

NOTICE OF INTENT

Department of Revenue Policy Services Division

Income Tax Return Filing Extensions (LAC 61:III.2503)

Under the authority of R.S. 47:287.614(D) and 1511, and in accordance with the provisions of the Administrative Procedures Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to amend LAC 61:III.2503 relative to corporation income and franchise taxes filing extensions.

R.S. 47:287.614(D) authorizes a six-month extension for corporation income tax if the taxpayer timely requested an extension for federal income tax purposes. The primary purpose of these proposed amendments is to provide additional guidance to taxpayers seeking an extension for filing corporation income and franchise tax returns.

Title 61 REVENUE AND TAXATION

Part III. Administrative and Miscellaneous Provisions

§2503. Corporation Income and Franchise Tax Filing Extensions

A. – A.3. ...

B. For taxable periods beginning on or after January 1, 2022 the secretary shall grant an extension of time to file a state corporation income and franchise tax return for the same extended period of time as the taxpayer's federal extension, or six-months, whichever is later, with no state extension request required.

1.

2. Taxpayers described under Internal Revenue Code Section 6072(b) and (d) whose federal due date is after the Louisiana due date will be considered to have requested a federal extension and shall receive a six-month extension.

3. Taxpayers in a federally declared disaster area receiving an extension of time to file pursuant to Internal Revenue Code Section 7508A will be considered to have requested a federal extension and shall receive a six-month extension.

4. A taxpayer must mark the box on the CIFT-620, *Louisiana Corporation Income and Franchise Tax Return*, notating that they have timely applied for a federal extension for the same taxable period.

a. – C.2. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:287.614(D) and 1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 36:552 (March 2010), amended LR 39:99 (January 2013), amended LR 49:702 (April 2023), amended LR 49:

Family Impact Statement

The proposed amendment of LAC 61:III.2503, regarding income tax filing extensions for corporation income and franchise tax returns, 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 this proposed rule 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 amendment will have no impact on poverty as described in R.S. 49:973.

Small Business Statement

It is anticipated that this proposed amendment should not 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 amendment to accomplish the objectives of applicable statutes while minimizing any anticipated adverse impact on small businesses.

Provider Impact Statement

The proposed amendment 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 Christina Junker, 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, October 24, 2023.

Public Hearing

A public hearing will be held on Wednesday, October 25, 2023, at 9:30 A.M. in the River Room, on the seventh floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.

Kevin J. Richard, CPA
Secretary, Department of Revenue

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Kevin J. Richard, CPA
Secretary, Department of Revenue

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

Person preparing statement: Michelle Galland Department: Revenue
Phone: (225) 219-7823 Office: Policy Services Division
Return Address: 617 North Third Street Rule Title: LAC 61:III.2503
Baton Rouge, LA 70802 Date Rule Takes Effect: December 20, 2023

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)

No material impact to costs of state or local governmental units is expected as a result of this rule change. The purpose of this proposed rule amendment to LAC 61:III.2503 is to provide relief to certain taxpayers unintentionally affected by Act 410 of the 2022 Regular Session. Along with automatic filing extensions for individual, partnership, and fiduciary income tax, Act 410 provided for a filing extension of the corporation income tax return if one was timely requested for federal purposes. It is worth noting that Act 410 provides only for an extension for filing. The deadline to pay any income taxes due is not extended beyond the original due date of the return. The proposed amendment provides guidance to corporate taxpayers described under Internal Revenue Code Section 6072(b) and (d) whose federal due date is after the Louisiana due date and taxpayers located in a federally declared disaster area receiving an extension of time to file pursuant to Internal Revenue Code Section 7508A prior to the state filing deadline.

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


No material impact on the revenue collections of local governmental units is anticipated. Act 410 provides a six-month extension to corporation income taxpayers who timely request an extension to file their federal income tax return. The Act also accrued penalty assessments back to the original filing deadline instead of the extension date. The state net revenue impact of the proposed rule changes for implementation of Act 410 promulgated in October 2022 was estimated to be an annual revenue loss of approximately \$1.9 million. This loss estimate resulted from the late filing penalties that would have otherwise been due between the return's original filing deadline and the return's extended due date under the Act offset by increased penalties due to the assessment accrual change. This proposed amendment would not cause an additional impact beyond those already estimated, which will be tempered in reality by actual taxpayer behavior and tax liabilities.

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

Corporate income taxpayers whose federal due date is after the Louisiana due date will now be granted a state extension. The savings should be immaterial for accounting firms since the number of taxpayers is small. Corporate income taxpayers located in a federally declared disaster area will also receive a state extension if one was granted for federal purposes. The savings from this aspect of the rule could be material for larger accounting firms depending on the number of clients in Louisiana.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

No material impact on competition or employment is anticipated.



Signature of Agency Head or Designee
Kevin J. Richard, CPA, Secretary

Typed Name and Title of Agency Head or Designee

Date of Signature



Legislative Fiscal Officer Designee
Alan Boxberger, Fiscal Officer

Typed Name of Legislative Fiscal Officer Designee
8/5/23

Date of Signature