HLS 15RS-1114 ENGROSSED

2015 Regular Session

HOUSE BILL NO. 426

1

BY REPRESENTATIVE HUNTER

TAX/CORP INCOME: Provides with respect to the net operating loss deduction for purposes of the corporate income tax

AN ACT

2 To amend and reenact R.S. 47:246(E) and 287.86(B), relative to corporate income tax; to 3 provide for the net operating loss deduction; to reduce net operating loss deduction 4 carry back and carry forward; to provide for an effective date; and to provide for 5 related matters. 6 Be it enacted by the Legislature of Louisiana: 7 Section 1. R.S. 47:246(E) and 287.86(B) are hereby amended and reenacted to read 8 as follows: 9 §246. Corporations; deduction from net income from Louisiana sources 10 11 E. At For all returns filed on or after July 1, 2015, regardless of the taxable 12 year to which the return relates, at the election of the taxpayer a net operating loss 13 deduction as determined in Subsection B may be a net operating loss carry-back to 14 each of the three taxable years the taxable year immediately preceding the taxable 15 year of such loss. Such election shall be made in accordance with rules and 16 regulations prescribed by the Secretary of Revenue and Taxation. The first period 17 to which a net operating loss may be carried under this provision is taxable years 18 beginning on or after January 1, 1980. 19

HB NO. 426

1	§287.86. Net operating loss deduction
2	* * *
3	B. Net operating loss carrybacks and carryovers. The For all claims for this
4	deduction on any return filed on or after July 1, 2015, regardless of the taxable year
5	to which the return relates, the taxable years to which a Louisiana net loss may be
6	carried shall be:
7	(1) A net operating loss carryback to each of the three taxable years
8	the taxable year immediately preceding the taxable year of such loss, unless
9	carryback treatment is relinquished pursuant to R.S. 47:287.86(D).
0	(2) For losses incurred for taxable years beginning before January,
1	1984, a net operating loss carryover to each of the five taxable years
12	following the taxable year of such loss. For losses incurred for taxable years
13	beginning on or after January 1, 1984, a net operating loss carryover to each
14	of the fifteen taxable years following the taxable year of such loss. A net
15	operating loss carryover to each of the seven taxable years following the
16	taxable year of such loss.
17	* * *
18	Section 2. The provisions of this Act shall apply to all claims for this deduction on
19	any return filed on or after July 1, 2015, regardless of the taxable year to which the return
20	relates.
21	* * *

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 426 Engrossed

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Hunter

Abstract: For any claim filed on or after July 1, 2015, regardless of the taxable year to which the return relates, reduces the carryback of the net operating loss deduction for purposes of calculating corporate income tax liability <u>from</u> three years <u>to</u> one year and reduces the carryforward <u>from</u> 15 years <u>to</u> seven years.

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

<u>Present law</u> provides a deduction from La. net income for a net operating loss to be carried back three taxable years preceding the taxable year of such loss or carried over to each of the 15 taxable years following the taxable year of such loss.

<u>Proposed law</u> retains <u>present law</u> but reduces the carryback of the net operating loss deduction <u>from</u> three years <u>to</u> one year and reduces the carryforward <u>from</u> 15 years <u>to</u> seven years for any claim filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

<u>Proposed law</u> applies to all claims for the net operating loss deduction on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

(Amends 47:246(E) and 287.86(B))

Summary of Amendments Adopted by House

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

- 1. Delete application of <u>proposed law</u> to tax years beginning on or after Jan. 1, 2015.
- 2. Add applicability of <u>proposed law</u> to all returns filed on or after July 1, 2015, regardless of the taxable year to which the return relates.