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## DIGEST

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HB 145 Original

2023 Regular Session

Wright

**Abstract:** Changes the rates and brackets for purposes of calculating income tax for individuals, estates, and trusts from a graduated rate system to a single flat rate of 4%.

Present law provides for a tax to be assessed, levied, collected, and paid upon the taxable income of an individual at the following rates:

- (1) 1.85% on the first \$12,500 of net income.
- (2) 3.5% on the next \$37,500 of net income.
- (3) 4.25% on net income in excess of \$50,000.

Proposed law removes the graduated schedule of rates and provides instead a flat 4% individual income tax rate.

Present law provides that in cases where taxpayers file a joint return of husband and wife, the combined tax shall be twice the combined tax of single filers.

Proposed law repeals present law.

Present law requires the secretary of the Dept. of Revenue (DOR) to establish tax tables that calculate the tax owed by taxpayers based upon where their taxable income falls within a range that does not exceed \$250. Proposed law removes requirement that the range not exceed \$250. Otherwise retains present law.

Present law requires the secretary to provide in the tax tables, the combined personal exemption, standard deduction, and other exemptions and deductions in present law which are deducted from the 1.85% bracket. Provides that if the combined exemptions and deductions exceed the 1.85% bracket, the excess is deducted from the 3.5% bracket, and then the 4.25% bracket.

Proposed law repeals present law.

Present law provides for the computation of La. taxable income for a resident estate or trust, including provisions for the federal income tax deduction, limitations of deductions for net income, provisions for the federal deduction for alternative minimum tax, and the authority of the secretary of the DOR to consider reductions to the federal income tax deduction and the determination of the

deductible portion of an alternative minimum tax.

Present law provides for a tax to be assessed, levied, collected, and paid on the La. taxable income of an estate or trust at the following rates:

- (1) 1.85% on the first \$10,000 of La. taxable income.
- (2) 3.5% on the next \$40,000 of La. taxable income.
- (3) 4.25% on La. taxable income in excess of \$50,000.

Proposed law removes the graduated schedule of rates and provides instead a flat 4% rate on taxable income of an estate or trust.

Applicable to taxable periods beginning on or after Jan. 1, 2024.

Effective January 1, 2024.

(Amends R.S. 47:32(A), 295(A) and (B), and 300.1; Repeals R.S. 47:32(B))