

Revenue Information Bulletin No. 16-038
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Corporation Income Tax

Act 8 of the 2016 Second Extraordinary Session of the Louisiana Legislature

Act 8 of the 2016 Second Extraordinary Session of the Louisiana Legislature amends La. R.S. 47:287.95 which provides for the apportionment formulas used to calculate the Louisiana apportionment percent for the corporation income tax. Act 8 amends the apportionment formula for most industries to implement the single sales factor formula. Also, Act 8 provides sourcing rules for the purpose of attributing sales other than sales of tangible personal property.

Apportionment Formulas

Louisiana Revised Statute 47:287.95 provides the formulas used to calculate the Louisiana apportionment percent for multistate corporations which derive part of their income from Louisiana sources. As a result of Act 8, the following apportionment formulas are in effect for each respective industry:

Air Transportation

For taxpayers whose net apportionable income is derived primarily from transportation by aircraft, the Louisiana apportionment percent is the following ratio:

Income: the ratio of gross apportionable income derived from Louisiana sources to the total gross apportionable income of the taxpayer.

Pipeline Transportation

For taxpayers whose net apportionable income is derived primarily from the business of transportation by pipeline, the Louisiana apportionment percent is the following ratio:

Sales: the ratio of net sales made in the regular course of business and other gross apportionable income attributable to this state to the total net sales made in the regular course of business and other gross apportionable income of the taxpayer.

Other Transportation

For taxpayers whose net apportionable income is derived primarily from transportation other than by aircraft or pipeline, the Louisiana apportionment percent is the following ratio:

Income: the ratio of the amount of gross apportionable income from Louisiana sources to the total amount of gross apportionable income of the taxpayer.

Service Enterprises

For taxpayers whose net apportionable income is derived primarily from a service business in which the use of property is not a substantial income producing factor, the Louisiana

apportionment percent is the following ratio:

Income: the ratio of the gross apportionable income of the taxpayer from Louisiana sources to the total gross apportionable income of the taxpayer.

Manufacturing and Merchandising

For taxpayers whose net apportionable income is derived primarily from the business of manufacturing or merchandising, the Louisiana apportionment percent is the following ratio:

Sales: the ratio of net sales made in the regular course of business and other gross apportionable income attributable to Louisiana to the total net sales made in the regular course of business and other gross apportionable income of the taxpayer.

Oil and Gas

For taxpayers whose net apportionable income is derived primarily from exploration, production, refining, or marketing of oil and gas, the Louisiana apportionment percent is the average of the following four ratios:

Property: the ratio of the value of the immovable and corporeal movable property owned by the taxpayer and located in Louisiana to the value of all immovable and corporeal movable property owned by the taxpayer and used in the production of the net apportionable income.

Payroll: the ratio of the amount paid by the taxpayer for salaries, wages, and other compensation for personal services rendered in this state to the total amount paid by the taxpayer for salaries, wages, and other compensation for personal services in connection with the production of net apportionable income.

Sales: the ratio of net sales made in the regular course of business and other gross apportionable income attributable to this state to the total net sales made in the regular course of business and other gross apportionable income of the taxpayer. The ratio of net sales shall be double-weighted or counted twice.

Other Business

For taxpayers whose net apportionable income is derived primarily from any business not listed above, the Louisiana apportionment percent is the following ratio:

Sales: the ratio of net sales made in the regular course of business and other gross apportionable income attributable to Louisiana to the total net sales made in the regular course of business and other gross apportionable income of the taxpayer.

Sourcing Rules

Act 8 also enacted La. R.S. 47:287.95 M. which provides for the exclusion of sales from the sales factor if the taxpayer is not taxable in a state to which a sale is sourced or if the state of assignment cannot be determined or reasonably approximated.

Effective Date

Act 8 became effective on June 28, 2016 and applies to all tax periods beginning on or after January 1, 2016.

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

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Secretary

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