
DIGEST

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HB 827 Original

2015 Regular Session

Henry

Abstract: Provides for the phasing-out of the corporation income tax over a period of 5 years.

Present law (R.S. 47:32(C)) provides for a tax to be assessed, levied, collected, and paid upon the taxable income of corporations to be computed as follows:

- (1) 4% on the first \$25,000.
- (2) 5% on amounts between \$25,001 and \$50,000.
- (3) 6% on amounts between \$50,001 and \$100,000.
- (4) 7% on amounts between \$100,001 and \$200,000.
- (5) 8% on all amounts above \$200,000.

Proposed law changes present law by requiring a phase out of the state tax on the net income of corporations as follows:

- (1) For tax years beginning during 2015, 80% of the rates provided for in present law.
- (2) For tax years beginning during 2016, 60% of the rates provided for in present law.
- (3) For tax years beginning during 2017, 40% of the rates provided for in present law.
- (4) For tax years beginning during 2018, 20% of the rates provided for in present law.
- (5) No tax shall be assessed, levied, collected, or paid upon the income of a corporation for any tax year commencing on or after Jan. 1, 2019.

Present law (R.S. 47:287.2 et seq) establishes the corporation income tax and levies such tax on corporations and entities taxed as corporations for federal income tax purposes.

Proposed law phases out present law, as more fully explained below.

Present law further provides that such tax is not levied on insurance companies.

Proposed law retains present law.

Present law provides that the tax shall be levied on Louisiana taxable income at the following rates:

- (1) 4% on the first \$25,000.
- (2) 5% on amounts between \$25,001 and \$50,000.
- (3) 6% on amounts between \$50,001 and \$100,000.
- (4) 7% on amounts between \$100,001 and \$200,000.
- (5) 8% on all amounts above \$200,000.

Proposed law retains present law but provides that the amounts levied under present law shall be reduced by a cumulative 20% each year over the next 5 years until the amount levied is eliminated. Proposed law further provides that in taxable years beginning on or after Jan. 1, 2019, no corporation income tax shall be assessed or paid.

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

(Amends R.S. 47:287.11; Adds R.S. 47:32(D))