

Revenue Information Bulletin No. 16-025

April 14, 2016

Corporation Income Taxes

Act 8 of the 2016 First Extraordinary Session amends R.S. 47:287.12 by eliminating the current tiered structure of rates and brackets for purposes of corporation income tax in favor of a flat corporate rate of six and one-half of one percent (6.5%) upon all Louisiana taxable income. Currently, corporations and entities electing to be taxed as corporations pay corporation income tax on their Louisiana taxable income as follows pursuant to R.S. 47:287.12:

- (1) Four percent upon the first twenty-five thousand dollars of Louisiana taxable income.
- (2) Five percent upon the amount of Louisiana taxable income above twenty-five thousand dollars but not in excess of fifty thousand dollars.
- (3) Six percent on the amount of Louisiana taxable income above fifty thousand dollars but not in excess of one hundred thousand dollars.
- (4) Seven percent on the amount of Louisiana taxable income above one hundred thousand dollars but not in excess of two hundred thousand dollars.
- (5) Eight percent on all Louisiana taxable income in excess of two hundred thousand dollars.

Act 8 and the amendment of R.S. 47:287.12 to establish a flat corporate rate of six and one-half of one percent (6.5%) is contingent upon and only becomes effective if and when the voters of Louisiana approve a constitutional amendment to repeal the deduction for federal income taxes paid for corporations and entities electing to be taxed as corporations. The constitutional amendment concerning repeal of the deduction for federal income taxes paid for corporations and entities electing to be taxed as a corporation are scheduled to be submitted to the voters of Louisiana on the ballot for the statewide election to be held on November 8, 2016.

Should the voters of Louisiana vote in favor of repealing the deduction for federal income taxes paid for corporations and entities electing to be taxed as a corporation as presented on the ballot for the statewide election to be held on November 8, 2016, the provisions of Act 8 and the establishment of a flat corporate rate of six and one-half of one percent (6.5%) shall become effective January 1, 2017 and shall be applicable to all corporation income tax years beginning on or after January 1, 2017.

For information concerning the proposed constitutional amendment to repeal the corporate income tax deduction for federal taxes paid, See R.I.B. 16-019.

For questions concerning this matter, please contact the Policy Services Division at (225) 219-2780.

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Secretary