

2016 First Extraordinary Session

HOUSE BILL NO. 116

BY REPRESENTATIVE IVEY

TAX/CORP INCOME: Provides relative to loss years for purposes of the net operating loss deduction for corporate income tax (Item #5)

1 AN ACT

2 To amend and reenact R.S. 47:287.86(C)(2), relative to the net operating loss deduction; to
3 provide for the order of loss years from which a net operating loss may be carried
4 over; to provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:287.86(C)(2) is hereby amended and reenacted to read as follows:

7 §287.86. Net operating loss deduction

8 * * *

9 C. Manner and amount of carryovers. For all claims for this deduction on
10 any return filed on or after July 1, 2015, regardless of the taxable year to which the
11 return relates, the entire amount of Louisiana net loss for any taxable year,
12 hereinafter the "loss year", shall be carried over to the earliest of the taxable years
13 allowed. The portion of such loss which shall be carried to each of the other taxable
14 years allowed by Subsection B shall be the excess, if any, of the amount of such loss
15 over the aggregate of the Louisiana taxable income for each of the taxable years to
16 which such loss may be carried. For the purposes of this Subsection:

17 * * *

18 (2) In calculating the aggregate Louisiana taxable incomes in cases where
19 more than one loss year must be taken into account, the various net operating loss
20 carryovers to such taxable year are considered to be applied in reduction of

1 Louisiana net income in the order of the taxable years from which such losses are
2 carried over, beginning with the loss for the ~~earliest~~ most recent taxable year.

3 * * *

4 Section 2. The provisions of this Act shall become effective on January 1, 2017.

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 116 Original 2016 First Extraordinary Session Ivey

Abstract: Provides for the order of loss years from which a net operating loss may be carried over in certain circumstances.

Present law provides for a deduction from corporate income tax for 72% of the amount of net operating loss incurred in La. and authorizes carryforward of excess net operating loss for a period of 20 years.

Present law requires net operating loss to be applied for purposes of reducing La. net income in order of the year of the loss, beginning with the earliest taxable year.

Proposed law changes present law by requiring net operating loss from the most recent taxable year to be applied first.

Effective Jan. 1, 2017.

(Amends R.S. 47:287.86(C)(2))