)(a)(xvii), relative to individual income tax; to provide
3 relative the deduction from income for net capital gain; to prohibit the Department
4 of Revenue from requiring certain documentation in order to claim the deduction;
5 to provide for applicability; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:293(9)(a)(xvii) is hereby amended and reenacted to read as
8 follows:

9 §293. Definitions

10 The following definitions shall apply throughout this Part, unless the context
11 requires otherwise:

12 * * *

13 (9)(a) "Tax table income", for resident individuals, means adjusted gross
14 income plus interest on obligations of a state or political subdivision thereof, other
15 than Louisiana and its municipalities, title to which obligations vested with the
16 resident individual on or subsequent to January 1, 1980, and less:

17 * * *

1 (xvii) Income from net capital gains, which shall be limited to gains
 2 recognized and treated for federal income tax purposes as arising from the sale or
 3 exchange of an equity interest in or substantially all of the assets of a nonpublicly
 4 traded corporation, partnership, limited liability company, or other business
 5 organization commercially domiciled in this state. The provisions of this Item shall
 6 apply only to the sale or exchange of an equity interest in or the assets of a
 7 nonpublicly traded business that the taxpayer has held for a minimum of five years
 8 immediately prior to the sale or exchange. **At the time of the filing of the income**
 9 **tax return, the Department of Revenue is prohibited from requiring a resident**
 10 **individual to provide additional documentation or an appraisal related to the**
 11 **sale of an equity interest or the assets in order to claim the deduction.** The
 12 amount of the deduction shall be limited as follows:

13 * * *

14 Section 2. This Act shall be applicable for taxable periods beginning on or after
 15 January 1, 2023.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Danielle B. Clapinski.

DIGEST

SB 89 Original 2023 Regular Session Stine

Present law provides resident individuals a deduction on income from net capital gains. The deduction is limited to gains recognized and treated for federal income tax purposes as arising from the sale or exchange of an equity interest in or substantially all of the assets of a nonpublicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in this state.

Proposed law retains present law.

Proposed law prohibits the Department of Revenue, at the time of the filing of the income tax return, from requiring a resident individual to provide additional documentation or an appraisal in order to claim the credit.

Applicable for taxable periods beginning on or after January 1, 2023.

Effective August 1, 2023.

(Amends R.S. 47:293(9)(a)(xvii))