

RÉSUMÉ DIGEST

ACT 661 (HB 735)

2016 Regular Session

Abramson

Corporate Income Tax Returns

Prior law required corporate income tax returns made on the basis of the calendar year to be made and filed with the secretary on or before the 15th day of April following the close of the calendar year. Returns made on the basis of a fiscal year were required to be made and filed on or before the 15th day of the 4th month following the close of the fiscal year.

New law as it relates to returns made on the basis of the calendar year, changes the date of filing from requiring that returns be filed on or before the 15th day of the April following the close of the calendar year to requiring that returns be filed on or before the 15th day of May following the close of the calendar year.

New law as it relates to returns made on the basis of a fiscal year, changes the filing date from requiring that returns be filed on or before the 15th day of the 4th month following the close of the fiscal year to requiring that returns be filed on or before the 15th day of the 5th month following the close of the fiscal year.

Partnership and Composite Returns

New law requires income tax returns for partnerships made on the basis of the calendar year to be made and filed with the secretary on or before the 15th day of April following the close of the calendar year. Returns made on the basis of a fiscal year shall be made and filed with the secretary on or before the 15th day of the 4th month following the close of the fiscal year.

New law requires composite returns required to be made for an entity treated as a partnership for state income tax purposes made on the basis of the calendar year shall be made and filed with the secretary on or before the 15th day of May following the close of the calendar year. Composite returns required to be made for an entity treated as a partnership for state income tax purposes made on the basis of a fiscal year shall be made and filed with the secretary on or before the 15th day of the 5th month following the close of the fiscal year.

Payment of Taxes

Prior law required the total amount of tax on a calendar year return to be paid on the 15th day of April following the close of the calendar year. Prior law required the total amount of tax on a fiscal year return to be paid on the 15th day of the 4th month following the close of the fiscal year.

New law changes the date to pay taxes filed on calendar year returns from April 15th to May 15th following the calendar year and changes the date to pay taxes filed on fiscal year returns from the 4th month to the 5th month following the close of the fiscal year.

Existing law requires, for purposes of corporate franchise taxes, the tax to be computed on the basis of the previous calendar or fiscal year closing and is due on the 1st day of each calendar or fiscal year and annually thereafter.

Prior law required corporate franchise taxes to be paid on or before the 15th day of the 3rd month following the month in which the tax is due.

New law changes the date for the payment of corporate franchise taxes from the 15th day of the 3rd month following the month the tax is due to the 15th day of the 4th month following the month the tax is due.

Transferable Income or Corporation Franchise Tax Credits

Existing law provides for general administrative provisions for credits against income and corporation franchise tax. Further provides, with respect to, transferable income or corporation franchise tax credits, that a person is not required to apply a transferable credit against his own tax liability prior to transferring the credit, that the credit can only be applied against tax, that if a person acquires a credit through transfer the credit can be used to pay

any outstanding tax liability for the tax against which the credit was originally granted and any related penalty and interest, and that the tax credit can not be claimed on a tax return prior to the effective date of transfer.

New law adds requirement that if a taxpayer is claiming a transferable tax credit on a tax return, the effective date of transfer must be on or before the due date of the return, inclusive of extensions. Further provides that if a taxpayer is claiming a transferable tax credit on a tax return with an effective date of transfer after the due date of the return, including extensions, the credit may be utilized as a payment of tax liability.

Existing law provides that in order to utilize a credit on a tax return, the effective date of transfer must be on or before the due date of the return, without regard to the granting of any extension. A tax credit with an effective date of transfer after the due date of the return may be utilized as a payment.

Existing law provides that a credit acquired through transfer can be applied to any allowable tax liability that is due for the year the credit was originally earned or to any year afterward until the applicable carryforward period is over.

Prior law prohibited a tax credit from being claimed on a tax return or utilized as a payment prior to the effective date of transfer between the transferor and transferee.

New law requires, that in order to claim a credit on a tax return, the transferor and transferee shall have executed a binding agreement to transfer the credit on or before the due date of the return. New law requires the agreement between the parties to be on a form approved by the secretary.

New law defines "effective date of transfer" as the date of transfer as reflected in the Tax Credit Registry.

New law authorizes a credit acquired through transfer to be applied to any allowable tax liability that is due for the year the credit was originally earned or to any year afterward until the applicable carryforward period is over.

New law provides that a tax credit with an effective date of transfer or an executed transfer agreement entered into after the due date of the return shall only be applied to allowable tax, penalty, and interest but the credit shall not be claimed as a credit on a tax return. Further provides that a credit acquired through transfer that is applied as a payment may be applied to any allowable tax liability, interest, and penalty that is due provided that the applicable carryforward period of the credit has not expired.

Applicable for income tax periods beginning on and after Jan. 1, 2016 and to corporation franchise tax periods beginning on and after Jan. 1, 2017.

Effective upon signature of governor (June 17, 2016).

(Amends R.S. 47:103(A), 287.614(A)(1), 287.651(A)(1), and 609(A) and R.S. 47:1675(H)(1)(e), (f), and (g) as enacted by Act No. 23 of the 2016 1 E.S.)