

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 567

2025 Regular Session

Bacala

TAX/CORP INCOME: Provides with respect to various credits, deductions, exclusions, and exemptions associated with corporate income tax

Synopsis of Senate Amendments

1. Deletes proposed law relative to tax payments by, and credits allowed to, S corporation shareholders according to their pro rata shares of the taxes paid by, and credits allowed to, the S corporation.
2. Authorizes the Dept. of Revenue (DOR) to collect delinquent taxes owed by S corporation shareholders on S corporation income directly from the S corporation. Authorizes S corporations to recover from the shareholder any delinquent tax amounts collected by DOR.
3. Adds the defined term "income attributable to the state" and corresponding definition for purposes of nonresident shareholders' composite returns.
4. Provides an exemption from filing requirements for nonresident shareholders when their only share of S corporation income is income attributable to the state and the S corporation pays the tax on the shareholder's behalf.
5. Revises provisions relative to claiming of tax credits generally by individuals, estates and trusts, and incorporated entities.
6. Repeals a condition in present law for exempting a nonresident individual's income from La. income tax.
7. Repeals provisions established in present law for termination of the La. work opportunity tax credit on June 30, 2025.
8. Makes technical changes.

Digest of Bill as Finally Passed by Senate

Present law known as the La. Corporation Income Tax Act provides for taxation of certain income of corporations and other entities taxed as corporations for federal income tax purposes. Provides that corporations shall be taxed on their La. taxable income, except as otherwise exempted.

Present law and proposed law provide for tax treatment of pass-through entities known as S corporations that pass income, losses, deductions, and credits directly to their individual shareholders.

Proposed law repeals present law allowing certain S corporation income to be excluded from La. taxable income.

Proposed law repeals a requirement that credits earned by, allocated to, or transferred to an S corporation during a year in which it operated as a C corporation be used at the corporation level.

Proposed law repeals an authorization for qualified Subchapter S subsidiaries to be treated as separate corporate entities.

Proposed law provides for sourcing of certain S corporation income, reporting of S corporation shareholder income, and application of certain S corporation credits passed through to shareholders.

Proposed law provides for the calculation of the basis and utilization of S corporation carry-forward and carry-back losses.

Proposed law authorizes the Dept. of Revenue (DOR) to collect delinquent taxes owed by S corporation shareholders on S corporation income directly from the S corporation. Authorizes S corporations to recover from the shareholder any delinquent tax amounts collected by DOR.

Proposed law provides for filing of composite returns and related exceptions.

Proposed law provides for limitations applicable to an exemption from withholding and reporting requirements for mobile workforce employers.

Proposed law revises present law relative to conditions under which wages paid to certain nonresident individuals are exempt from La. income tax.

Proposed law revises present law relative to claiming of tax credits generally by individuals, estates and trusts, and incorporated entities.

Proposed law repeals references to previously abolished tax credits within a definition of incentive expenditures in present law.

Present law establishes the La. work opportunity tax credit for businesses that hire current and former inmates who participate in certain work release programs. Stipulates that no credit shall be granted pursuant to present law for credit certifications requested after June 30, 2025. Proposed law repeals the termination date for credit certification requests; otherwise, retains present law relative to the credit.

Proposed law applies to income tax periods beginning on or after Jan. 1, 2026.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:112.2(A), 248(B)(1)(a), 287.732, 287.732.1, 287.732.2(A)(1), and 1675(F)(1); Repeals R.S. 39:2(15.1)(a)-(c), (k), (v), (x), and (y) and R.S. 47:248(B)(1)(d), 287.750(I), and 1675(G))