

Regular Session, 2013

HOUSE BILL NO. 685

BY REPRESENTATIVE GAROFALO

TAX/INCOME-INDIV/EXEMPT: Provides relative to the deduction for net capital gains

1 AN ACT

2 To amend and reenact R.S. 47:293(9)(a)(xvii), relative to the individual income tax; to
3 provide with respect to the deduction for net capital gains; to provide for an effective
4 date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:293(9)(a)(xvii) is hereby amended and reenacted to read as
7 follows:

8 §293. Definitions

9 The following definitions shall apply throughout this Part, unless the context
10 requires otherwise:

11 * * *

12 (9)(a) "Tax table income", for resident individuals, means adjusted gross
13 income plus interest on obligations of a state or political subdivision thereof, other
14 than Louisiana and its municipalities, title to which obligations vested with the
15 resident individual on or subsequent to January 1, 1980, and less:

16 * * *

17 (xvii) Income from net capital gains, which ~~shall be limited to gains~~
18 ~~recognized and treated for federal income tax purposes as arising from the sale or~~
19 ~~exchange of an equity interest in or substantially all of the assets of a nonpublicly~~
20 ~~traded corporation, partnership, limited liability company, or other business~~

1 ~~organization commercially domiciled in this state~~ is defined as income taxes at the
2 federal capital gains rate.

3 * * *

4 Section 2. The provisions of this Act shall become effective for all taxable periods
5 beginning on or 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)]

Garofalo

HB No. 685

Abstract: Removes the limitation on the deductibility of income from net capital gains that requires such income to arise from the sale or exchange of an equity interest in or substantially all of the assets of certain nonpublicly traded business entities.

Present law provides for a tax to be levied upon the net income of an individual. For purposes of computing the tax, present law defines "tax table income" for resident individuals, as adjusted gross income plus interest on certain obligations of a state or political subdivision, less items such as income from net capital gains.

Present law limits the deductibility of income from net capital gains 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.

Proposed law retains present law deduction for income from net capital gains but removes the limitation that the income be 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.

Effective for all taxable periods beginning on or after Jan. 1, 2014.

(Amends R.S. 47:293(9)(a)(xvii))