

## RÉSUMÉ DIGEST

ACT 396 (HB 292)

2021 Regular Session

Riser

Prior constitution and prior law authorized a state deduction for federal income taxes paid for purposes of computing income taxes for the same period. Prior law further authorized an S corporation that elected to be taxed at the corporate level to claim a federal income tax deduction.

New law repeals the state deduction for federal income taxes paid for purposes of calculating corporation income taxes and repeals the deduction for S corporations that elect to be taxed at the corporate level.

Prior law required the tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation to be computed at the following rates:

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

New law changes the corporate income tax brackets and reduces the corporate income tax rates as follows:

- (1) 3.5% on the first \$50,000 of La. taxable income.
- (2) 5.5% on La. taxable income above \$50,000 but not in excess of \$150,000.
- (4) 7.5% on all La. taxable income in excess of \$150,000.

Prior law provided for the following rates of tax on the taxable income of every S corporation that elected to be taxed at the corporate level:

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

New law reduces the rate of tax on the taxable income of every S corporation that elects to be taxed at the corporate level as follows:

- (1) From 2% to 1.85% on the first \$25,000 of La. taxable income.
- (2) From 4% to 3.5% on La. taxable income above \$25,000 but not in excess of \$100,000.
- (3) From 6% to 4.25% on La. taxable income in excess of \$100,000.

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

Effective January 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 the 2021 R.S. or the Act which originated as Senate Bill No. 159 of the 2021 R.S. 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 the 2021 R.S. are enacted and become law.

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

