

RÉSUMÉ DIGEST

ACT 6 (HB 18)

2018 Second Extraordinary Session

Jackson

Existing 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.

Existing 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.

Existing law provides for termination (sunset) on June 30, 2018, of the provisions of existing law that require the state to which income taxes are 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.

New law extends the provisions of existing law through June 30, 2023.

New 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 existing 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.

New 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.

New law limits the deduction 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 reported on the La. return of the individual partner or member.

Existing law authorizes a state individual income tax credit for a portion of the amount of the taxpayer's federal earned income tax credit authorized under Section 32 of the Internal Revenue Code.

Prior law limited the amount of the state credit to 3.5% of the amount of the taxpayer's federal earned income tax credit.

New law increases the amount of the state credit from 3.5% to 5% of the amount of the taxpayers federal tax credit beginning Jan. 1, 2019, through Dec. 31, 2025. Beginning Jan. 1, 2026, the amount of the credit shall be 3.5% of the amount of the taxpayer's federal earned income tax credit.

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

(Amends R.S. 47:33(A)(5) and 297.8(A) and §4 of Act No. 109 of 2015 R.S.; Adds R.S. 47:33(A)(7))