

2017 Regular Session

HOUSE BILL NO. 363

BY REPRESENTATIVE IVEY

TAX/CORP INCOME: Caps the amount of losses a taxpayer may claim on certain tax returns for the net operating loss deduction and repeals the deduction for certain wage expenses

1 AN ACT

2 To amend and reenact R.S. 47:287.86(A) and to repeal R.S. 47:287.73(C)(4), relative to
3 corporate income tax; to provide for the deduction for net operating loss; to limit
4 application of the net operating loss deduction; to repeal the deduction for wage
5 expenses; to provide for applicability; to provide for effectiveness; and to provide
6 for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:287.86(A) is hereby amended and reenacted to read as follows:

9 §287.86. Net operating loss deduction

10 A. Deduction from Louisiana net income. (1) Except as otherwise provided,
11 for all claims for this deduction on any return filed on or after July 1, 2015,
12 regardless of the taxable year to which the return relates, there shall be allowed for
13 the taxable year a deduction reducing Louisiana net income in an amount equal to
14 ~~seventy-two percent~~ of the net operating loss carryovers to such year, ~~but the~~
15 ~~deduction shall never exceed seventy-two percent of Louisiana net income.~~ The
16 maximum amount of net operating loss carryover that may be applied in each taxable
17 year shall be as calculated in Paragraph (2) of this Subsection.

18 (2) For all taxable periods beginning on or after January 1, 2018, the amount
19 of net operating loss carryover that may be applied in each taxable year shall be

1 determined based upon the taxpayer's total amount of net operating loss available.

2 In each taxable year for which the net operating loss carryover is claimed, the portion
3 of net operating loss carryover that may be applied in that taxable year shall be as
4 follows:

5 (a) If the total amount of net operating loss carryover available to the
6 taxpayer is two hundred fifty million dollars or greater, the amount of net operating
7 loss carryover that may be applied against tax liability shall not exceed fifty percent
8 of the taxpayer's taxable income as determined prior to application of the net
9 operating loss carryover.

10 (b) If the total amount of net operating loss carryover available to the
11 taxpayer is at least one hundred million dollars, but less than two hundred fifty
12 million dollars, the amount of net operating loss carryover that may be applied
13 against tax liability shall not exceed sixty percent of the taxpayer's taxable income
14 as determined prior to application of the net operating loss carryover.

15 (c) If the total amount of net operating loss carryover available to the
16 taxpayer is at least fifty million dollars, but less than one hundred million dollars, the
17 amount of net operating loss carryover that may be applied against tax liability shall
18 not exceed seventy percent of the taxpayer's taxable income as determined prior to
19 application of the net operating loss carryover.

20 (d) If the total amount of net operating loss carryover available to the
21 taxpayer is at least twenty-five million dollars, but less than fifty million dollars, the
22 amount of net operating loss carryover that may be applied against tax liability shall
23 not exceed eighty percent of the taxpayer's taxable income as determined prior to
24 application of the net operating loss carryover.

25 (e) If the total amount of net operating loss carryover available to the
26 taxpayer is at least ten million dollars, but less than twenty-five million dollars, the
27 amount of net operating loss carryover that may be applied against tax liability shall
28 not exceed ninety percent of the taxpayer's taxable income as determined prior to
29 application of the net operating loss carryover.

- (5) If the taxpayer has at least \$10M, but less than \$25M, of available NOL, the amount of the deduction shall not exceed 90% of the taxable income prior to application of the NOL.
- (6) If the taxpayer has less than \$10M of available NOL, the amount of the deduction shall not exceed the amount of taxable income prior to application of the NOL.

Present law provides for a deduction from corporate income tax expenses disallowed under I.R.C. Section 280C. Further requires a taxpayer who elects to claim certain credits that are based on an expense to reduce the federal deduction for the expense by the dollar amount of the credit claimed.

Proposed law repeals present law.

Proposed law applies to all taxable years beginning on or after January 1, 2018.

Effective January 1, 2018.

(Amends R.S. 47:287.86(A); repeals R.S. 47:287.83(C)(4))