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 DIGEST
 

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SB 1 Engrossed

2020 Second Extraordinary Session

Ward

Present law provides an income and franchise tax credit for ad valorem taxes paid on inventory to political subdivisions.

If the amount of the credit exceeds the tax liability, present law authorizes a full refund of the excess credit when the taxpayer's ad valorem taxes in the taxable year were less than or equal to \$500,000, if the business formed or first registered prior to April 16, 2016, or less than \$10,000, if the business formed or first registered after April 15, 2016.

Present law authorizes a partial refund of the excess credit when the taxpayer's ad valorem taxes in the taxable year are more than \$500,000, but less than or equal to \$1 million, if the business formed or first registered prior to April 16, 2016, or more than \$10,000, but less than or equal to \$1 million, if the business formed or first registered after April 15, 2016. Seventy-five percent of the excess credit is refundable to the taxpayer, and the remaining 25% of the excess credit is carried forward against subsequent tax liability for up to five years.

Present law authorizes a partial refund of the excess credit when the taxpayer's ad valorem taxes in the taxable year are more than \$1 million. Seventy-five percent of the first \$1 million of the excess credit is refundable to the taxpayer, and the remaining amount of the excess credit is carried forward against subsequent tax liability for up to five years.

Present law provides that if the taxpayer is a manufacturer and the credit exceeds the amount of tax liability for the year, the excess credit may only be carried forward as a credit against future La. income or corporate franchise taxes for no more than five years and is not refundable.

Proposed law retains present law but extends the five-year period the nonrefundable portion of the excess credit may be carried forward to a ten-year period.

Present law authorizes the secretary of the Dept. of Revenue to promulgate certain administrative rules relative to the credit. Proposed law repeals present law.

Effective January 1, 2021.

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

Summary of Amendments Adopted by Senate

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

1. Changes the carryforward period to 10 years.
2. Applies the provisions of the Act to ad valorem taxes paid on or after January 1, 2020.
3. Makes technical changes.

Summary of Amendments Adopted by House

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

1. Remove the provisions that provide for the applicability of the Act.