

NOTICE OF INTENT

Department of Revenue Tax Policy and Planning Division

Partnership Filing Requirements (LAC 61:I.1402)

Under the authority of R.S. 47:1511 and 201 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Tax Policy and Planning Division, proposes to adopt LAC 61:I.1402 relative to partnership filing requirements.

Revised Statute 47:201 requires partnerships to file an annual informational return of income, unless otherwise provided. The purpose of the proposed regulation is to implement Act 287 of the 2021 Regular Session of the Louisiana Legislature relative to partnership filing requirements.

The proposed Rule is written in plain language in an effort to increase transparency.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 14. Income: Partnerships

§1402. Partnership Filing Requirements

A. General Requirement.

1. Unless otherwise provided, all partnerships doing business or deriving Louisiana sourced income are required to file an informational partnership return of income with the Department of Revenue.

2. Partnerships subject to the filing requirement are required to file Form IT-565, Partnership Return of Income, and include all required schedules and attachments.

B. Exceptions.

1. A partnership is exempt from filing a partnership return if any of the following are applicable:

a. The partnership's gross receipts were less than \$250,000 and the partnership's total assets at the end of the tax year were less than \$1 million.

i. For purposes of this Subparagraph, "gross receipts" means the sum of the amounts reportable on Federal Form 1065, Lines 1a, 4, 5 and 7; Federal Schedule K, Line 3a, 5, 6a, 7, and 11; Federal Schedule D, gross proceeds from short-term and long-term capital gains; Federal Schedule 4797, gross proceeds from sale of business property; and Federal Form 8825, Line 18a, excluding any negative values.

ii. For purposes of this Subparagraph, "total assets" means amounts reportable on the Federal Form 1065, Schedule L, Line 14, End of Tax Year (without regard to location of assets) and excluding any negative values reported on Lines 1 through 13.

b. The partnership is not required to file Federal Form 1065 with the Internal Revenue Service.

c. The partnership elected to be taxed as a corporation and files Form CIFT 620 with the Department of Revenue.

d. A partnership qualifying for any exception under this Paragraph must complete Form IT-565, Partnership Return of Income, when necessary, for the purpose of providing all partners with the information necessary to file all required income tax returns with the Department of Revenue.

2. Notwithstanding Paragraph 1, a partnership shall file a state partnership return regardless of any applicable exception, when any of the following apply:

a. The partnership is required to attach Schedule 6922, Louisiana Composite Partnership, to Form IT-565.

b. The partnership has partners or related parties with an approved pass-through entity election on file with the Department of Revenue.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:201.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Tax Policy and Planning Division, LR 50:

Family Impact Statement

The proposed Rule should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability and autonomy. Specifically, the implementation of the proposed amendment will have no known or foreseeable effect on:

1. The stability of the family.
2. The authority and rights of parents regarding the education and supervision of their children.
3. The functioning of the family.
4. Family earnings and family budget.
5. The behavior and personal responsibility of children.
6. The ability of the family or a local government to perform this function.

Poverty Statement

This proposed Rule will have no impact on poverty as described in R.S. 49:973.

Small Business Analysis

The proposed Rule is not expected to have a significant adverse impact on small businesses as defined in the Regulatory Flexibility Act. The agency, consistent with health, safety, environmental and economic factors has considered and, where possible, utilized regulatory methods in drafting this proposed Rule to accomplish the objectives of applicable statutes while minimizing any anticipated adverse impact on small businesses.

Provider Impact Statement

The proposed Rule will have no known or foreseeable effect on:

1. The staffing levels requirements or qualifications required to provide the same level of service.
2. The total direct and indirect effect on the cost to the provider to provide the same level of service.
3. The overall effect on the ability of the provider to provide the same level of service.

Public Comments

Any interested person may submit written data, views, arguments or comments regarding these proposed amendments to Brad Blanchard, Attorney, Policy Services Division, Office of Legal Affairs by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098. All comments must be received no later than 4:00 p.m., Tuesday, March 26, 2024.

