2016 Second Extraordinary Session

HOUSE BILL NO. 47

BY REPRESENTATIVE BROADWATER

TAX/CORP INCOME: Provides with respect to the net operating loss deduction for corporate income tax (Item #37)

AN ACT

To amend and reenact Section 5 of Act No. 123 of the 2015 Regular Session of the Legislature and Section 2 of Act No. 6 of the 2016 First Extraordinary Session of the Legislature, relative to corporate income tax; to provide for the net operating loss deduction for corporate income taxes; to provide for applicability and an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Section 5 of Act No. 123 of the 2015 Regular Session of the Legislature is hereby amended and reenacted to read as follows:

* * *

Section 5.(A) Except as provided for in Subsection (B) of this Section, the provisions of Sections 1 and 2 of this Act shall apply to an exclusion from taxable income and a claim for a deduction made on a return filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

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(B) ~~The~~ Notwithstanding the provisions of Act No. 6 of the 2016 First Extraordinary Session of the Legislature, the provisions of Sections 1 and 2 of this Act shall not apply to an amended return filed on or after July 1, 2015, relating to an exclusion from taxable income or a claim for a deduction properly claimed on an original return filed prior to July 1, 2015.

(C) If a return is filed after July 1, 2015, for which a valid filing extension has been allowed prior to July 1, 2015, then any portion of an exclusion or deduction disallowed by the provisions of Sections 1 or 2 of this Act shall be allowed as an exclusion or a deduction in the amount of one-third of the disallowed portion of the exclusion or deduction on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

* * *

Section 2. Section 2 of Act No. 6 of the 2016 First Extraordinary Session of the Legislature is hereby amended and reenacted to read as follows:

* * *

Section 2. Notwithstanding the provisions of this Act, Section (5)(B) of Act No. 123 of the 2015 Regular Session of the Legislature shall remain effective for an amended return filed on or after July 1, 2015, relating to a claim for a net operating loss deduction properly claimed on an original return filed prior to July 1, 2015. Any deduction for net operating loss authorized by Section (5)(C) of Act No. 123 of the 2015 Regular Session shall be allowed in addition to the net operating loss deductions authorized by Section 1 of this Act.

* * *

Section 3. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

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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)]

HB 47 Reengrossed 2016 Second Extraordinary Session Broadwater

Abstract: Clarifies that the provisions of Act No. 123 of the 2015 R.S. and Act No. 6 of the 2016 1st E.S. which reduced the amount of the net operating loss deduction for corporate income taxes shall not apply to an amended return filed on or after July 1, 2015, relating to a claim for a net operating loss deduction properly claimed on an original return filed prior to July 1, 2015.

Present law provides for a deduction from corporate income tax for 72% of the amount of net operating loss incurred in La., but not to exceed 72% of the amount of La. net income.

Proposed law retains present law but clarifies that application of present law shall not apply to an amended return filed on or after July 1, 2015, relating to a claim for a net operating loss deduction properly claimed on an original return filed prior to July 1, 2015.

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

(Amends §5 of Act No. 123 of the 2015 R.S. and §2 of Act No. 6 of the 2016 1st E.S.)

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