AN ACT

To amend and reenact R.S. 47:32(C), 241, 287.12, 287.69, 287.442(B), and 287.732.2(B) and to repeal R.S. 47:55(5), 287.79, 287.83, 287.85, and 287.732.2(C), relative to corporation income tax; to provide relative to the deductibility of federal income taxes; to repeal deductibility of federal income taxes paid for purposes of calculating corporate income taxes; to decrease the number of tax brackets applicable to corporation income tax; to lower the rates of corporation income tax; to provide for applicability; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:32(C), 241, 287.12, 287.69, 287.442(B), and 287.732.2(B) are hereby amended and reenacted to read as follows:

§32. Rates of tax

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C. On corporations. The tax to be assessed, levied, collected, and paid upon the net taxable income of every corporation shall be computed at the rate of rates provided for in R.S. 47:287.12.

(1) Four per centum upon the first twenty-five thousand dollars of net income;

(2) Five per centum upon the amount of net income above twenty-five thousand dollars but not in excess of fifty thousand dollars;

(3) Six per centum on the amount of net income above fifty thousand dollars but not in excess of one hundred thousand dollars;

(4) Seven per centum on the amount of net income above one hundred thousand dollars but not in excess of two hundred thousand dollars.

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(5) Eight percentum on all net income in excess of two hundred thousand dollars.

§241. Net income subject to tax

The net income of a nonresident individual or a corporation subject to the tax imposed by this Chapter shall be the sum of the net allocable income earned within or derived from sources within this state, as defined in R.S. 47:243, and the net apportionable income derived from sources in this state, as defined in R.S. 47:244; less the amount of federal income taxes attributable to the net allocable income and net apportionable income derived from sources in this state. The amount of federal income taxes to be so deducted shall be that portion of the total federal income tax which is levied with respect to the particular income derived from sources in this state to be computed in accordance with rules and regulations of the collector of revenue. Proper adjustment shall be made for the actual tax rates applying to different classes of income and for all differences in the computation of net income for purposes of federal income taxation as compared to the computation of net income under this Chapter. Where the allocation of the tax is to be based on a ratio of the amount of net income of a particular class, both the numerator and the denominator of the fraction used in determining the ratio shall be computed on the basis that such net income is determined for federal income tax purposes.

§287.12. Rates of tax

The tax to be assessed, levied, collected, and paid upon the Louisiana taxable income of every corporation shall be computed at the rate of:

(1) Four Three and one-half percent upon the first twenty-five fifty thousand dollars of Louisiana taxable income.

(2) Five percent upon the amount of Louisiana taxable income above twenty-five thousand dollars but not in excess of fifty thousand dollars.

(3) Six Five and one-half percent on the amount of Louisiana taxable income above fifty thousand dollars but not in excess of one hundred fifty thousand dollars.
(4) Seven and one-half percent on the amount of Louisiana taxable income above one hundred fifty thousand dollars but not in excess of two hundred thousand dollars.

(5) Eight percent on all Louisiana taxable income in excess of two hundred thousand dollars.

§287.69. Louisiana taxable income defined

"Louisiana taxable income" means Louisiana net income, after adjustments, less the federal income tax deduction allowed by R.S. 47:287.85. "After adjustments" means after the application of the net operating loss adjustment allowed by R.S. 47:287.86.

§287.442. Exceptions to taxable year of inclusion; taxable year deductions taken

B. Period for which deductions and credits shall be taken.

(1) The taxable year in which to claim the federal income tax deduction allowed by R.S. 47:287.85 shall be determined as follows, regardless of the method of accounting regularly employed by the taxpayer:

(a) The federal income tax deduction may be claimed for the same taxable year in which the federal income tax sought to be deducted is incurred, provided the taxpayer files a federal income tax return for such taxable year or is included with affiliates in a consolidated federal income tax return for such taxable year.

(b)(a) Taxable year for adjustments to taxpayer's federal income tax return. Except as otherwise provided in this Subparagraph Paragraph, adjustments affecting federal taxable income which are made to the taxpayer's income tax return subsequent to filing, whether made because of a deficiency proposed by the government, a court order, an amended return, or other appropriate instrument or act, showing an overpayment or a deficiency shall be taken into account for purposes of this Part in the period for which the return was filed, unless the prescriptive period for the collection of tax or the refund or credit of overpayments, as the case may be,
has expired. If the applicable prescriptive period has expired, the additional tax paid by the taxpayer in the case of an underpayment or the refund or credit received by the taxpayer in the case of an overpayment shall be for the taxable year such tax was paid, such refund was received, or such credit was allowed, as the case may be.

(ii)(b) When a federal refund results from transactions or conditions which arise after the close of the taxable year for which the refund is made, such federal refund shall be taken into account, for purposes of this Part, for the taxable year in which arose the transactions or conditions causing the refund.

(e)(2) Taking federal adjustments into account. A payment of additional federal tax upon income which has borne Louisiana tax shall be taken into account by decreasing taxable income. That portion, if any, of such additional federal tax payment which would be disallowed as a deduction under either R.S. 47:287.81 or R.S. 47:287.83 shall be excluded from such adjustment. Refunds or credits of federal overpayments, including refunds or credits created by the carryback of a federal net operating loss, shall be taken into account by increasing Louisiana net income or decreasing the Louisiana net loss, as the case may be. That portion, if any, of the federal refund or credit of an overpayment which has not previously been charged against or deducted from Louisiana net income shall be excluded from such adjustment.

(3) Adjustments made to the Louisiana return. Adjustments to a return filed pursuant to this Part, whether initiated by the secretary or the taxpayer, shall be taken into account in the taxable year for which the return was filed in accordance with rules, regulations, or forms prescribed by the secretary.

(4) If a deduction is claimed and allowed in any period, the same deduction cannot again be claimed in a subsequent period in which it otherwise would be properly deductible, unless the taxpayer, prior to the running of prescription with respect to the first period, shall have amended his return for that period so as to eliminate the deduction and shall have paid any additional tax which
may be due as a result thereof, together with any interest and penalties that may be applicable thereto.

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§287.732.2. Election for S corporations and other flow-through entities

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B. Notwithstanding any provision of law to the contrary, the tax on the Louisiana taxable income of every entity that makes the election pursuant to this Section shall be computed at the rates of:

(1) Two One and eighty-five one hundredths percent upon the first twenty-five thousand dollars of Louisiana taxable income.

(2) Four Three and one-half percent upon the amount of Louisiana taxable income above twenty-five thousand dollars but not in excess of one hundred thousand dollars.

(3) Six Four and one-quarter percent upon the amount of Louisiana taxable income above one hundred thousand dollars.

C. An entity that has made the election provided in this Section shall be allowed a deduction in an amount equal to the federal income tax the entity would have paid on its Louisiana net income for the taxable year if the entity had been required to file an income tax return with the Internal Revenue Service as a C corporation for the current and all prior taxable years, in accordance with federal law.

* * *

Section 2. R.S. 47:55(5), 287.79, 287.83, 287.85, and 287.732.2(C) are hereby repealed in their entirety.

Section 3. The provisions of this Act shall be applicable for taxable periods beginning on or after January 1, 2022.

Section 4. This Act shall take effect and become operative on January 1, 2022, if the proposed amendment of Article VII of the Constitution of Louisiana contained in the Act which originated as House Bill No. 275 of this 2021 Regular Session of the Legislature or the Act which originated as Senate Bill No. 159 of this 2021 Regular Session of this
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 Regular Session of the Legislature are enacted and become law.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: ____________________

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