Public Hearing

A public hearing will be held on Wednesday, March 27, 2024, at 10:00 a.m. in the River Room, on the seventh floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802. Should individuals with a disability need an accommodation in order to participate, contact Brad Blanchard at the address given above in the Public Comments section, by email at LDRadarequests@la.gov, or by phone at (225) 219-2780.

Richard Nelson
Secretary, Department of Revenue

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a. The partnership's gross receipts were less than \$250,000 and the partnership's total assets at the end of the tax year were less than \$1 million.

i. For purposes of this Subparagraph, "gross receipts" means the sum of the amounts reportable as gross receipt or sales, ordinary income from other partnerships, estates, and trusts, net farm profit and other income on federal Form 1065 or successor form (Lines 1a, 4, 5 and 7 on the 2023 Form 1065); other gross rental income, interest income, ordinary dividends, royalties, and other income on Schedule K, Partners' Distributive Share Items, of federal Form 1065 or successor form (Lines 3a, 5, 6a, 7, and 11 on the 2023 Form 1065, Schedule K); gross proceeds from short-term and long-term capital gains on federal Schedule D, Capital Gains and Losses or successor form; gross proceeds from sale of business property on federal Schedule 4797 or successor form; and total gross rents on federal Form 8825 or successor form, (Line 18a on the 2023), excluding any negative values.

ii. For purposes of this Subparagraph, "total assets" means amounts reportable as end of tax year total assets on Schedule L, Balance Sheet per Books of the federal Form 1065, or successor form (Line 14, column D on the 2023 Form 1065, Schedule L) without regard to location of assets, and excluding any negative values reported as assets on the lines preceding of Schedule L (Lines 1 through 13 on the 2023 form).

b. The partnership is not required to file federal Form 1065 with the Internal Revenue Service.

- c. The partnership elected to be taxed as a corporation and files Form CIFT 620 with the Department of Revenue.
 - d. A partnership qualifying for any exception under this Paragraph must complete Form IT-565, *Partnership Return of Income*, when necessary, for the purpose of providing all partners with the information necessary to file all required income tax returns with the Department of Revenue.
2. Notwithstanding Paragraph 1, a partnership shall file a state partnership return regardless of any applicable exception, when any of the following apply:
 - a. The partnership is required to attach Schedule 6922, *Louisiana Composite Partnership*, to Form IT-565.
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Richard Nelson
Secretary, Department of Revenue

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

RULE TITLE: Partnership Filing Requirements

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule requires that all partnerships file an annual informational return of income with LDR as provided for in Act 287 of the 2021 Regular Session of the Louisiana Legislature. The proposed rule also provides exceptions to the filing requirement.

Implementation of this proposal will not result in material additional costs or cost savings to the Department of Revenue (LDR).

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

This proposal does not directly affect state revenues. With no local income tax, there is no impact to local governmental revenue as a result of this rule.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

Partnerships doing business or deriving Louisiana-sourced income would submit informational returns to LDR in order to comply with this proposal. However, the additional costs for completion and submission of the required informational return from this proposed rule are expected to be minor.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no anticipated impact on competition or employment.

Richard Nelson
Secretary of Revenue

Alan Boxberger
Interim Fiscal Officer

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

Person Preparing Statement: <u>Ashley Joseph</u>	Dept.: <u>Louisiana Department of Revenue</u>
Phone: <u>225-219-2259</u>	Office: <u>External Reporting Division</u>
Return Address: <u>617 North 3rd Street</u>	Rule Title: <u>LAC 61:I.1402</u>
<u>Baton Rouge, La 70802</u>	Date Rule Takes Effect: <u>Upon Promulgation</u>

SUMMARY
(Use complete sentences)

In accordance with Section 961 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

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DESIGNEE

Signature of Head or Designee
Luke Morris, Assistant Secretary
~~Richard Nelson, Secretary of Revenue~~

Typed Name & Title of Agency Head or Designee

1/10/2024
Date of Signature



Legislative Fiscal Officer or Designee
Deborah Vivier Chief Economist

Typed Name & Title of Legislative Fiscal Officer Designee

1/11/24
Date of Signature