HLS 15RS-406 ENGROSSED

2015 Regular Session

HOUSE BILL NO. 402

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BY REPRESENTATIVE STOKES

TAX/INCOME TAX: Adds requirements for eligibility for the income tax credit for taxes paid in other states

AN ACT

2 To enact R.S. 47:33(A)(4) through (6), relative to tax credits; to provide with respect to the 3 individual income tax credit for taxes paid to other states; to provide for 4 requirements and limitations; to provide for applicability; to provide for 5 effectiveness; and to provide for related matters. 6 Be it enacted by the Legislature of Louisiana: Section 1. R.S. 47:33(A)(4) through (6) are hereby enacted to read as follows: 7 8 §33. Credit for taxes paid in other states 9 A. Subject to the following conditions, resident individuals shall be allowed 10 a credit against the taxes imposed by this Chapter for net income taxes imposed by 11 and paid to another state on income taxable under this Chapter, provided that: 12 13 (4) The credit shall be allowed only if the other state provides a similar credit 14 for Louisiana income taxes paid on income derived from property located in, or from 15 services rendered in, or from business transacted in Louisiana. 16 (5) The credit shall be limited to the lesser of the proportional credit 17 limitation amount or the actual tax paid to the other state. The "proportional credit 18 limitation amount" means the amount of Louisiana income tax that would have been 19 imposed if the income earned in the other state had been earned in Louisiana.

1 (6) The credit shall not be allowed for income taxes paid to a state that 2 allows a nonresident a credit against the income taxes imposed by that state for taxes 3 paid or payable to the state of residence. 4 5 Section 2. The provisions of this Act shall apply to all claims for this credit on any 6 return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. 7 Section 3. This Act shall become effective on July 1, 2015; if vetoed by the governor 8 and subsequently approved by the legislature, this Act shall become effective on July 1, 9 2015, or on the day following such approval by the legislature, whichever is 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 402 Engrossed

2015 Regular Session

Stokes

Abstract: Adds requirements relative to eligibility for the individual income tax credit for taxes paid to another state regarding property or activity located in La.

<u>Present law</u> authorizes an individual income tax credit in an amount equal to income taxes which were paid for the same taxable period to another state on income which is subject to La. tax.

<u>Proposed law</u> retains <u>present law</u> and adds the following requirements for eligibility for the tax credit:

- (1) The credit is allowed if the other state provides a similar credit for La. income taxes paid on income derived from property located in La., services rendered in La., and business transacted in La.
- (2) The credit shall be limited to the lesser of the proportional credit limitation amount or the actual tax paid to the other state. The "proportional credit limitation amount" means the amount of La. income tax that would have been imposed if the income earned in the other state had been earned in La.
- (3) The credit shall not be allowed for income taxes paid to a state that allows a nonresident a credit against the income taxes imposed by that state for taxes paid or payable to the state of residence.

Effective July 1, 2015, and applicable to all claims for the tax credit on any tax return filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

(Adds R.S. 47:33(A)(4)-(6))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Ways and Means</u> to the <u>original</u> bill:

- 1. Add services rendered in La. and business transacted in La. as income generating activities the taxes upon which are subject to the provisions of proposed law.
- 2. Change applicability of <u>proposed law from taxable periods beginning Jan. 1, 2015, to all claims for the tax credit on any tax return filed on or after July 1, 2015, regardless of the taxable year to which the return relates.</u>