

2015 Regular Session

HOUSE BILL NO. 406

BY REPRESENTATIVE THIBAUT

TAX/CORP INCOME: Reduces the amount of certain corporate income tax exclusions, deductions, and credits

1 AN ACT

2 To amend and reenact R.S. 47:287.732(B)(2), 287.738(F)(1), and 287.758(B), relative to
3 corporate income tax; to provide for tax expenditures; to provide for corporate
4 income tax exclusions, deductions, and credits; to reduce the amount of certain
5 corporate income tax exclusions, deductions, and credits; to provide for an effective
6 date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:287.732(B)(2), 287.738(F)(1), and 287.758(B) are hereby
9 amended and reenacted to read as follows:

10 §287.732. S Corporations

11 * * *

12 B. S corporation exclusion. This Subsection provides an exclusion to
13 corporations classified as S corporations under federal law for the taxable year, as
14 follows:

15 * * *

16 (2) The excludable percentage of Louisiana net income is determined by
17 multiplying ninety-eight percent of Louisiana net income for a taxable year by a
18 ratio, the numerator of which is the number of issued and outstanding shares of
19 capital stock of the S corporation which are owned by Louisiana resident individuals

1 on the last day of the corporation's taxable year, and the denominator of which is the
2 total number of issued and outstanding shares of capital stock of the corporation on
3 the last day of the corporation's taxable year, provided that no share shall be allowed
4 to be counted in the numerator unless its owner has for the taxable year of inclusion
5 filed a correct and complete Louisiana individual income tax return as a resident.

6 * * *

7 §287.738. Other inclusions and exclusions from gross income

8 * * *

9 F. Deduction for interest and dividends.

10 (1) Effective for taxable years beginning after December 31, 2005, there
11 shall be allowed for each taxable year a deduction equal to ninety-eight percent of
12 the amount of dividends that would otherwise be included in gross income.

13 * * *

14 §287.758. Tax credit for bone marrow donor expense

15 * * *

16 B. A credit against the taxes otherwise due under this Part for the tax year
17 is allowed to an employer. The amount of the credit is equal to ~~twenty-five~~ twenty-
18 four and one-half percent of the bone marrow donor expense paid or incurred during
19 the tax year by an employer to provide a program for employees who are potential
20 or who actually become bone marrow donors.

21 * * *

22 Section 2. This Act shall become effective on January 1, 2016; if vetoed by the
23 governor and subsequently approved by the Legislature, this Act shall become effective on
24 January 1, 2016, or on the day following such approval by the Legislature, whichever is
25 later.

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 406 Original

2015 Regular Session

Thibaut

Abstract: Reduces the amount of certain corporate income tax exclusions, deductions, and credit.

Present law provides an exclusion from corporate income taxation for a corporation classified under Subchapter S of the Internal Revenue Code as an S corporation in an amount equal to the net La. income multiplied by a number derived from the number of issued and outstanding shares of capital stock held by La. shareholders divided by the number of total number of issued and outstanding shares of capital stock of the corporation on the corporation's last taxable year.

Proposed law retains present law but reduces the amount of the La. net income used to determine the amount of the exclusion from the full amount of the La. net income to 98% of the La. net income.

Present law authorizes a deduction from gross income of a corporation in an amount equal to interest and dividend income that is included on the federal income tax return.

Proposed law retains present law but reduces the amount of the deduction from the full amount of dividends to 98% of the amount of dividends included in income.

Present law authorizes a corporate income tax credit for bone marrow donor expenses paid or incurred during the tax year by an employer to provide a program for employees who are potential or who actually become bone marrow donors. The amount of the credit is equal to 25% of the expenses incurred.

Proposed law retains present law but reduces the amount of the credit from 25% to 24.5%.

Effective beginning Jan. 1, 2016.

(Amends R.S. 47:287.732(B)(2), 287.738(F)(1), and 287.758(B))