
DIGEST

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HB 666 Original

2017 Regular Session

Jones

Abstract: Levies a tax on the taxable margins of business entities and repeals the corporation franchise tax.

Present law imposes an income tax on corporations and provides for the collection, computation, administration, and enforcement of the tax.

Proposed law repeals present law.

Proposed law levies an annual tax on the gross margins of business entities. The rate of the tax is 0.375% on the taxable margins of retail and wholesale businesses and 0.75% on the taxable margin of all other business entities.

Proposed law provides the taxable margin is the lesser of the following:

- (1) The lesser of 70% of the taxable margin or the taxable margin minus \$1M.
- (2) The taxable margin minus the greater of:
 - (a) \$1M.
 - (b) Cost of goods sold.
 - (c) Compensation.

Proposed law exempts numerous nonprofit entities, insurance companies, railways, electric co-ops, and political subdivisions.

Proposed law provides for numerous exclusions from the total revenue used to determine the taxable margin.

Proposed law requires combined reporting for affiliated groups and provides for margin apportionment when business is conducted both inside and outside of the state.

Proposed law provides for annual collection of the tax.

Applicable to taxable years beginning on and after Jan. 1, 2018.

Effective if and when House Bill No. 433 of this 2017 R.S. is enacted and becomes effective.

(Adds R.S. 47:288.1 through 288.53; Repeals R.S. 47:121-287.785)