
DIGEST

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Garofalo

HB No. 685

Abstract: Removes the limitation on the deductibility of income from net capital gains that requires such income to arise from the sale or exchange of an equity interest in or substantially all of the assets of certain nonpublicly traded business entities.

Present law provides for a tax to be levied upon the net income of an individual. For purposes of computing the tax, present law defines "tax table income" for resident individuals, as adjusted gross income plus interest on certain obligations of a state or political subdivision, less items such as income from net capital gains.

Present law limits the deductibility of income from net capital gains to gains recognized and treated for federal income tax purposes as arising from the sale or exchange of an equity interest in or substantially all of the assets of a nonpublicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in this state.

Proposed law retains present law deduction for income from net capital gains but removes the limitation that the income be recognized and treated for federal income tax purposes as arising from the sale or exchange of an equity interest in or substantially all of the assets of a nonpublicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in this state.

Effective for all taxable periods beginning on or after Jan. 1, 2014.

(Amends R.S. 47:293(9)(a)(xvii))