HLS 13RS-1458 ORIGINAL

Regular Session, 2013

HOUSE BILL NO. 700

BY REPRESENTATIVE LEGER

TAX/CORP INCOME: Provides relative to the state tax levied on corporations

1 AN ACT 2 To amend and reenact R.S. 47:31, 103(A), 120.31(A)(1)(introductory paragraph), the 3 heading of Subpart F of Part II of Chapter 2 of Subtitle II of Title 47 of the Louisiana 4 Revised Statutes of 1950 and 241 and to repeal R.S. 47:32(C), 287.2, 287.11, 287.12, 5 and 601, relative to corporate taxes; to provide with respect to corporate income and 6 franchise taxes; to repeal the corporate income and franchise taxes; to provide for 7 effectiveness; and to provide for related matters. 8 Be it enacted by the Legislature of Louisiana: 9 Section 1. R.S. 47:31, 103(A), 120.31(A)(1)(introductory paragraph), the heading 10 of Subpart F of Part II of Chapter 2 of Subtitle II of Title 47 of the Louisiana Revised 11 Statutes of 1950 and 241 are hereby amended and reenacted to read as follows: 12 §31. Individuals, corporations and trusts subject to tax 13 There shall be levied, collected, and paid for each taxable year a tax upon the 14 net income of residents and nonresidents and estates, trusts and corporations, as 15 hereinafter provided. 16 (1) Resident individuals. Every person residing within the state, or the 17 personal representative in the event of death, shall pay a tax on net income from 18 whatever source derived, except as hereinafter exempted. 19 Every natural person domiciled in the state, and every other natural person 20 who maintains a permanent place of abode within the state or who spends in the

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

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1 aggregate more than six months of the taxable year within the state, shall be deemed 2 to be a resident of this state for the purpose of determining liability for income taxes 3 under this Chapter. 4 (2) Nonresident individuals. Every nonresident shall pay a tax upon such net 5 income as is derived from property located, or from services rendered, or from business transacted within the state, or from sources within the state, except as 6 7 hereinafter exempted. 8 (3) Corporations. Corporations shall be taxed on net income from sources 9 within the state, as hereinafter set out. 10 (4) Domestic real estate investment trusts. Trusts shall be taxed on net 11 income from whatever source derived, except as otherwise exempted. 12 (5) Foreign real estate investment trusts. Foreign real estate investment 13 trusts shall be taxed on net income from sources within the state, as hereinafter set 14 out. 15 16 §103. Time and place for filing returns; information concerning federal return 17 A. Time and place for filing returns. (1) Corporation income tax returns. 18 Returns for corporations on the basis of the calendar year shall be made and filed 19 with the secretary at Baton Rouge, Louisiana, on or before the fifteenth day of April, 20 following the close of the calendar year. Returns for corporations made on the basis 21 of a fiscal year shall be made and filed with the secretary at Baton Rouge, Louisiana, 22 on or before the fifteenth day of the fourth month following the close of the fiscal 23 year. 24 (2) Other income tax returns. Returns other than corporation returns made 25 on the basis of the calendar year shall be made and filed with the secretary at Baton 26 Rouge, Louisiana, on or before the fifteenth day of May, following the close of the 27 calendar year. Returns other than corporation returns made on the basis of a fiscal 28 year shall be made and filed with the secretary at Baton Rouge, Louisiana, on or

before the fifteenth day of the fifth month following the close of the fiscal year.

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1	(3) In the event that the date on which returns shall be filed falls on Saturday,
2	Sunday, or a legal holiday, the return shall be made and filed on the next business
3	day.
4	* * *
5	§120.31. Individual and corporate tax checkoffs for donations to the Louisiana
6	Military Family Assistance Fund
7	A.(1) For tax years beginning on and after January 1, 2005, every individual
8	and corporation that files an individual income tax return or a corporate income or
9	franchise tax return is authorized to do any of the following:
10	* * *
11	SUBPART F. NONRESIDENT INDIVIDUALS
12	AND CORPORATIONS
13	§241. Net income subject to tax
14	The net income of a nonresident individual or a corporation subject to the tax

imposed by this Chapter shall be the sum of the net allocable income earned within or derived from sources within this state, as defined in R.S. 47:243, and the net apportionable income derived from sources in this state, as defined in R.S. 47:244, less the amount of federal income taxes attributable to the net allocable income and net apportionable income derived from sources in this state. The amount of federal income taxes to be so deducted shall be that portion of the total federal income tax which is levied with respect to the particular income derived from sources in this state to be computed in accordance with rules and regulations of the collector secretary of revenue. Proper adjustment shall be made for the actual tax rates applying to different classes of income and for all differences in the computation of net income for purposes of federal income taxation as compared to the computation of net income under this Chapter. Where the allocation of the tax is to be based on a ratio of the amount of net income of a particular class, both the numerator and the denominator of the fraction used in determining the ratio shall be computed on the basis that such net income is determined for federal income tax purposes.

- 1 Section 2. R.S. 47:32(C), 287.2, 287.11, 287.12, and 601 are hereby repealed in their
- 2 entirety.
- 3 Section 3. This Act shall take effect on January 1, 2014.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Leger HB No. 700

Abstract: Repeals the levy and imposition of the corporate income and corporation franchise taxes.

<u>Present law</u> provides that the tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation shall be computed at the following rates:

- (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 repeals present law.

<u>Present law</u> requires every domestic corporation and every foreign corporation, exercising its charter, or qualified to do business or actually doing business in this state, or owning or using any part or all of its capital, plant, or any other property in this state, to pay an annual tax at the rate of \$1.50 for each \$1,000 on the first \$300,000 of taxable capital and at the rate of \$3 for each \$1,000 exceeding \$300,000 of taxable capital.

<u>Present law</u> defines "taxable capital", "capital stock", and "surplus and undivided profits" for purposes of levying the tax. Further provides for a general allocation formula relative to allocation of taxable capital and for certain exemptions from the tax.

Proposed law repeals present law.

Effective Jan. 1, 2014.

(Amends R.S. 47:31, 103(A), 120.31(A)(1)(intro. para.), the heading of Subpart F of Part II of Chapter 2 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950 and 241; Repeals R.S. 47:32(C), 287.2, 287.11, 287.12, and 601)