
DIGEST

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HB 485 Original

2025 Regular Session

Hilferty

Abstract: Establishes an income tax deduction for 50% of net capital 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 business commercially domiciled in this state.

Present law provides for a tax to be assessed, levied, collected, and paid upon the taxable income of resident and nonresident individuals. For purposes of calculating the tax, the term "tax table income" for resident individuals is defined to mean adjusted gross income and for nonresident individuals is defined to mean Louisiana income, less other specifically enumerated exemptions, deductions, and expenses.

Proposed law retains present law.

Proposed law establishes a deduction from tax table income for income derived from net capital gains, which shall be limited to 50% of the gains recognized and treated for federal 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 the state. Proposed law limits eligibility for this deduction to the sale or exchange of an equity interest in or the assets of a nonpublicly traded business that the taxpayer has held for a minimum of five years immediately prior to the sale or exchange.

Proposed law requires the Dept. of Revenue to promulgate regulations in accordance with the Administrative Procedure Act to reduce administrative requirements for eligible taxpayers claiming this deduction.

Proposed law is applicable to sales and exchanges occurring on or after Jan. 1, 2025.

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

(Amends R.S. 47:293(10); Adds R.S. 47:293(9)(a)(xvii))