

Regular Session, 2013

HOUSE BILL NO. 626

BY REPRESENTATIVE KATRINA JACKSON

TAX/CORP INCOME: Reduces the rate for corporate income tax and repeals corporate franchise taxes and federal deductions allowed on net state corporate income tax

1 AN ACT

2 To amend and reenact R.S. 47:32(C) and 287.12 and to repeal R.S. 47:287.79, 287.85, and
3 Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950,
4 comprised of R.S. 47:601 through 618, relative to corporation income tax; to provide
5 relative to the rate of the corporation income tax; to reduce the rates of such tax; to
6 repeal federal income tax deduction on net state corporate income; to repeal
7 corporation franchise taxes; to provide for effectiveness; and to provide for related
8 matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:32(C) and 287.12 are hereby amended and reenacted to read as
11 follows:

12 §32. Rates of tax

13 * * *

14 C. On corporations. The tax to be assessed, levied, collected, and paid upon
15 the net income of every corporation shall be computed at the rate of:

16 (1) ~~Four percentum~~ Three percent upon the first twenty-five thousand dollars
17 of net income.

18 (2) ~~Five percentum~~ Four percent upon the amount of net income above
19 twenty-five thousand dollars but not in excess of fifty thousand dollars.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 (3) ~~Six percentum~~ Five percent on the amount of net income above fifty
2 thousand dollars but not in excess of one hundred thousand dollars.

3 (4) ~~Seven percentum~~ Six percent on the amount of net income above one
4 hundred thousand dollars but not in excess of two hundred thousand dollars.

5 (5) ~~Eight percentum~~ Seven percent on all net income in excess of two
6 hundred thousand dollars.

7 * * *

8 §287.12. Rates of tax

9 The tax to be assessed, levied, collected, and paid upon the Louisiana taxable
10 income of every corporation shall be computed at the rate of:

11 (1) ~~Four~~ Three percent upon the first twenty-five thousand dollars of
12 Louisiana taxable income.

13 (2) ~~Five~~ Four percent upon the amount of Louisiana taxable income above
14 twenty-five thousand dollars but not in excess of fifty thousand dollars.

15 (3) ~~Six~~ Five percent on the amount of Louisiana taxable income above fifty
16 thousand dollars but not in excess of one hundred thousand dollars.

17 (4) ~~Seven~~ Six percent on the amount of Louisiana taxable income above one
18 hundred thousand dollars but not in excess of two hundred thousand dollars.

19 (5) ~~Eight~~ Seven percent on all Louisiana taxable income in excess of two
20 hundred thousand dollars.

21 Section 2. R.S. 47:287.79, 287.85, and Chapter 5 of Subtitle II of Title 47 of the
22 Louisiana Revised Statutes of 1950, comprised of R.S. 47:601 through 618, are hereby
23 repealed in thier entirety.

24 Section 3. This Act shall become effective on January 1, 2014, and shall be
25 applicable to all tax years beginning on and after January 1, 2014.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Katrina Jackson

HB No. 626

Abstract: Reduces the rate of tax on the taxable income of corporations in La. and repeals the corporate franchise tax and federal deductions allowed on net state corporate income tax.

CORPORATE INCOME TAX

Present law provides that the tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation shall be computed at the following rates:

- (1) 4% on the first \$25,000 of La. taxable income.
- (2) 5% on La. taxable income above \$25,000 but not in excess of \$50,000.
- (3) 6% on La. taxable income above \$50,000 but not in excess of \$100,000.
- (4) 7% on La. taxable income above \$100,000 but not in excess of \$200,000.
- (5) 8% on all La. taxable income in excess of \$200,000.

Proposed law reduces the present law rates for the tax on the taxable income of corporations to the following:

- (1) 3% on the first \$25,000 of La. taxable income.
- (2) 4% on La. taxable income above \$25,000 but not in excess of \$50,000.
- (3) 5% on La. taxable income above \$50,000 but not in excess of \$100,000.
- (4) 6% on La. taxable income above \$100,000 but not in excess of \$200,000.
- (5) 7% on all La. taxable income in excess of \$200,000.

Present law provides corporations certain allowable deductions of federal income taxes paid.

Proposed law repeals the allowable federal deductions in present law.

CORPORATE FRANCHISE TAX

Present law provides for the imposition of corporation franchise tax which requires every domestic corporation and every foreign corporation, exercising its charter, or qualified to do business or actually doing business in this state, or owning or using any part or all of its capital, plant, or any other property in this state, to pay an annual tax at the rate of \$1.50 for each \$1,000 on the first \$300,000 of taxable capital and \$3 for each \$1,000 which exceeds \$300,000 of taxable capital. Present law defines "taxable capital", "capital stock", and "surplus and undivided profits" for purposes of the corporation franchise tax, provides for a formula for the allocation of taxable capital, provides for exemptions, and provides for the due date, payment, and reporting of the tax.

Proposed law repeals present law relative to the imposition of a corporation franchise tax.

Effective Jan. 1, 2014, and applicable to all tax years beginning on and after Jan. 1, 2014.

(Amends R.S. 47:32(C) and 287.12; Repeals R.S. 47:287.79, 287.85, and 601-618)