

RÉSUMÉ DIGEST

ACT 242 (SB 89)

2023 Regular Session

Stine

Existing law provides resident individual and nonresident individual a deduction on income from net capital gains. The deduction is limited to gains recognized and treated for federal income tax purposes as arising from the sale or exchange of an equity interest in or substantially all of the assets of a nonpublicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in this state.

New law retains existing law.

New law requires the Department of Revenue to promulgate regulations related to the individual income tax deduction for income from net capital gains. The regulations shall, at a minimum, provide for the following:

- (1) Documentation requirements applicable to taxpayers claiming the deduction.
- (2) A de minimus exception to documentation requirements for small transaction eligible for the deduction.
- (3) Restrictions on eligibility for transactions where the majority of the physical assets are located outside of Louisiana.
- (4) Restrictions on eligibility for transactions between related parties.

Applicable for taxable periods beginning on or after January 1, 2023.

Effective August 1, 2023.

(Amends R.S. 47:293(9)(a)(xvii) and (10); adds R.S. 47:293.1)