
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)]

HB 18 Original

2018 Second Extraordinary Session

Jackson

Abstract: Removes the three-year sunset provision of Act No. 109 of the 2015 R.S. relative to the individual income tax credit for net taxes paid to other states and authorizes a deduction for entity level tax paid under certain circumstances.

Present law authorizes an individual income tax credit in an amount equal to income taxes paid for the same taxable period to another state on income that is subject to La. tax if the other state authorizes a similar credit.

Present law authorizes a credit for three years in an amount of the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Present law provides for termination (sunset) in three years of those provisions of present law that require the state to which income taxes were paid to authorize a similar credit and that the credit amount be the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Proposed law repeals the termination provisions thereby providing for permanent effectiveness of present law.

Proposed law prohibits the credit for tax paid on income that is not subject to tax in this state. Further provides that the amount of the credit shall not exceed the ratio of La. income tax liability before consideration of certain credits authorized in present law by a fraction, the numerator of which is the taxpayer's La. tax table income attributable to other states to which net income taxes were paid by a resident individual, and the denominator of which is total La. tax table income.

Proposed law provides that for taxes paid on or after Jan. 1, 2018, an individual partner, member, or shareholder who pays another state's entity level tax that does not have a capital component shall be allowed a deduction of their proportionate share of the entity level tax paid.

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

(Amends R.S. 47:33(A)(5) and §4 of Act No. 109 of 2015 R.S.; Adds R.S. 47:33(A)(7); Repeals §2 of Act No. 109 of 2015 R.S.)