

GREEN SHEET REDIGEST

HB 567

2025 Regular Session

Bacala

TAX/CORP INCOME: Provides with respect to various credits, deductions, exclusions, and exemptions associated with corporate income tax

DIGEST

Present law known as the La. Corporation Income Tax Act provides for taxation of certain income of corporations and other entities taxed as corporations for federal income tax purposes. Provides that corporations shall be taxed on their La. taxable income, except as otherwise exempted.

Present law and proposed law provide for tax treatment of pass-through entities known as S corporations that pass income, losses, deductions, and credits directly to their individual shareholders.

Proposed law repeals present law allowing certain S corporation income to be excluded from La. taxable income.

Proposed law repeals a requirement that credits earned by, allocated to, or transferred to an S corporation during a year in which it operated as a C corporation be used at the corporation level.

Proposed law repeals an authorization for qualified Subchapter S subsidiaries to be treated as separate corporate entities.

Proposed law provides for sourcing of certain S corporation income, reporting of S corporation shareholder income, and application of certain S corporation credits passed through to shareholders.

Proposed law provides for the calculation of the basis and utilization of S corporation carry-forward and carry-back losses.

Proposed law provides for filing of composite returns and related exceptions.

Proposed law provides for limitations applicable to an exemption from withholding and reporting requirements for mobile workforce employers.

Present law provides that wages paid to a nonresident individual are exempt from tax if all the following conditions apply:

- (1) The compensation is paid for employment duties performed by the individual in this state for twenty-five or fewer days in the calendar year.
- (2) The individual performed employment duties in more than one state during the calendar year.
- (3) The wages are not paid for employment duties performed by the individual in the individual's capacity as a professional athlete, staff member of a professional athletic team, professional entertainer, public figure, or qualified production employee.
- (4) The individual's income is exempt from taxation by this state under the United States Constitution or federal statute or the nonresident individual's state of residence either provides a substantially similar exemption or does not impose an individual income tax.

Proposed law repeals the requirement that the individual's income is exempt from taxation by this state under the United States Constitution or federal statute or the nonresident individual's state of residence either provides a substantially similar exemption or does not impose an individual income tax and otherwise retains present law.

Proposed law repeals references to previously abolished tax credits within a definition of incentive expenditures in present law.

Proposed law applies to income tax periods beginning on or after Jan. 1, 2026.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:112.2(A), 248(B)(1)(a), 287.732, 287.732.1, 287.732.2(A)(1), and 1675(F)(1); Repeals R.S. 39:2(15.1)(a)-(c), (k), (v), (x), and (y) and R.S. 47:248(B)(1)(d) and 1675(G))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the reengrossed bill

1. Repeal the requirement that individual's income be exempt by La. under certain provisions of federal law or that the individual's state of residence provides a similar exemption or doesn't impose an individual income tax to be eligible for exemption in La.
2. Make technical changes.