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## DIGEST

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HB 567 Engrossed

2025 Regular Session

Bacala

**Abstract:** Provides with respect to taxation of corporate income; provides for credits, deductions, exclusions, and exemptions applicable to corporation income tax; and for tax treatment of S corporations.

Present law known as the La. Corporation Income Tax Act provides for taxation of certain income of corporations and other entities taxed as corporations for federal income tax purposes. Provides that corporations shall be taxed on their La. taxable income, except as otherwise exempted.

Present law and proposed law provide for tax treatment of pass-through entities known as S corporations that pass income, losses, deductions, and credits directly to their individual shareholders.

Proposed law repeals present law allowing certain S corporation income to be excluded from La. taxable income.

Proposed law repeals a requirement that credits earned by, allocated to, or transferred to an S corporation during a year in which it operated as a C corporation be used at the corporation level.

Proposed law repeals an authorization for qualified Subchapter S subsidiaries to be treated as separate corporate entities.

Proposed law provides for sourcing of certain S corporation income, reporting of S corporation shareholder income, and application of certain S corporation credits passed through to shareholders.

Proposed law provides for the calculation of the basis and utilization of S corporation carry-forward and carry-back losses.

Proposed law provides for filing of composite returns and related exceptions.

Proposed law provides for limitations applicable to an exemption from withholding and reporting requirements for mobile workforce employers.

Proposed law repeals references to previously abolished tax credits within a definition of incentive expenditures in present law.

Proposed law applies to income tax periods beginning on or after Jan. 1, 2026.

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

(Amends R.S. 47:112.2(A), 248(B)(1)(a), 287.732, 287.732.1, 287.732.2(A)(1), and 1675(F)(1);  
Repeals R.S. 39:2(15.1)(a)-(c), (k), (v), (x), and (y) and R.S. 47:1675(G))