

Revenue Information Bulletin No. 15-017¹

June 29, 2015

Corporation Income Tax

Act 123 of the 2015 Regular Session of the Louisiana Legislature

Act 123 of the 2015 Regular Session of the Louisiana Legislature made several significant changes to the Louisiana Corporation Income Tax. Act 123 reduces exclusions and deductions from corporate gross income for a variety of situations by 28%. The major changes are outlined below:

- The exclusion from gross income for government subsidies received by public transportation corporations is reduced by 28%.
- The deduction from gross income for depletion of oil and gas wells, coal and metal mines, and sulphur mines or deposits is reduced by 28%.
- The deduction from gross income for net operating losses is reduced by 28% of the amount utilized on the return.
- The subtraction from federal gross income for refunds of Louisiana corporation income tax is reduced by 28%.
- The subtraction from federal gross income for amounts received as dividend income from banking corporations organized under the laws of Louisiana, from national banking corporations doing business in Louisiana, and from capital stock associations whose stock is subject to ad valorem taxation is reduced by 28%.
- The deduction for expenses disallowed by I.R.C. Section 280(C) is reduced by 28%.
- The deduction for dividend income is reduced by 28%.
- The deduction for hurricane recovery benefits is reduced by 28%.
- The tax-exempt period for Louisiana Community Development Financial Institutions is shortened from five years to four years.

Effective Dates

- The above changes will apply to tax returns filed on or after July 1, 2015, regardless of the taxable year to which the return relates.
- The above changes will not apply to amended tax returns filed on or after July 1, 2015 which relate to an exclusion from taxable income or a claim for a deduction properly claimed on an original tax return filed prior to July 1, 2015.
- If a return is filed after July 1, 2015, for which a valid filing extension has been allowed prior to July 1, 2015, then any portion of an exclusion or deduction disallowed by the above changes shall be allowed as an exclusion or a deduction in the amount of one-third of the disallowed portion of the exclusion or deduction on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

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- The above changes shall become effective on July 1, 2015, and shall remain effective through June 30, 2018. The above changes shall cease effect on July 1, 2018.

Questions concerning Act 123 should be directed by e-mail to Policy.Publications@La.gov.

Tim Barfield
Secretary

¹ This RIB was originally issued on June 29, 2015. Revised on August 12, 2015 to clarify that the deduction from gross income for net operating losses is reduced by 28% of the amount utilized on the return and that the reduction will apply to tax returns filed on or after July 1, 2015, regardless of the taxable year to which the return relates.