

2021 Regular Session

HOUSE BILL NO. 292

BY REPRESENTATIVE RISER

TAX/CORP INCOME: Repeals the income tax deduction for federal income taxes paid for purposes of calculating corporation income tax

1 AN ACT

2 To amend and reenact R.S. 47:241 and 287.69 and to repeal R.S. 47:287.79, 287.83, 287.85,
3 and 287.442(B)(1), relative to corporation income tax; to provide relative to the
4 deductibility of federal income taxes; to repeal deductibility of federal income taxes
5 paid for purposes of calculating corporate income taxes; to provide for applicability;
6 to provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:241 and 287.69 are hereby amended and reenacted to read as
9 follows:

10 §241. Net income subject to tax

11 A. The net income of a nonresident individual ~~or a corporation~~ subject to the
12 tax imposed by this Chapter shall be the sum of the net allocable income earned
13 within or derived from sources within this state, as defined in R.S. 47:243, and the
14 net apportionable income derived from sources in this state, as defined in R.S.
15 47:244, less the amount of federal income taxes attributable to the net allocable
16 income and net apportionable income derived from sources in this state. The amount
17 of federal income taxes to be so deducted shall be that portion of the total federal
18 income tax which is levied with respect to the particular income derived from
19 sources in this state to be computed in accordance with rules and regulations of the
20 collector of revenue. Proper adjustment shall be made for the actual tax rates

1 applying to different classes of income and for all differences in the computation of
2 net income for purposes of federal income taxation as compared to the computation
3 of net income under this Chapter. Where the allocation of the tax is to be based on
4 a ratio of the amount of net income of a particular class, both the numerator and the
5 denominator of the fraction used in determining the ratio shall be computed on the
6 basis that such net income is determined for federal income tax purposes.

7 B. The net income of a corporation subject to the tax imposed by this
8 Chapter shall be the sum of the net allocable income earned within or derived from
9 sources within this state, as defined in R.S. 47:243, and the net apportionable income
10 derived from sources in this state, as defined in R.S. 47:244. Proper adjustment shall
11 be made for the actual tax rates applying to different classes of income and for all
12 differences in the computation of net income for purposes of federal income taxation
13 as compared to the computation of net income under this Chapter. Where the
14 allocation of the tax is to be based on a ratio of the amount of net income of a
15 particular class, both the numerator and the denominator of the fraction used in
16 determining the ratio shall be computed on the basis that such net income is
17 determined for federal income tax purposes.

18 * * *

19 §287.69. Louisiana taxable income defined

20 "Louisiana taxable income" means Louisiana net income; after adjustments;
21 ~~less the federal income tax deduction allowed by R.S. 47:287.85.~~ "After adjustments"
22 means after the application of the net operating loss adjustment allowed by R.S.
23 47:287.86.

24 Section 2. R.S. 47:287.79, 287.83, 287.85, and 287.442(B)(1) are hereby repealed
25 in their entirety.

26 Section 3. The provisions of this Act shall be applicable for taxable periods
27 beginning on or after January 1, 2023.

28 Section 4. This Act shall take effect and become operative on January 1, 2023, if the
29 proposed amendment of Article VII of the Constitution of Louisiana contained in the Act

- 1 which originated as House Bill No. ____ of this 2021 Regular Session of the Legislature is
2 adopted at a statewide election and becomes effective.
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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 292 Original

2021 Regular Session

Riser

Abstract: Repeals the deductibility of federal income taxes paid for purposes of calculating corporate income taxes.

Present constitution and present law authorize a state deduction for federal income taxes paid for purposes of computing income taxes for the same period.

Proposed law repeals the present law provisions that authorize a state deduction for federal income taxes paid for purposes of calculating corporate income taxes.

Applicable for taxable periods beginning on or after Jan. 1, 2023.

Effective Jan. 1, 2023, if the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. ____ of this 2021 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 47:241 and 287.69; Repeals R.S. 47:287.79, 287.83, 287.85, and 287.442(B)(1))