

GREEN SHEET REDIGEST

HB 292

2021 Regular Session

Riser

TAX/CORP INCOME: Repeals the income tax deduction for federal income taxes paid for purposes of calculating corporation income tax

DIGEST

Present constitution and present law authorize a state deduction for federal income taxes paid for purposes of computing income taxes for the same period.

Proposed law repeals the present law provisions that authorize a state deduction for federal income taxes paid for purposes of calculating corporate income taxes.

Present law authorizes an S corporation that elects to be taxed at the corporate level to claim a federal income tax deduction.

Proposed law repeals present law.

Present law provides for the rate of tax upon the net income of every corporation at the rates of:

- (1) 4% upon the first \$25,000 of net income.
- (2) 5% upon the amount of net income above \$25,000 but not in excess of \$50,000.
- (3) 6% on the amount of net income above \$50,000 but not in excess of \$100,000.
- (4) 7% on the amount of net income above \$100,000 dollars but not in excess of \$200,000.
- (5) 8% on all net income in excess of \$200,000.

Proposed law provides for the rate of tax upon the net income of every corporation at the rate of:

- (1) 1.85% upon the first \$25,000 of net income.
- (2) 3.5% upon the amount of net income above \$25,000 but not in excess of \$100,000.
- (3) 6.5% on the amount of net income above \$100,000 but not in excess of \$250,000.
- (4) 8% on all net income in excess of \$250,000.

Present law provides for the rate of tax on the taxable income of every S corporation that elects to be taxed at the corporate level at the rates of:

- (1) 2% upon the first \$25,000 of Louisiana taxable income.
- (2) 4% upon the amount of Louisiana taxable income above \$25,000 but not in excess of \$100,000.
- (3) 6% upon the amount of Louisiana taxable income above \$100,000.

Proposed law provides for the rate of tax on the taxable income of every S corporation that elects to be taxed at the corporate level at the rates of:

- (1) 1.85% upon the first \$25,000 of Louisiana taxable income.

- (2) 3.5% upon the amount of Louisiana taxable income above \$25,000 but not in excess of \$100,000.
- (3) 4.25% upon the amount of Louisiana taxable income above \$100,000.

Applicable for taxable periods beginning on or after Jan. 1, 2022.

Effective Jan. 1, 2022, if the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. 275 of this 2021 R.S. of the Legislature or the Act which originated as Senate Bill No. 159 of this 2021 R.S. of the Legislature is adopted at a statewide election and becomes effective and if both of the Acts that originated as House Bill No. 278 and Senate Bill No. 161 of this 2021 R.S. of the Legislature are enacted and become law.

(Amends R.S. 47:32(C), 55(5), 241, 287.12, 287.69, and 287.732.2(B); repeals R.S. 47:287.79, 287.83, 287.85, 287.442(B)(1), and 287.732.2(C))

Summary of Amendments Adopted by House

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

1. Specify the House Bill No. of the proposed constitutional amendment to which the effectiveness of proposed law is tied.

Summary of Amendments Adopted by Senate

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

1. Decreases the number of tax brackets applicable to corporation income tax and lowers the first three rates of corporation income tax.
2. Repeals provision of present law authorizing certain S corporations to claim a federal income tax deduction.
3. Provides that proposed law is applicable for taxable periods beginning on or after Jan. 1, 2022.
4. Specifies the House Bill and Senate Bill Nos. to which the effectiveness of proposed law is tied.
5. Makes technical changes.