

RÉSUMÉ DIGEST

ACT 4 (HB 13)

2018 Second Extraordinary Session

Jackson

Prior law (Act No. 123 of 2015 R.S.) temporarily reduced certain allowable exclusions and deductions from corporate income tax. Those exclusions and deductions returned to their former rates effective July 1, 2018.

New law retains the reinstatement of the full amount of the following deductions and exclusions beginning July 1, 2018:

- (1) Exclusion of funds received by a corporation from a governmental entity to subsidize the operation and maintenance of a public transportation system; 72% exclusion sunsets on June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 47:51)
- (2) Deduction of net operating loss of a corporation; 72% deduction is retained through June 30, 2023. (R.S. 47:246)
- (3) Exclusion of funds received from a governmental entity to subsidize the operation and maintenance of a public transportation system; 72% deduction sunsets on June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 47:287.71)
- (4) Deduction of various corporate expenses that are not allowed as deductions by I.R.C. Section 280C; 72% deduction sunsets on June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 47:287.73)
- (5) Deduction of net operating loss incurred in La.; 72% deduction sunsets on June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 47:287.86)
- (6) Deduction of an amount equal to interest and dividend income included on the federal income tax return; 72% deduction sunsets on June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 47:287.738)
- (7) Exemption from corporation income and franchise taxes for certain La. Community Development Institutions; a four-year exemption is retained through June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 51:3092)

New law clarifies that the reduced amounts of corporate deductions and exclusions in prior law apply to an exclusion from taxable income and a claim for a deduction made on the return for each of the taxable years beginning during the calendar years of 2015, 2016, and 2017, regardless of the date the original or any amended return for the period is filed.

New law further provides that if a return is filed on or after July 1, 2015, regardless of the taxable year to which the return relates, then any portion of an exclusion or deduction disallowed under prior law shall be prohibited from being claimed or allowed as an exclusion or deduction under the provisions of new law that become effective on July 1, 2018, on an amended return for the same taxable period filed on or after July 1, 2018.

Effective upon signature of governor (June 12, 2018).

(Amends §6 of Act No. 123 of 2015 R.S.)