

GREEN SHEET REDIGEST

HB 567

2025 Regular Session

Bacala

**TAX/CORP INCOME: Provides with respect to various credits, deductions, exclusions, and exemptions associated with corporate income tax.**

DIGEST

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 payment by the S corporation of taxes owed by a resident or nonresident shareholder. Further provides for the tax rate, refund of overpayments, and the S corporation's recovery of the payments from the shareholder.

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

Proposed law provides a definition of "income attributable to the state" for purposes of composite returns for nonresident shareholders.

Proposed law provides that a nonresident shareholder of an S corporation is not required to file a Louisiana income tax return if the only La. income of the shareholder is from the S corporation, and the S corporation pays the tax on behalf of the shareholder.

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

Proposed law provides relative to the application and claiming of tax credits generally for all taxpayers, including C corporations, S corporations and other pass through entities, estates and trusts, and individuals.

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) and (d), 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))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Remove reciprocal exemption requirement for the income tax exemption for certain nonresident individuals.
2. Remove provisions relative to a shareholder's pro rata share of credits for taxes paid by the S corporation.
3. Authorize LDR to assess an S corporation directly for resident and nonresident shareholder's pro rata share of income, penalty, and interest.
4. Authorize shareholders to claim an overpayment by the S corporation as a refund or credit carry forward.
5. Authorize an S corporation to seek reimbursement for payment made on behalf of a shareholder.
6. Add definition of "income attributable to the state" for purposes of composite returns for nonresident shareholders.
7. Clarify filing requirements of nonresident shareholders when a composite return is filed.
8. Provide relative to claiming of credits generally for all taxpayers.
9. Make technical changes.