AN ACT

To amend and reenact R.S. 47:287.732.2(A)(3) and to enact R.S. 47:203(C), 287.732.2(A)(4)(c) and (d) and (G), 300.6(B)(2)(e), and 300.7(C)(2)(d), relative to state income tax; to provide relative to computation of income of estates, trusts, and partnerships subject to state income tax; to provide relative to income derived from flow-through entities; to provide for an exclusion of such income from the taxable income of estates, trusts, and partnerships subject to certain conditions; to provide for requirements and limitations associated with the exclusion; to provide for applicability; to provide for prospective termination of the election; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:287.732.2(A)(3) is hereby amended and reenacted and R.S. 47:203(C), 287.732.2(A)(4)(c) and (d) and (G), 300.6(B)(2)(e), and 300.7(C)(2)(d) are hereby enacted to read as follows:

§203. Partnership computations

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C.(1) In computing the taxable income of a partnership, the partnership shall exclude net income or losses received from an entity of which the partnership is a shareholder, partner, or member if the entity properly filed a Louisiana corporation income tax return pursuant to R.S. 47:287.732.2 which included the net income or loss. However, no such exclusion shall be allowed for any amount attributable to income that, for any reason, will not bear the tax due pursuant to R.S. 47:287.732.2.
(2)(a) A partnership whose federal income tax return is adjusted due to S corporation or partnership income or losses for which the partnership used the exclusion provided in Paragraph (1) of this Subsection shall furnish a statement to the secretary disclosing the nature and amounts of such adjustments within sixty days after the federal adjustments have been made and accepted by the partnership. However, if the partnership does not receive a statement of the federal adjustments until after it accepts the adjustments, it shall have sixty days from the receipt of such statement within which to furnish the required statement to the secretary.

(b) For purposes of Subparagraph (a) of this Paragraph, paying the federal tax shown due or signing a consent to immediate assessment shall constitute an acceptance of the federal adjustments.

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§287.732.2. Election for S corporations and other flow-through entities

A.

* * *

(3) The election shall be effective for the taxable year of the entity for which it is made and for all succeeding taxable years of the entity, until the election is terminated by the secretary or an application for prospective termination of the election is effective.

(4)(a)

* * *

(c) An application for prospective termination of the election shall be effective automatically for the subsequent taxable year upon completion of the following:

(i) The shareholders, partners, or members holding more than one-half of the ownership interest in the entity consent, in writing and maintained in the entity's records, to the application for prospective termination.

(ii) The entity timely submits the application for prospective termination to the secretary, in a manner as prescribed by the secretary, no later than November first.
prior to the close of the taxable year for calendar year filers or sixty days prior to the close of the taxable year for fiscal year filers.

(d) Upon the entity's completion of Items (c)(i) and (ii) of this Paragraph and the automatic effectiveness of the election's termination, no election otherwise allowed by this Section shall apply for the succeeding five taxable years of the entity or its successor.

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G. The secretary may promulgate rules necessary for administering the provisions of this Section in accordance with the provisions of the Administrative Procedure Act.

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§300.6. Louisiana taxable income of resident estate or trust

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B. Modification. For purposes of this Section, federal taxable income shall be modified by adding or subtracting the items set forth below:

* * *

(2) There shall be subtracted from federal taxable income, unless already excluded therefrom:

* * *

(e)(i) Net income or losses received from an entity of which the estate or trust is a shareholder, partner, or member if the entity properly filed a Louisiana corporation income tax return pursuant to R.S. 47:287.732.2 which included the net income or loss. However, no such exclusion shall be allowed for any amount attributable to income that, for any reason, will not bear the tax due pursuant to R.S. 47:287.732.2.

(ii)(aa) An estate or trust whose federal income tax return is adjusted due to S corporation or partnership income or losses for which the estate or trust used the exclusion provided in Item (i) of this Subparagraph shall furnish a statement to the secretary disclosing the nature and amounts of such adjustments within sixty days after the federal adjustments have been made and accepted by the estate or trust.

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However, if the estate or trust does not receive a statement of the federal adjustments until after it accepts the adjustments, it shall have sixty days from the receipt of such statement within which to furnish the required statement to the secretary.

(bb) For purposes of Subitem (aa) of this Item, paying the federal tax shown due or signing a consent to immediate assessment shall constitute an acceptance of the federal adjustments.

§300.7. Louisiana taxable income of nonresident estate or trust

C. Modification. For purposes of this Section, federal taxable income shall be modified by adding or subtracting the items set forth below:

(2) There shall be subtracted from federal taxable income, unless already excluded therefrom:

(d)(i) Net income or losses received from an entity of which the estate or trust is a shareholder, partner, or member if the entity properly filed a Louisiana corporation income tax return pursuant to R.S. 47:287.732.2 which included the net income or loss. However, no such exclusion shall be allowed for any amount attributable to income that, for any reason, will not bear the tax due pursuant to R.S. 47:287.732.2.

(ii)(aa) An estate or trust whose federal income tax return is adjusted due to S corporation or partnership income or losses for which the estate or trust used the exclusion provided in Item (i) of this Subparagraph shall furnish a statement to the secretary disclosing the nature and amounts of such adjustments within sixty days after the federal adjustments have been made and accepted by the estate or trust. However, if the estate or trust does not receive a statement of the federal adjustments until after it accepts the adjustments, it shall have sixty days from the receipt of such statement within which to furnish the required statement to the secretary.
(bb) For purposes of Subitem (aa) of this Item, paying the federal tax shown
due or signing a consent to immediate assessment shall constitute an acceptance of
the federal adjustments.

Section 2. The provisions of this Act shall be applicable for taxable periods
beginning on or after January 1, 2023.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: ____________________

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