

RÉSUMÉ DIGEST

ACT 23 (SB 15)

2016 First Extraordinary Session

Morrell

Prior law provided for the ordering of nonrefundable tax credits, refundable tax credits, and payments.

New law retains prior law.

Prior law provided that refundable credits shall be applied after all nonrefundable credits.

New law changes the ordering of the application of tax credits and requires these refundable credits be applied before all other credits and payments of tax except for nonrefundable credits with no carry forward which will be applied first and then refundable credits other than those for local inventory taxes paid. Provides a different priority for refundable tax credits for local inventory taxes paid.

New law requires that refundable credits, other than credits for local inventory taxes paid, that can be applied against both income and corporate franchise tax, be applied to income tax first.

Prior law provided certain requirements on transferable income or corporation franchise tax credits.

New law retains prior law but adds the following additional requirements:

- (1) A tax credit cannot be claimed on a tax return or utilized as a payment prior to the effective date of transfer as reflected in the Tax Credit Registry, between the transferor and transferee.
- (2) To claim a credit on a tax return, the effective date of transfer, as reflected in the Tax Credit Registry must be on or before the due date of the return, inclusive of any extension.
- (3) A credit acquired through transfer can be applied to any allowable tax liability that is due for the year the credit was originally earned or to any year due afterward until the applicable carryforward period is over.

Applicable to taxable periods beginning on or after January 1, 2016.

Effective upon signature of the governor (March 10, 2016).

(Amends R.S. 47:1675(B); adds R.S. 47:1675(H)(1)(d), (e), (f), and (g))