2023 Regular Session

HOUSE BILL NO. 618

BY REPRESENTATIVE WILLARD

TAX CREDITS: Provides with respect to the credit and the deduction for taxes paid to
    other states

1   AN ACT

2   To amend and reenact R.S. 47:33(A)(5), (6), and (7) and Section 4 of Act No. 109 of the

3   2015 Regular Session of the Legislature as amended by Act No. 6 of the 2018

4   Second Extraordinary Session of the Legislature, to enact R.S. 47:33(A)(8), and to

5   repeal R.S. 47:33(A)(4), relative to income tax credits and deductions; to provide

6   with respect to the income tax credit for taxes paid to other states; to provide with

7   respect to the deduction for taxes paid to other states; to provide for certain

8   requirements and limitations; to repeal certain limitations; to provide for an effective

9   date; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11   Section 1. R.S. 47:33(A)(5), (6), and (7) are hereby amended and reenacted and R.S.

12 47:33(A)(8) is hereby enacted to read as follows:

13   §33. Credit for taxes paid in other states

14   A. Subject to the following conditions, resident individuals shall be allowed

15   a credit against the taxes imposed by this Chapter for net income taxes imposed by

16   and paid to another state on income taxable under this Chapter, provided that:

17   *   *   *

18   (5)(a) The credit shall be limited to the amount of Louisiana income tax that

19   would have been imposed if the income earned in the other state had been earned in

20   Louisiana.

1　　　　　　(b) The credit shall not be allowed for tax paid on income that is not subject

2　　　to tax in Louisiana. The amount of the credit shall not exceed the ratio which shall

3　　　be determined by multiplying the taxpayer's Louisiana income tax liability before

4　　　consideration of any credit described in this Section by a fraction, the numerator of

5　　　which is the taxpayer's Louisiana tax table income attributable to other states to

6　　　which net income taxes were paid by a resident individual, and the denominator of

7　　　which is total Louisiana tax table income.

8　　　　　　(6) The credit shall not be allowed for income taxes paid to a state that

9　　　allows a nonresident a credit against the income taxes imposed by that state for taxes

10　　　paid or payable to the state of residence.

11　　　　　　(7)(a) For taxes paid on or after January 1, 2018, an individual partner,

12　　　member, or shareholder that pays another state's entity-level tax that is based solely

13　　　upon net income included in the entity's federal taxable income without any capital

14　　　component shall be allowed a deduction equal to their proportionate share of the

15　　　entity-level tax paid.

16　　　　　　(b) The deduction pursuant to this Paragraph shall be allowed only to the

17　　　extent that the proportionate share of the related income on the tax paid to the other

18　　　state is included in the calculation of Louisiana taxable income that is reported on

19　　　the Louisiana return of the individual partner or member.

20　　　　　　(c) The deduction authorized pursuant to the provisions of this Paragraph

21　　　shall be in lieu of and not in addition to the credit authorized in Subsection A of this

22　　　Section.

23　　　　　　(8) The credit shall be allowed only for taxes paid and reported to the other

24　　　state on taxable income which is computed on the basis of the provisions contained

25　　　in income tax laws and regulations of the other state.

26　　　Section 2. Section 4 of Act No. 109 of the 2015 Regular Session of the Legislature

27　　as amended by Act No. 6 of the 2018 Second Extraordinary Session of the Legislature is

28　　hereby amended and reenacted to read as follows:

29　　　　　　　　　　　　　　　　*　　　*　　　*

1　　　　　　Section 4. The provisions of Sections 1, 3, and 4 ~~and 3~~ of this Act shall

2　　　become effective on July 1, 2015~~, and shall remain effective through June 30, 2023,~~

3　　　~~at which time the provisions of Sections 1 and 3 of this Act shall become null, void,~~

4　　　~~and of no effect. The provisions of Section 4 of this Act shall become effective on~~

5　　　~~July 1, 2015~~. The provisions of Section 2 of this Act shall ~~become effective on July~~

6　　　~~1, 2023~~ not become effective.

7　　　　　　Section 3. R.S. 47:33(A)(4) is hereby repealed in its entirety.

8　　　　　　Section 4. This Act shall become effective upon signature by the governor or, if not

9　　signed by the governor, upon expiration of the time for bills to become law without signature

10　　by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

11　　vetoed by the governor and subsequently approved by the legislature, this Act shall become

12　　effective on the day following such approval.

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 618 Original　　　　　　　　　2023 Regular Session　　　　　　　　　　Willard

Abstract: Limits the credit for taxes paid to other states to taxes paid and reported to the other state on taxable income which is computed in accordance with income tax laws and regulations of the other state.

Present law authorizes an income tax credit for resident individuals for net income taxes imposed by and paid to another state on income taxable in La. if certain conditions are met.

Present law limits the credit to the amount of La. income tax that would have been imposed if the income earned in the other state had been earned in La. and prohibits the credit for tax paid on income that is not subject to tax in La. Present law provides that the amount of the credit shall not exceed the ratio of multiplying the taxpayer's La. income tax liability before consideration of the credit authorized in present law by a fraction, the numerator of which is the taxpayer's La. tax table income attributable to other states to which net income taxes were paid by a resident individual, and the denominator of which is total La. tax table income.

Present law prohibits the credit for income taxes paid to a state that allows a nonresident a credit against the income taxes imposed by that state for taxes paid or payable to the state of residence.

Proposed law retains present law. Provides that certain provisions of present law providing for prospective repeal do not become effective.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

Present law provides that the credit shall be allowed only if the other state provides a similar credit for La. income taxes paid on income derived from property located in, or from services rendered in, or from business transacted in Louisiana.

Proposed law repeals present law.

Present law provides that for taxes paid on or after Jan. 1, 2018, an individual partner, member, or shareholder that pays another state's entity-level tax that is based solely upon net income included in the entity's federal taxable income without any capital component shall be allowed a deduction equal to their proportionate share of the entity-level tax paid. The deduction shall only be allowed to the extent that the proportionate share of the related income on the tax paid to the other state is included in the calculation of La. taxable income that is reported on the La. return of the individual partner or member.

Proposed law retains present law but specifies that the deduction authorized in present law is in lieu of the credit authorized in present law.

Proposed law limits the credit for taxes paid to other states to taxes paid and reported to the other state on taxable income which is computed in accordance with income tax laws and regulations of the other state.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:33(A)(5), (6), and (7) and §4 of Act No. 109 of 2015 R.S. as amended by Act No. 6 of 2018 2 E.S.; Adds R.S. 47:33(A)(8); Repeals R.S. 47:33(A))