DIGEST

CONFERENCE COMMITTEE REPORT DIGEST

HB 402   **2015 Regular Session**   **Stokes**

Keyword and oneliner of the instrument as it left the House

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

Report adopts Senate amendments to:

1. Limit the credit to the amount that would have been imposed if the income had been earned in La.

Report rejects Senate amendments which would have:

1. Added an exception from proposed law for a credit claimed on an amended return filed on or after July 1, 2015, that relates to an original return filed on or prior to July 1, 2015, that properly claimed an exemption, credit, rebate, or deduction.

2. Added authorization for a credit not allowed pursuant to proposed law that is properly claimed on a return filed on or after July 1, 2015, pursuant to an extension of time to file granted prior to July 1, 2015, to be taken as a credit in one-third increments in each of the taxpayer's tax years beginning during calendar years 2017, 2018, and 2019.

Report amends the bill to:

1. Repeal proposed law effective July 1, 2018.

3. Add applicability provisions for Section 1 of proposed law to apply to a claim for a tax credit made on a return filed on or after July 1, 2015, regardless of the taxable year to which the return relates, subject to certain exceptions.

4. Add an exception from applicability of proposed law for an amended return filed on or after July 1, 2015, that relates to a claim for a tax credit properly claimed on an original return filed prior to July 1, 2015.

5.   Add authorization for the future taking of a credit claimed on a return filed after July 1, 2015, for which a valid filing extension has been allowed prior to July 1, 2015, but disallowed pursuant to proposed law. The credit may be taken in increments of one-third of the amount of the credit on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

Digest of the bill as proposed by the Conference Committee

Present law 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.

(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., except that the gross receipts taxes paid to another state shall not be subject to this requirement.

(2)   The credit shall be limited to the amount of La. income tax that would have been imposed if the income earned in the other state would have 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, with the exception of a gross receipts tax paid to another state.

Proposed law further provides that a credit not allowed pursuant to proposed law on a return filed after July 1, 2015, pursuant to an extension of time to file granted prior to July 1, 2015, must be allowed as follows: One-third of any such credit may be taken as a credit in each of the taxpayer's tax years beginning during calendar years 2017, 2018, and 2019.

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, with the exception of an amended return timely filed on or after July 1, 2015, that relates to a claim for the credit not allowed pursuant to proposed law on an original return that was filed on or prior to July 1, 2015.

Effective July 1, 2018 for the repeal of proposed law.

(Adds R.S. 47:33(A)(4)-(7))