

2023 Regular Session

HOUSE BILL NO. 618

BY REPRESENTATIVE WILLARD

1 AN ACT

2 To amend and reenact R.S. 47:33 and Section 4 of Act No. 109 of the 2015 Regular Session  
3 of the Legislature as amended by Act No. 6 of the 2018 Second Extraordinary  
4 Session of the Legislature, relative to income tax credits and deductions; to provide  
5 with respect to the income tax credit for taxes paid to other states; to provide with  
6 respect to the deduction for taxes paid to other states; to provide for certain  
7 requirements and limitations; to repeal certain limitations; to provide for an effective  
8 date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:33 is hereby amended and reenacted to read as follows:

11 §33. Credit for taxes paid in other states

12 ~~A.~~ Subject to the following conditions, resident individuals shall be allowed  
13 a credit against the taxes imposed by this Chapter for net income taxes imposed by  
14 and paid to another state on income taxable under this Chapter, provided that:

15 (1) The credit shall be allowed only for taxes paid to the other state on  
16 income which is taxable under its law irrespective of the residence or domicile of the  
17 recipient.

18 (2) If accrued taxes when paid differ from the amounts claimed as credits by  
19 the taxpayer, or if any tax paid is refunded in whole or in part, the taxpayer shall  
20 notify the secretary who shall redetermine the amount of the tax for the year or years  
21 affected, and the amount of tax due upon such redetermination, if any, shall be paid  
22 by the taxpayer upon notice and demand by the secretary, or the amount of tax  
23 overpaid, if any, shall be credited or refunded to the taxpayer in accordance with the  
24 provisions of R.S. 47:261 et seq. In the case of such tax accrued but not paid, the  
25 secretary as a condition precedent to the allowance of this credit may require the  
26 taxpayer to give a bond with sureties approved by the secretary in such sum as the

1 secretary may require, conditioned upon the payment by the taxpayer of any amount  
 2 of tax found due upon any such redetermination, and the bonds herein prescribed  
 3 shall contain such further conditions as the secretary may require.

4 (3) The credits provided for in this Section shall be allowed only for the  
 5 same taxable period as that for which the tax liability to the other state arose,  
 6 irrespective of the method of accounting employed by the taxpayer. No deduction  
 7 shall be allowed under R.S. 47:55 for any net income taxes paid to another state if  
 8 any portion of such tax has been claimed as a credit under this Section.

9 ~~(4) The credit shall be allowed only if the other state provides a similar credit~~  
 10 ~~for Louisiana income taxes paid on income derived from property located in, or from~~  
 11 ~~services rendered in, or from business transacted in Louisiana.~~

12 ~~(5)~~(a) The credit shall be limited to the amount of Louisiana income tax that  
 13 would have been imposed if the income earned in the other state had been earned in  
 14 Louisiana.

15 (b) The credit shall not be allowed for tax paid on income that is not subject  
 16 to tax in Louisiana. The amount of the credit shall not exceed the ratio which shall  
 17 be determined by multiplying the taxpayer's Louisiana income tax liability before  
 18 consideration of any credit described in this Section by a fraction, the numerator of  
 19 which is the taxpayer's Louisiana tax table income attributable to other states to  
 20 which net income taxes were paid by a resident individual, and the denominator of  
 21 which is total Louisiana tax table income.

22 ~~(6)~~ (5) The credit shall not be allowed for income taxes paid to a state that  
 23 allows a nonresident a credit against the income taxes imposed by that state for taxes  
 24 paid or payable to the state of residence.

25 ~~(7)~~(a) ~~(6)~~(a) For taxes paid on or after January 1, 2018, an individual partner,  
 26 member, or shareholder that pays another state's entity-level tax that is based solely  
 27 upon net income included in the entity's federal taxable income without any capital  
 28 component shall be allowed a deduction equal to their proportionate share of the  
 29 entity-level tax paid.

30 (b) The deduction pursuant to this Paragraph shall be allowed only to the  
 31 extent that the proportionate share of the related income on the tax paid to the other

1 state is included in the calculation of Louisiana taxable income that is reported on  
2 the Louisiana return of the individual partner or member.

3 (c) The deduction authorized pursuant to the provisions of this Paragraph  
4 shall be in lieu of and not in addition to the credit authorized in this Section.

5 Section 2. Section 4 of Act No. 109 of the 2015 Regular Session of the Legislature  
6 as amended by Act No. 6 of the 2018 Second Extraordinary Session of the Legislature is  
7 hereby amended and reenacted to read as follows:

8 \* \* \*

9 Section 4. The provisions of Sections 1, 3, and 4 ~~and 3~~ of this Act shall  
10 become effective on July 1, 2015, ~~and shall remain effective through June 30, 2023,~~  
11 ~~at which time the provisions of Sections 1 and 3 of this Act shall become null, void,~~  
12 ~~and of no effect. The provisions of Section 4 of this Act shall become effective on~~  
13 ~~July 1, 2015. The provisions of Section 2 of this Act shall become effective on July~~  
14 ~~1, 2023~~ not become effective.

15 Section 3. The provisions of Section 1 of this Act shall be applicable to taxable years  
16 beginning on or after January 1, 2023.

17 Section 4. This Act shall become effective upon signature by the governor or, if not  
18 signed by the governor, upon expiration of the time for bills to become law without signature  
19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
20 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
21 effective on the day following such approval.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
PRESIDENT OF THE SENATE

\_\_\_\_\_  
GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_