DIGEST

HB 649 Original   2017 Regular Session   Broadwater

Abstract: Eliminates the federal income tax deduction to individual and corporate income taxes, reduces the individual income tax rates, and reduces the corporate income tax rates.

Present law authorizes the deduction of federal income taxes from individual and corporate income taxes. Present law provides a method to determine the taxable year in which to claim the federal income tax reduction and provides a method for calculating the federal income tax reduction, including federal taxes on exempt income for individual taxpayers. Present law authorizes the secretary of the Dept. of Revenue to establish special withholding tax tables that take into account the federal income tax deduction. Proposed law repeals present law.

Present law provides for a tax to be levied and collected upon the taxable income of an individual at the following rates:

(1)   2% on the first $12,500 of net income.

(2)   4% on the next $37,500 of net income.

(3)   6% on net income in excess of $50,000.

Proposed law reduces the individual income tax rates as follows:

(1)   From 2% on the first $12,500 of net income to 1% on the first $12,500 of net income.

(2)   From 4% on the next $37,500 of net income to 3% on the next $37,500 of net income.

(3)   From 6% on net income in excess of $50,000 to 5% on net income in excess of $50,000.

Present law requires the secretary of the Dept. of Revenue to establish tax tables that calculate the tax owed by taxpayers based upon where their taxable income falls within a range that shall not exceed $250. Further requires the secretary to provide for the deduction of certain exemptions and deductions from income that falls within certain brackets.

Proposed law retains present law but updates the bracket references in light of changes in proposed law.

Present law provides that a tax be levied and collected on the La. taxable income of every

corporation.

Present law provides that the rate of the tax be computed as follows:

(1)   4% on the first $25,000 of La. taxable income.

(2)   5% on La. taxable income above $25,000 but not in excess of $50,000.

(3)   6% on La. taxable income above $50,000 but not in excess of $100,000.

(4)   7% on La. taxable income above $100,000 but not in excess of $200,000.

(5)   8% on all La. taxable income in excess of $200,000.

Proposed law provides that the rate of the tax be computed as follows:

(1)   3% on the first $25,000 of La. taxable income.

(2)   5% on La. taxable income above $25,000 but not in excess of $150,000.

(3)   7% on La. taxable income in excess of $150,000.

Applicable to all tax years beginning on or after Jan. 1, 2018.

Effective Jan. 1, 2018, if the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. _____ of this 2017 R.S. is adopted at a statewide election and becomes effective.

(Amends R.S. 47:32(A), 241, 287.12, 287.69, 293(10), 295(B), 300.6(A), and 300.7(A); Repeals R.S. 47:55(5), 287.79, 287.83, 287.85, 287.442(B)(1), 293(4) and (9)(a)(ii), 296.1(B)(3)(c), and 298)