DIGEST

HB 19 Original   2016 First Extraordinary Session   James

Abstract: Expands definition of "domestic corporation" for purposes of the corporate franchise tax.

Present law establishes the corporation franchise tax. The tax is levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La.

Present law levies corporation franchise tax on a corporation when any of the following occurs:

(1)   An organization does business within this state in a corporate form.

(2)   A corporation exercises its charter or the continuance of its charter within La.

(3)   An entity owns or uses part or all of its capital, plant, or other property in La. in a corporate capacity.

Proposed law changes present law relative to owning or using part or all of an entity's capital, plant, or other property in La. in a corporate capacity to owning or using part or all of an entity's capital, plant, or other property in La. whether owned directly or indirectly by or through a partnership, joint venture, or any other business organization.

Present law defines "domestic corporation" as a corporation, joint stock company or association, or other business organization organized under the laws of this state that has privileges, powers, rights, or immunities not possessed by individuals or partnerships.

Proposed law retains present law and adds all entities taxed as corporations for federal income tax purposes to the definition of "domestic corporation".

Proposed law applies to all taxable periods beginning on or after Jan. 1, 2017.

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

(Amends R.S. 47:601(A)(3) and (C)(1))