HLS 13RS-902 ORIGINAL

Regular Session, 2013

HOUSE BILL NO. 639

BY REPRESENTATIVE ROBIDEAUX

TAX/INCOME TAX: Repeals the state tax levied on the taxable income of individuals

1	AN ACT
2	To amend and reenact R.S. 47:31, 32, 181, and 241 and to repeal R.S. 47:101(A), 112, 116,
3	201, 290, 292, 295, 300.1, and 300.2, relative to individual income tax; to repeal the
4	tax imposed on the income of individuals and estates; to repeal provisions relative
5	to the administration and filing of such taxes; to provide for effectiveness; and to
6	provide for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 47:31, 32, 181, and 241 are hereby amended and reenacted to read
9	as follows:
10	§31. Individuals, corporations Corporations and trusts subject to tax
11	There shall be levied, collected, and paid for each taxable year a tax upon the
12	net income of residents and nonresidents, estates, trusts and corporations, as
13	hereinafter provided.
14	(1) Resident individuals. Every person residing within the state, or the
15	personal representative in the event of death, shall pay a tax on net income from
16	whatever source derived, except as hereinafter exempted.
17	Every natural person domiciled in the state, and every other natural person
18	who maintains a permanent place of abode within the state or who spends in the
19	aggregate more than six months of the taxable year within the state, shall be deemed

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

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2	under this Chapter.
3	(2) Nonresident individuals. Every nonresident shall pay a tax upon such net
4	income as is derived from property located, or from services rendered, or from
5	business transacted within the state, or from sources within the state, except as
6	hereinafter exempted.
7	(3) Corporations. Corporations shall be taxed on net income from sources
8	within the state, as hereinafter set out.
9	(4) (2) Domestic real estate investment trusts. Trusts shall be taxed on net
10	income from whatever source derived, except as otherwise exempted.
11	(5) (3) Foreign real estate investment trusts. Foreign real estate investment
12	trusts shall be taxed on net income from sources within the state, as hereinafter set
13	out.
14	§32. Rates of tax
15	A. On individuals. The tax to be assessed, levied, collected and paid upon
16	the taxable income of an individual shall be computed at the following rates:
17	(1) Two percent on that portion of the first twelve thousand five hundred
18	dollars of net income which is in excess of the credits against net income provided
19	for in R.S. 47:79;
20	(2) Four percent on the next thirty-seven thousand five hundred dollars of
21	net income;
22	(3) Six percent on any amount of net income in excess of fifty thousand
23	dollars of net income.
24	B. Joint returns of individuals. In the case of a joint return of husband and
25	wife under R.S. 47:101B, the combined tax under Sub-section A of this Section shall
26	be twice the combined tax that would be determined if the net income and the
27	applicable credits against net income provided by R.S. 47:79 were reduced by
28	one-half.

to be a resident of this state for the purpose of determining liability for income taxes

1	C. On corporations. The tax to be assessed, levied, collected, and paid upon
2	the net income of every corporation shall be computed at the rate of:
3	(1) Four percentum upon the first twenty-five thousand dollars of net
4	income.
5	(2) Five percentum upon the amount of net income above twenty-five
6	thousand dollars but not in excess of fifty thousand dollars.
7	(3) Six percentum on the amount of net income above fifty thousand dollars
8	but not in excess of one hundred thousand dollars.
9	(4) Seven percentum on the amount of net income above one hundred
10	thousand dollars but not in excess of two hundred thousand dollars.
11	(5) Eight percentum on all net income in excess of two hundred thousand
12	dollars.
13	* * *
14	§181. Imposition of tax on estates and trusts
15	A. Application of tax. The taxes imposed by this Chapter upon individuals
16	shall apply to the income of estates or of any kind of property held in trust including:
17	(1) Income accumulated in trust for the benefit of unborn or unascertained
18	person or persons with contingent interests, and incomes accumulated or held for
19	future distribution under the terms of will or trust;
20	(2) Income which is to be distributed currently by the fiduciary to the
21	beneficiaries, and income collected by a tutor of a minor which is to be held or
22	distributed as the court may direct;
23	(3) Income received by estates of deceased persons during the period of
24	administration or settlement of the estate; and
25	(4) Income which, in the discretion of the fiduciary, may be either distributed
26	to the beneficiaries or accumulated.
27	B. Computation and payment.
28	(1) The tax shall be computed upon the net income of the estate or trust, and
29	shall be paid by the fiduciary, except as provided in R.S. 47:186, relating to

revocable trusts, and R.S. 47:187 relating to income for benefit of the grantor.	For
return made by the beneficiary see R.S. 47:162.	

- (2) The amount of a net operating loss for any tax year beginning on or after January 1, 1992, may be deducted from net income in any of the fifteen years immediately following the year in which the loss occurred.
- C. B. Exceptions. If a trust is a simple trust as defined under Internal Revenue Code Section 651 or a grantor trust as defined under R.S. 47:187, it shall not have to file a Louisiana income tax return if the following conditions are met:
 - (1) Such trust does not have any net taxable income for the taxable period.
 - (2) Such trust does not have any nonresident beneficiaries.

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SUBPART F. NONRESIDENT INDIVIDUALS

AND CORPORATIONS

§241. Net income subject to tax

The net income of a nonresident individual or a corporation subject to the tax imposed by this Chapter shall be the sum of the net allocable income earned within or derived from sources within this state, as defined in R.S. 47:243, and the net apportionable income derived from sources in this state, as defined in R.S. 47:244, less the amount of federal income taxes attributable to the net allocable income and net apportionable income derived from sources in this state. The amount of federal income taxes to be so deducted shall be that portion of the total federal income tax which is levied with respect to the particular income derived from sources in this state to be computed in accordance with rules and regulations of the collector secretary of revenue. Proper adjustment shall be made for the actual tax rates applying to different classes of income and for all differences in the computation of net income for purposes of federal income taxation as compared to the computation of net income under this Chapter. Where the allocation of the tax is to be based on a ratio of the amount of net income of a particular class, both the numerator and the

- 1 denominator of the fraction used in determining the ratio shall be computed on the
- 2 basis that such net income is determined for federal income tax purposes.

3 * * *

- 4 Section 2. R.S. 47:101(A), 112, 116, 201, 290, 292, 295, 300.1, and 300.2 are hereby
- 5 repealed in their entirety.

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Section 3. This Act shall become effective on 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)]

Robideaux HB No. 639

Abstract: Repeals the state tax levied on the taxable income of individuals and estates and repeals provisions relative to the administration and filing of such tax.

<u>Present law</u> imposes an income tax on individuals at the following rate:

- (1) 2% on the first \$12,500 of tax table income
- (2) 4% on the next \$37,500 of tax table income
- (3) 6% on all tax table income over \$50,000

<u>Present law</u> provides for various administrative and other provisions relating to the imposition, withholding, payment, and collection of the tax.

Proposed law repeals present law.

Effective January 1, 2014.

(Amends R.S. 47:31, 32, 181, and 241; Repeals R.S. 47:101(A), 112, 116, 201, 290, 292, 295, 300.1, and 300.2)