

## RÉSUMÉ DIGEST

**ACT 4 (SB 6)**

**2016 Second Extraordinary Session**

**Morrell**

Prior law provided for a tax credit against income and corporation franchise tax for 100% of the ad valorem tax paid to political subdivisions on certain inventory.

Prior law provided for full refundability of ad valorem taxes paid, for taxpayers whose total payments of ad valorem tax eligible for the credit is less than \$10,000.

New law retains these provisions but increases the amount to be refunded from less than \$10,000 to less than \$500,000.

Prior law authorized refundability for 75% of the tax credit for ad valorem tax paid on inventory for taxpayers whose total payments of ad valorem tax eligible for the credit is \$10,000 or more and provides for a nonrefundable credit for the remaining 25% of the credit that is in excess of the taxpayer's tax liability.

New law provides that if the ad valorem tax paid is more than \$500,000 but less than or equal to \$1,000,000, then the taxpayer is to be refunded 75% of the excess credit and the remaining 25% may be carried forward as a credit against subsequent tax liability for a five-year carry forward.

New law provides that for those taxpayers whose total payments of ad valorem tax eligible for the credit is \$1,000,000 then the taxpayer is to be refunded 75% of the first \$1,000,000 of excess credit and the remaining amount of the credit shall be carried forward as a credit against subsequent tax liability for a five-year carry forward.

New law requires that taxpayers that are members of a federal consolidated group combine their inventory tax paid in order to determine the amount of the excess credit that is refundable.

New law retains prior law provisions for newly created businesses with inventory taxes of less than \$10,000 that only \$10,000 is refundable.

New law limits refundability of the credit for business entities formed after April 15, 2016, that pay over \$10,000 and up to \$1,000,000 or less in ad valorem tax paid on inventory to 75% of tax paid.

Applicable to all tax returns and refund claims filed on or after July 1, 2016, but does not apply to amended returns provided that the credits were properly claimed on an original return filed before July 1, 2016.

Effective upon the signature of the governor (June 28, 2016).

(Amends R.S. 47:6006(B))