

Revenue Ruling
No. 01-013
October 1, 2001

Corporation Franchise Tax
Significance of Federal “Check-the-Box” Elections

This revenue ruling addresses the significance of federal income tax “check-the-box” elections in determining if an entity is subject to Louisiana franchise tax. Under Internal Revenue Service regulations, entities that are not corporations may elect, on Internal Revenue Service Form 8832, to be considered corporations for federal income tax purposes. The federal regulations providing for the election are commonly known as “check-the-box” regulations, and the election to be or not be taxed as a corporation is known as a “check-the-box” election. The question that has arisen is if the election by a non-corporate entity to be taxed for federal income tax purposes as a corporation has significance in determining if the entity will be subject to Louisiana franchise tax.

An election made on Internal Revenue Service Form 8832 to be taxed as a corporation is not a statement or finding that the entity is, in fact, a corporation. There is no requirement that the entity, in substance or form, be a corporation to elect corporation treatment under the “check-the-box” regulations. The position of the Department of Revenue is that “check-the-box” elections have no significance in determining if the entity is subject to Louisiana franchise tax.

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