RÉSUMÉ DIGEST

ACT 307 (HB 633) **2026 Regular Session** **Bacala**

Existing law applies a 12% per year penalty on the amount of an underpayment of tax in addition to the tax owed by an individual or corporation for the period of the underpayment.

Existing law provides that the period of the underpayment commences on the date the installment is required to be paid.

Prior law provided that the period of the underpayment ended on the earlier of the date on which any portion of the underpayment is paid or the 15th day of the fourth month following the close of the taxable year.

New law changes the date on which the period of the underpayment ends to the earlier of the date on which any portion of the underpayment is paid or the 15th day of the *fifth* month following the close of the taxable year.

Prior law provided, for purposes of assessing a penalty for the underpayment of tax, for a calculation of the amount of the underpayment equal to the excess of the amount of the installment which would be required to be paid if the estimated tax were equal to 90% of the tax shown on the return for the taxable year or, if no return was filed, 90% of the tax for that year, over the amount of the installment paid on or before the last date prescribed for the payment.

New law changes the calculation of the amount of the underpayment to be equal to the excess of the amount of the installment which would be required to be paid if the estimated tax were equal to *70%* of the tax shown on the return for the taxable year or, if no return was filed, *70%* of the tax for that year, over the amount of the installment paid on or before the last date prescribed for the payment.

Prior law provided that for purposes of determining the amount of underpayment, the amount of the installment was required to be 25% of the lesser of either 90% of the tax due for the year or on the return for the taxable year or 100% of the tax shown on the return of the individual for the preceding taxable year.

New law changes the calculation for determining the amount of the required installment payment to 25% of the lesser of either *70%* of the tax shown on the return for the year or the taxable year or 100% of the tax shown on the return of the individual for the preceding taxable year.

Existing law exempts an individual taxpayer from the penalty for underpayment of an installment if the individual taxpayer is not required to file an estimated tax declaration.

Prior law also exempted an individual taxpayer from the penalty for underpayment of an installment if the total amount of payments of estimated tax equaled or exceeded the lesser of the tax shown on the return of the individual for the preceding year if the preceding taxable year was for 12 months, the tax computed on the basis of the rates and the taxpayer's status with respect to personal exemptions and credits applicable to the taxable year but otherwise on the basis of the facts of the preceding tax year, 90% of the tax computed on an annualized basis, or 90% of the tax computed at the rates applicable to the taxable year on the basis of the actual taxable income.

New law changes the calculation to exempt individual taxpayers from the penalty imposed for underpayment of an installment to the lesser of the tax shown on the return of the individual for the preceding year if the preceding taxable year was for 12 months, the tax computed on the basis of the rate and the taxpayer's status with respect to the standard deduction applicable to the taxable year but otherwise on the basis of the facts of the preceding tax year, or *70%* of the tax computed at the rate applicable to the taxable year on the basis of the actual taxable income.

Existing law authorizes a corporation to file an application for an adjustment of an overpayment of estimated tax, but requires the corporation to file its application before the day on which a return was filed for that taxable year.

Prior law required that a corporation file its application for an adjustment of an overpayment of estimated tax on or before the 15^{th} day of the fourth month following the close of the taxable year.

Prior law imposed a penalty on corporate income filers if the amount of an adjustment made on or before the 15^{th} day of the fourth month following the close of the taxable year was excessive.

New law changes the filing deadlines from the 15^{th} day of the fourth month to the 15^{th} day of the *fifth* month.

Prior law exempted corporate filers from the penalty imposed for underpayment of an installment if the total amount of payments of estimated tax equaled or exceeded the lesser of the tax shown on the return of the corporation for the preceding year if the preceding taxable year was for 12 months, an amount equal to the tax computed at the rates applicable to the taxable year but otherwise on the basis of the facts of the preceding taxable year, or 80% of the tax, computed by placing taxable income on an annualized basis.

New law changes the calculation to exempt corporate filers from the penalty imposed for underpayment of an installment to the lesser of the tax shown on the return of the corporation for the preceding year if the preceding taxable year was for 12 months, an amount equal to the tax computed at the rates applicable to the taxable year but otherwise on the basis of the facts of the preceding taxable year, or 80% of the tax on the basis of the actual taxable income for the months in the taxable year ending before the month in which the installment is required to be paid.

New law applies to taxable periods beginning on or after Jan. 1, 2026.

Effective upon signature of governor (May 22, 2026).

(Amends R.S. 47:118(B), (C)(1), (D)(intro. para.), (1)(intro. para.) and (b), and (2), 287.655(C)(1), (D)(2) and (3), and (G)(intro. para.) and (1), and 287.656(A)(1) and (2)(intro. para.); Repeals R.S. 47:118(D)(1)(c))