

NOTICE OF INTENT

**Department of Revenue
Policy Services Division**

Definition of Separate Corporation Basis
(LAC 61:I.1175)

Under the authority of R.S. 47:287.733, R.S. 47:287.785, and R.S. 47:1511 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to adopt LAC 61:I.1175 relative to a definition of separate corporation basis.

The primary purpose of this regulation is to define the term "separate corporation basis" as used in R.S. 47:287.733.

Title 61

REVENUE AND TAXATION

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

**Chapter 11. Income: Corporation Income Tax
§1175. Definition of Separate Corporation Basis**

A. Louisiana Revised Statute 47:287.733 provides that corporations that are included with affiliates in a consolidated federal income tax return must file their Louisiana corporation income tax on a separate corporation basis. For Louisiana income tax purposes, filing a return on a separate corporation basis means filing a return as if the affiliate either elects not to be part of the consolidated group or is not included in a federal consolidated return.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:287.733, R.S. 47:287.785, and R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, LR 32:

Family Impact Statement

The proposed adoption of LAC 61:I.1175, regarding modifications to federal gross income 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. 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 budgets;
5. the behavior and personal responsibility of children;
6. the ability of the family or a local government to perform this function.

Any interested person may submit written data, views, arguments or comments regarding this proposed Rule to Michael D. Pearson, Senior Policy Consultant, Policy Services Division, Office of Legal Affairs, by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098. All comments must be submitted no later than 4:30 p.m., Tuesday, December 27, 2005. A public hearing will be held on Wednesday, December 28, 2005, at 10 a.m. in the River Room located on the seventh floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.

Cynthia Bridges
Secretary

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES
RULE TITLE: Definition of Separate Corporation Basis**

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

The implementation of this proposed amendment to the regulation will have no impact upon any local governmental units.

The implementation of this proposed regulation, which simply defines the term separate corporation basis as used in R.S. 47:287.733, would have no impact on state government costs or savings.

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

There will be no effect on state or local revenue collections as a result of this proposed amendment to the regulation. The proposed rule is the same as current practice.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

Corporations that are included in a consolidated federal income tax return are instructed by the state to file their Louisiana income tax returns on a separate corporation basis. By enacting LAC 61:I.1175, the Department will provide guidance to taxpayers regarding the requirements for filing. Because the regulation is the same as current practice, it will ease the filing process by making the filing requirements clear.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed regulation should have no effect on competition or employment.

Cynthia Bridges
Secretary
0511#068

Robert E. Hosse
Staff Director
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