NOTICE OF INTENT

Department of Revenue
Tax Policy and Planning Division

Exemption from Tax on Corporations
(LAC 61:I.1140)

Under the authority of R.S. 47:287.501 and 1511, and in accordance with the provisions of the Administrative Procedures Act, R.S. 49:950 et seq., the Department of Revenue, Tax Policy and Planning Division proposes to amend LAC 61:I.1140, *Exemption from Tax on Corporations*.

The purpose of the proposed Rule is to simplify and streamline the registration and maintenance of nonprofit organizations claiming an exemption from corporation income tax. The proposed Rule establishes a registration process for organizations claiming an exemption under I.R.C. Sections 501 or 401(a), eliminates the annual filing requirement for organizations that are totally exempt from Louisiana corporation income tax, and establishes filing requirements for organizations with unrelated business taxable income or other income subject to Louisiana corporation income tax.

This proposed Rule is written utilizing plain language principles to ensure clarity and accessibility for all users. It has also been reviewed and tested for compliance with web accessibility standards.

Title 61
REVENUE AND TAXATION
Part I. Taxes Collected and Administered by the Secretary of Revenue
Chapter 11. Corporation Income Tax
§1140. Exemption from Tax on Corporations

A. Definitions

Department- Louisiana Department of Revenue.

FEIN- Federal Employer Identification Number.

Nonprofit- A corporation or organization claiming a total or partial exemption under R.S. 47:287.501(A) as an organization described in I.R.C. Sections 501 or 401(a).

IRS TEOS- Internal Revenue Service Tax Exempt Organization Search.

~~A~~. B. Generally, organizations meeting the qualifications included under I.R.C. Sections 501 ~~and~~ or 401(a) are exempt from federal ~~and~~ or Louisiana income tax liability.

~~B~~.C. ~~However,~~ ~~o~~ Organizations meeting the qualifications under I.R.C. Sections 501 ~~and~~ or 401(a) are not exempt from taxation on unrelated business taxable income or income not included under I.R.C. Sections 501 ~~and~~ or 401(a) for federal income tax purposes. Since unrelated business taxable income is not exempt from federal income tax, it is not exempt from Louisiana income tax. ~~The Department of Revenue will begin enforcing this requirement of R.S. 47:287.501 for all taxable periods beginning on and after January 1, 2008.~~

~~C~~. D. …

1. Mutual savings banks, national banking corporations, building and loan associations, and savings and loan associations are wholly exempt from the corporate income tax imposed under R.S. 47:287.11, ~~by this Chapter~~ regardless of where they are organized.

2. …

~~D.~~E. Registration Process

1. Nonprofits shall register electronically with the Department through the Louisiana Taxpayer Access Point (LaTAP). The organization shall submit its legal name, FEIN, and mailing address, as well as any other information required by the Department ~~An organization claiming a total or partial exemption under R.S. 47:287.501(A) as an organization described in I.R.C. Sections 501 or 401(a) is required to file an income tax return in the same manner as any other corporation. To claim a partial exemption, the organization must submit a copy of the Internal Revenue Service ruling establishing its exempt status under I.R.C. Sections 501 or 401(a) with its return, report any income subject to federal income tax on its Louisiana return, and include with the return a statement that all income not reported on the Louisiana return is exempt from federal income tax under I.R.C. Sections 501 or 401(a). To claim a total exemption the organization must submit a copy of the Internal Revenue Service ruling establishing its exempt status under I.R.C. Sections 501 or 401(a) with its return and include with its return a statement that none of its income was subject to federal income tax~~.

2. The Department will attempt to verify the nonprofit's federal tax-exempt status through the IRS TEOS. If the Department is unable to verify the nonprofit's federal tax-exempt status through IRS TEOS, the Department will request that the nonprofit submit its IRS determination letter or other documentation establishing its exempt status under I.R.C. Sections 501 or 401(a). Any documentation requested by the Department shall be submitted within 30 calendar days of the Department's request. If the requested documentation is not timely submitted, the nonprofit shall be registered as a corporation subject to the provisions of Part II-A of Chapter 1 of Subtitle II of Title 47 of the Louisiana Revised Statutes.

3. If all required information and documentation is submitted and the nonprofit's exempt status is verified, the Department will notify the nonprofit that its registration has been approved and that the nonprofit is registered as exempt from Louisiana corporation income tax, subject to the requirements of Paragraph 6 of this Subsection.

4. Once registered, a nonprofit that is totally exempt is no longer required to file a Louisiana corporation income tax return, except as provided by Paragraph 6 of this Subsection.

5. A nonprofit registered as partially exempt remains subject to the filing requirements of Paragraph 6 of this Subsection.

6. A nonprofit registered as totally or partially exempt shall file a Louisiana corporation income tax return for any taxable period in which the nonprofit has unrelated business taxable income or other income that is not exempt from federal income tax under I.R.C. Sections 501 or 401(a). A nonprofit shall notify the Department of any revocation, change, or other termination of its federal tax-exempt status and shall file any Louisiana corporation income tax return required as a result of such change.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:287.501.

HISTORICAL NOTE: Promulgated by the Department of Revenue and Taxation, Income Tax Section, LR 14:108 (February 1988), repromulgated by the Department of Revenue, Policy Services Division, LR 30:485 (March 2004), amended LR 33:860 (May 2007), amended by the Department of Revenue, Tax Policy and Planning Division, LR 53:

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 Morgan Newton, Attorney, Tax Policy and Planning Division via email to morgan.newton@la.gov. All comments must be received no later than 4:00 p.m., Thursday, December 10, 2026.

Public Hearing

Interested persons may submit a written request for a public hearing no later than December 10, 2026, at 4:30 p.m. Requests may be submitted via email to morgan.newton@la.gov and reference Exemption from Tax on Corporations Comments. Pursuant to R.S. 49:961(B)(1), a public hearing will be held only if the statutory requirements are satisfied. If those requirements are met, the hearing will take place on Monday, January 4, 2027, at 10:30 a.m. in the Griffon Room, located on the first floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802, to receive oral and written comments from interested persons. If the requirements have been met and a public hearing will be held, notice of the hearing will be posted under the respective rule topic on the Department's website at https://revenue.louisiana.gov/tax-policy/rules-regulations, under "Types," then "Nonemergency Rulemaking." A posted notice confirms that the statutory hearing requirements have been met and that the hearing will be held. If no notice appears, a public hearing will not be conducted.

In accordance with the Americans with Disabilities Act, should individuals with a disability need an accommodation in order to participate, contact Morgan Newton by email at LDRadarequests@la.gov.

Jarrod J. Coniglio
Secretary, Department of Revenue