



Instructions for Termination of the Pass-Through Entity Tax Election

Email completed form to:
Section732.2election@la.gov

Pursuant to LA Revised Statute 47:287.732.2(A)(4)(a), an entity that has made the Pass-Through Entity election may apply for termination of the election if:

1. Shareholders, partners, or members holding more than one-half of the ownership interest in the entity on the day on which the revocation is requested consent to the revocation request, or
2. The entity shows a material change in circumstances. A significant change in federal tax law may be considered as a material change in circumstances.

Once the entity has filed a Louisiana income tax return for a taxable year for which the election has been made or a subsequent taxable year, the secretary shall not grant a termination of the election to apply to such taxable year for which a return has already been filed.

Prospective Termination under LA R.S. 47:287.732.2(A)(4)(c)

In order for the termination to be effective:

1. The shareholders, partners, or members holding more than one-half of the ownership interest in the entity must consent, in writing, to the application for prospective termination. The written consent must be maintained in the entity's records.
2. The entity must timely submit this application for prospective termination no later than November first prior to the close of the taxable year for calendar year filers or 60 days prior to the close of the taxable year for fiscal year filers.

Once the application is submitted, the termination will be effective automatically for the next taxable year. The entity or its successor is prohibited from applying for the election for the next five taxable years.

Other Terminations under LA R.S. 47:287.732.2(A)(4)(a) and (b) and LAC 61:I.1001(D)

Any such termination request requires the written approval of more than one-half of the ownership interest based upon capital account balances on the date the request is submitted. The secretary may terminate the election if the entity shows a material change in circumstances. A significant change in federal law may be considered a material change in circumstances. A tax increase resulting from the decision to make the election, in and of itself, shall not be considered a material change in circumstances. The entity must provide either:

1. A resolution signed by secretary of the entity or equivalent officer or manager verifying that more than one-half the ownership interest in the entity based upon capital account balances approved the election, or
2. Other written proof that more than one-half the ownership interest in the entity based upon capital account balances approved the request for termination.