

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 633

2026 Regular Session

Bacala

TAX RETURN: Modifies statutory timelines, penalty calculations, and exceptions for penalties for the payment of certain estimated taxes

Synopsis of Senate Amendments

1. Reduces the amount of an installment payment required to be paid when calculating the amount of an underpayment of estimated taxes from 90% to 70% of the estimated tax.
2. Reduces the amount of the tax used to calculate the required annual payment for the calculation of the required installment from 90% of the tax shown on the return for the taxable year to 70% of such amount.
3. Reduces the threshold for the amount of the tax used to calculate an exception to the penalty for underpayment of taxes from 90% of the tax due computed for the taxable year to 70% of such amounts.

Digest of Bill as Finally Passed by Senate

Present law applies a 12% per year penalty on the amount of an underpayment in addition to the tax owed by an individual or corporation for the period of the underpayment. Further provides that the period of the underpayment commences on the date the installment is required to be paid to the earlier of either the 15th day of the fourth month following the close of the taxable year or the date on which any portion of the underpayment is paid.

Proposed law retains present law, but changes the filing deadlines from the 15th day of the fourth month to the 15th day of the *fifth* month.

Present law requires, for purposes of assessing a penalty for the underpayment of tax, that calculation of the amount of the underpayment be equal to the amount of the installment required to be paid if the estimated tax were equal to 90% of the tax shown on the return for the taxable year or the amount of the installment paid on or before the last date prescribed for the payment.

Proposed law retains present law, but reduces the threshold for the amount of the installment required to be paid when calculating the amount of an underpayment of estimated taxes from 90% of the tax due computed for the taxable year to 70% of such amount.

Present law requires that, for purposes of calculating an underpayment, the installment required to be paid shall equal 25% of the required annual payment. Further provides that the required annual payment shall equal either 90% of the tax shown on the return for the taxable year or 100% of the tax shown on the taxpayer's individual tax return for the preceding taxable year, whichever is less.

Proposed law retains present law, but reduces the amount of the tax used to calculate the required annual payment for the calculation of the required installment from 90% of the tax shown on the tax return to 70% of such amount.

Present law exempts an individual taxpayer from the penalty for underpayment if the individual taxpayer is not required to file an estimated tax declaration or if the total amount of payments of estimated tax equals or exceeds one of several calculations, including but not limited to an amount equal to the tax shown on the return from the preceding taxable year, the tax computed on the basis of the rates applicable the taxable year and the taxpayer's filing

status, 90% of the tax computed on an annualized basis, or 90% of the tax computed at the rates applicable to the taxable year on the basis of the actual taxable income.

Proposed law changes references in present law with respect to the calculations for qualifying for the exemption from the penalty for underpayment of income taxes to a single income tax rate and the standard deduction and repeals the present law calculation based on the annualized basis computation.

Proposed law further reduces the threshold for the amount of the tax used to calculate the exception to the penalty for underpayment of taxes from 90% of the tax due for the taxable year to 70% of such amount.

Present law imposes a penalty on corporate income filers if the amount of an adjustment made on or before the 15th day of the fourth month following the close of the taxable year is excessive.

Present law authorizes a corporation to file an application for an adjustment of an overpayment of estimated tax after the close of the taxable year and on or before the 15th day of the fourth month thereafter, but before the day on which a return is filed for that taxable year.

Proposed law retains present law, but changes the filing deadlines from the 15th day of the fourth month to the 15th day of the *fifth* month.

Present law exempts corporate filers from the penalty imposed for underpayment of estimated corporation tax if the total amount of payments of estimated tax equals or exceeds one of several calculations, including but not limited to 80% of the tax, computed by placing taxable income on an annualized basis.

Proposed law repeals the present law calculation based on the annualized basis computation and changes present law with respect to the exemption from the penalty for underpayment of taxes if at least 80% of the tax owed for income earned in each installment period is paid on time by the taxpayer.

Proposed law applies to taxable periods beginning on or after Jan. 1, 2026.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S.47:118(B), (C)(1), (D)(intro. para.), (1)(intro. para.) and (b), and (2), 287.655(C)(1), (D)(2) and (3), and (G)(intro. para.) and (1), and 287.656(A)(1) and (2)(intro. para.); Repeals R.S. 47:118(D)(1)(c))