

GREEN SHEET REDIGEST

HB 18

2018 Second Extraordinary Session

Jackson

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

**TAX CREDITS: Provides relative to the individual income tax credit for taxes paid to other states (Item #17)**

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DIGEST

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 extends the provisions of present law through June 30, 2023.

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 that pays another state's entity level tax that is based solely upon net income included in the entity's federal taxable income without any capital component shall be allowed a deduction equal to their proportionate share of the entity level tax paid.

Proposed law provides that the deduction pursuant to proposed law will be allowed only to the extent that the proportionate share of the related income on the tax paid to the other state is included in the calculation of La. taxable income that is reported on the La. return of the individual partner or member.

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))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Deletes provisions making the reduction in the amount of the tax credit permanent.
2. Continues effectiveness of the reduction in the amount of the tax credit for taxes paid to other states through June 30, 2023.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs  
to the engrossed bill

1. Provides that the deduction shall be based on a state's entity level tax that is based solely upon net income included in the entity's federal taxable income.
2. Provides that the deduction will be allowed only to the extent that the proportionate share of the related income on the tax paid to the other state is included in the calculation of La. taxable income that is reported on the La. return.