

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 735** HLS 16RS 1147
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 15, 2016 5:36 PM	Author: ABRAMSON
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Filing Dates For Corporate and Partnership Returns	

TAX RETURN RE NO IMPACT GF RV See Note Page 1 of 1
 Provides relative to the deadlines for the payment of certain taxes and the time and place for the filing of certain income tax returns

Present law provides for corporate income tax returns to be filed on and taxes to be paid on or before April 15 following the close of the calendar year (or the 15th day of the fourth month following the filer's fiscal year). Filers other than corporations have until May 15 to file (or the 15th day of the fifth month following the filer's fiscal year). Corporate franchise tax payment are payable on the 15th day of the third month following the month in which the tax is due.

Proposed law moves the filing and payment dates for corporate filers back one month to May 15 (or the 15th day of the fifth month following the filer's fiscal year). For partnerships, the filing dates are established as April 15th (or the 15th day of the fourth month following the filer's fiscal year). Partnership composite returns are to be filed by May 15th (or the 15th day of the fifth month following the filer's fiscal year). Corporate franchise tax payment are payable on the 15th day of the fourth month following the month in which the tax is due. Proposed law modifies the requirements for claiming transferable credits that were enacted in Act 23 of the 2016 1st Extraordinary Session. Effective for taxable years beginning on and after 1/1/16.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The bill does not change tax liabilities, and the proposed date changes still within the same state fiscal year. Of note is the fact that the bulk of corporate income and franchise tax payments are currently received in the three months of the fiscal year. With these changes, a majority of corporate tax receipts will be received even later in the fiscal year.

With respect to the modifications of Act 23 of the 2016 1st Extraordinary Session regarding the claiming of transferable credits, the Revenue Department indicated that, most taxpayers who utilize transferable tax credits file with extension and then purchase credits after the return due date to cover their tax liability balance, as needed. As a result of Act 23, taxpayers will likely purchase credits prior to the return due date (April 15th for calendar tax year corporate returns and May 15th for calendar tax year individual returns). To the extent this occurs there would likely be little or no revenue effect from the provisions of Act 23. Since the Act 23 is effective for the 2016 tax year, for which returns are filed or extended in the spring of 2017, it seemed likely that taxpayers would be able to adjust to the new requirements of the Act with little or no effect on net revenue collections. This bill (HB 735 of the 2016 Regular Session) appears to allow transferable credits to be claimed, even if obtained after the due date of a tax return, as those returns are filed under extension. Since no material revenue gain was presumed to occur under the provisions of Act 23, modifying those provisions to allow for typical taxpayer behavior is not expected to result in a material loss of revenue. In effect, there is no anticipated revenue gain from Act 23 to be reversed by the provisions of this bill (HB 735).

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer