

RÉSUMÉ DIGEST

ACT 287 (SB 160)

2021 Regular Session

Allain

Prior law required that the due date for partnership information returns for the previous calendar year is April 15th.

New law changes the due date for partnership information returns to May 15th.

Prior law provided that partnerships are not subject to state income tax.

New law provides for an exception to prior law for partnerships that make elections to pay income tax audit adjustments on behalf of their partners under new law.

Prior law required partnerships with nonresident members to file annual informational returns with the Dept. of Revenue.

New law requires all partnerships doing business in Louisiana to file annual informational returns.

New law defines "partnership" as an entity subject to taxation pursuant to Subchapter K of the Internal Revenue Code.

New law provides for the reporting of partnership audit adjustments of federal taxable income to the Dept. of Revenue.

New law provides for definitions.

New law provides the general rule for taxpayers not using optional procedures in new law that a taxpayer shall report and pay any Louisiana income tax due with respect to final federal adjustments arising from an audit or other action by the IRS or reported by the taxpayer on a timely filed amended federal income tax return no later than 180 days after the final determination date.

New law provides that except for negative federal adjustments and in the case where the taxpayer follows the general rule that partnerships and partners shall report final federal adjustments arising from a partnership level audit or an administrative adjustment request and make payments as required by new law.

New law provides for the designation of a state partnership representative for the reviewed year who has the sole authority to act on behalf of the partnership and to bind all partners.

New law requires that final federal adjustments be reported no later than 90 days after the final determination date and that the partnership must notify the department of the adjustments and notify the direct partners of their distributive share of the final federal adjustments.

New law requires that within 180 days of the final determination date each direct partner must file a federal adjustments report with the state and pay any additional amount due.

New law authorizes a partnership election under which the partnership pays any state taxes owed on federal partnership audit adjustments on behalf of its partners.

New law provides that partnerships making the partnership pays election must file a federal adjustments report with the department notifying the department of its partnership pays election within 90 days of the final determination date.

New law further provides that partnerships making the partnership pays election shall pay an amount in lieu of taxes owed by its partners at the highest corporate rate for corporate partners and at the highest individual income tax rate for partners that are individuals, estates, or trusts.

New law provides for exclusions from state tax for certain federal adjustments.

New law provides that a partnership not otherwise subject to state filing and payment obligations that makes the partnership pays election is consenting to be subject to the tax laws of this state.

New law makes provisions for reporting adjustments and making payments for tiered partners.

New law authorizes the secretary to provide for de minimus exceptions by rule.

New law provides for prescriptive periods for the assessment of additional state tax, interest, and penalties arising from adjustments to federal taxable income.

New law authorizes state estimated tax payments to be made during a federal corporation or partnership audit prior to the due date of the federal adjustments report and that any estimated payments will be credited against any state tax later determined to be due or refunded if it is determined that the estimated payment exceeded the tax liability.

New law provides for procedures for claims for refund of an overpayment of tax arising from final federal adjustments made by the IRS.

New law provides that any state income tax refund made to a partnership that makes the partnership pays election is in lieu of any refund that would otherwise be owed to the partners for the state adjustment.

New law provides that unless the secretary and the taxpayer have a written agreement to the contrary, that all state adjustments made after a tax period prescribes are limited to tax liability changes arising from the federal adjustments for both corporations and partnerships.

New law authorizes the secretary to grant extensions of time for partners and partnerships to file the federal adjustments report.

New law provides that new law does not alter the secretary's authority to determine the correct amount of tax reportable by the taxpayer to the IRS.

New law authorizes the department to provide by rule for similar procedures for state partnership audits.

New law limits state adjustments to items within the scope of the federal audit.

Effective upon signature of the governor (June 14, 2021).

(Amends R.S. 47:103(A)(2)(a) and 201; adds R.S. 47:201.2, 287.614(C)(3), and 287.657)