2017 Regular Session

HOUSE BILL NO. 644

## BY REPRESENTATIVE HAVARD

## TAX/CORP INCOME: Limits the maximum amount of the net operating loss deduction that may be carried over to subsequent years

1	AN ACT
2	To amend and reenact R.S. 47:287.86(C)(introductory paragraph), relative to corporate
3	income tax; to provide for the deduction for net operating loss; to cap the amount of
4	net operating loss that may be carried over; to provide for applicability; to provide
5	for effectiveness; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 47:287.86(C)(introductory paragraph) is hereby amended and
8	reenacted to read as follows:
9	§287.86. Net operating loss deduction
10	* * *
11	C. Manner and amount of carryovers. For all claims for this deduction on
12	any return filed on or after July 1, 2015, regardless of the taxable year to which the
13	return relates, the entire amount of Louisiana net loss for any taxable year,
14	hereinafter the "loss year", shall be carried over to the earliest of the taxable years
15	allowed. The portion of such loss which shall be carried to each of the other taxable
16	years allowed by Subsection B shall be the excess, if any, of the amount of such loss
17	over the aggregate of the Louisiana taxable income for each of the taxable years to
18	which such loss may be carried. The maximum amount of excess loss allowed to be
19	carried over to any other taxable year shall be limited to ten million dollars per

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

- 1 taxable year and any amount in excess of the allowable ten million dollars shall be
- 2 <u>disallowed.</u> For the purposes of this Subsection:
- 3 \* \* \*
- 4 Section 2. This Act shall become effective on January 1, 2018, and shall be
- 5 applicable to all taxable periods beginning on or after January 1, 2018.

## 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)]

Abstract: Limits the amount of net operating loss deduction that may be carried over in any year to \$10M and disallows amounts in excess of \$10M.

<u>Present law</u> provides for a deduction from corporate income tax for 72% of the amount of net operating loss incurred in La., and prohibits the amount of the deduction from exceeding 72% of the value of La. net income.

<u>Proposed law</u> retains <u>present law</u> and adds a \$10M cap to the amount of net operating loss that may be carried over. Further disallows any amount of loss in excess of \$10M.

Effective Jan. 1, 2018, and applicable to all taxable years after that date.

(Amends R.S. 47:287.86(C)(intro. para.))