

RÉSUMÉ DIGEST

ACT 415 (HB 664)

2015 Regular Session

Stokes

Existing law authorizes an income or corporation franchise tax for ad valorem tax paid to political subdivisions on inventory held by manufacturers, distributors, and retailers and on certain natural gas. The amount of the tax is equal to 100% of taxes paid.

New law defines "inventory" for the purpose of the credit to include certain items of tangible personal property that are being held for sale in the ordinary course of business, are in the process of production for subsequent sale, or are to become a part of the production of the good for sale.

New law excludes from the definition of "inventory" the following:

- (1) Certain oil that is stored in tanks.
- (2) Items that would be considered inventory following the initial lease of the item by the taxpayer.
- (3) Items for which depreciation has commenced for the purposes of a taxpayer's federal tax return.
- (4) Items that are subject to use by the taxpayer for longer than 18 months.
- (5) Items otherwise exempt from ad valorem taxation pursuant to the La. Constitution.

New law authorizes the secretary to intervene in any proceeding related to the valuation or classification of property as inventory for which a credit will be claimed pursuant to existing law when there is a finding of overvaluation or misclassification of inventory in certain circumstances.

Effective Jan. 1, 2016, and applicable for all tax years on and after Jan. 1, 2016.

(Amends R.S. 47:6006(C); Adds R.S. 47:6006(E))