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 DIGEST

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SB 15 Reengrossed

2016 First Extraordinary Session

Morrell

Present law provides for the ordering of nonrefundable tax credits, refundable tax credits, and payments.

Proposed law retains present law.

Present law provides that refundable credits shall be applied after all nonrefundable credits.

Proposed law changes the ordering of the application of tax credits and requires that refundable credits be applied before all other credits and payments of tax except for nonrefundable credits with no carry forward which will be applied first.

Proposed law requires that refundable credits that can be applied against both income and corporate franchise tax, be applied to income tax first.

Present law provides certain requirements on transferable income or corporation franchise tax credits.

Proposed law retains present law but adds the following additional requirements:

- (1) A tax credit cannot be claimed on a tax return or utilized as a payment prior to the effective date of transfer as reflected in the Tax Credit Registry, between the transferor and transferee.
- (2) To claim a credit on a tax return, the effective date of transfer, as reflected in the Tax Credit Registry must be on or before the due date of the return, inclusive of the granting of any extension.
- (3) A tax credit with an effective date of transfer, as reflected in the Tax Credit Registry after the due date of the return, inclusive of the granting of any extension, may be utilized as a payment.
- (4) A credit acquired through transfer can be applied to any allowable tax liability that is due for the year the credit was originally earned or to any year due afterward until the applicable carryforward period is over.

Applicable to taxable periods beginning on or after January 1, 2016.

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

(Amends R.S. 47:1675(B); adds R.S. 47:1675(H)(1)(d), (e), (f), and (g))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Requires the Department of Revenue to apply nonrefundable credits with no carry forward before refundable credits.
2. Requires that refundable credits that can be applied against both income and corporate franchise tax, be applied to income tax first.

Senate Floor Amendments to engrossed bill

1. Adds certain requirements for transferable income or corporation franchise tax credits.

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the reengrossed bill:

1. Change provisions relative to whether an extension of time granted for a tax return is considered when determining how the credit obtained through a transfer is applied from without regard to the granting of any extension to inclusive of the granting of any extension.