

RÉSUMÉ DIGEST

ACT 412 (SB 65)

2025 Regular Session

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Existing law provides an income tax credit for local ad valorem taxes on inventory paid by manufacturers and retailers.

New law retains existing law.

Existing law prohibits the credit from being claimed to offset corporation income and franchise taxes for taxpayers taxed as C-corporations for taxable periods beginning on or after July 1, 2026; however, taxpayers using the credit to offset corporation income tax may carry forward any remaining credits for an additional five years from the date that the credits would have expired.

New law changes the prohibition requirement for C-corporations from taxable periods beginning on or after July 1, 2026 to payments of ad valorem taxes made on or after July 1, 2026, and otherwise retains existing law.

New law clarifies that the prohibition is applicable to a C-corporation or an estate or trust subject to the tax levied pursuant to existing law.

New law authorizes a taxpayer taxed as an S corporation for federal income tax purposes to earn the credit for payments made on or after July 1, 2026, but only for amounts for which an election to flow-through the credit to shareholders is made and in proportion to amounts calculated pursuant to existing law.

New law authorizes cooperatives to continue to claim the credit if the cooperative is allowed a federal income tax deduction for any patronage dividend paid or allocated to its members.

Existing law allows taxpayers prohibited from earning a credit because they are a C-corporation or an estate or trust to carry forward remaining credits for an additional five years from the date credits would have expired.

New law retains existing law but changes the carry forward period from an additional five years to an additional ten years.

Existing law authorizes the credit for taxes paid by unincorporated persons and pass-through entities to be applied to state individual income taxes.

New law retains existing law and further authorizes credits for taxes paid by corporations to be applied to state corporation income taxes, unless an election to flow-through the credit pursuant to existing law has been made for the taxable period. Further provides that when the election to flow-through credits has been made, the credits shall be claimed by the shareholders of the S corporation to the extent allowable under existing law.

Existing law requires the credit to be claimed against state individual income tax.

New law changes the reference from state individual income tax to state personal income tax when discussing how unincorporated persons and pass-through entities claim the inventory tax credit. Further changes the reference from individual income tax to income tax when discussing what taxes credits that have been carried forward may offset.

Applicable to taxable periods beginning on or after January 1, 2025.

Effective June 20, 2025.

(Amends R.S. 47:6006(A), (B)(1)(intro. para.), (2), and (4))