

2016 First Extraordinary Session

HOUSE BILL NO. 25

BY REPRESENTATIVE JACKSON

TAX/CORP INCOME: Provides relative to the net operating loss deduction for corporate income tax (Item #12)

1 AN ACT

2 To amend and reenact R.S. 47:287.86(A), (B), (C)(introductory paragraph), and (E), to enact
3 R.S. 47:287.86(F), and to repeal the three-year sunset of modifications to the net
4 operating loss deduction in Act No. 123 of the 2015 Regular Session, relative to the
5 net operating loss deduction for corporate income tax; to limit the amount of the
6 deduction; to suspend the net operating loss deduction for certain income tax returns;
7 to provide for applicability; to provide for an effective date; and to provide for
8 related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:287.86(A), (B), (C)(introductory paragraph), and (E) are hereby
11 amended and enacted and R.S. 47:287.86(F) is hereby enacted to read as follows:

12 §287.86. Net operating loss deduction

13 A. Deduction from Louisiana net income. (1) Except as otherwise provided,
14 for all claims for this deduction on any return filed on or after July 1, 2015,
15 ~~regardless of the taxable year to which the return relates~~ that relates to any taxable
16 year beginning before January 1, 2016, there shall be allowed for the taxable year an
17 ~~adjustment~~ a deduction reducing Louisiana net income in an amount equal to
18 seventy-two percent of the net operating loss carryovers to such year, but the
19 deduction shall never exceed seventy-two percent of Louisiana net income.

1 (2) For taxable years beginning on or after January 1, 2016, the amount of
2 the deduction shall be equal to fifty percent of the available net operating loss
3 carryovers to such year, but the deduction shall never exceed seventy-two percent
4 of Louisiana net income.

5 B. Net operating loss ~~carrybacks and carryovers. For all claims for this~~
6 ~~deduction on any return filed on or after July 1, 2015, regardless of the taxable year~~
7 ~~to which the return relates, the~~ The taxable years to which a Louisiana net loss may
8 be carried shall be a net operating loss carryover to each of the twenty taxable years
9 following the taxable year of such loss.

10 C. Manner and amount of carryovers. ~~For all claims for this deduction on~~
11 ~~any return filed on or after July 1, 2015, regardless of the taxable year to which the~~
12 ~~return relates, the~~ The entire amount of Louisiana net loss for any taxable year,
13 hereinafter the "loss year", shall be carried over to the earliest of the taxable years
14 allowed. The portion of such loss which shall be carried to each of the other taxable
15 years allowed by Subsection B shall be the excess, if any, of the amount of such loss
16 over the aggregate of the Louisiana taxable income for each of the taxable years to
17 which such loss may be carried. For the purposes of this Subsection:

18 * * *

19 E. Net operating loss carryovers transfers. Notwithstanding any other
20 provisions of this Chapter to the contrary, ~~for all claims for this deduction on any~~
21 ~~return filed on or after July 1, 2015, regardless of the taxable year to which the return~~
22 ~~relates,~~ the acquiring corporation shall succeed to and take into account, as of the
23 close of the day of distribution or transfer, the aggregate net operating loss
24 carryovers of the distributors or transferor corporation as determined under this
25 Section, subject to federal law and the limitations provided thereunder.

26 F. Notwithstanding any other provision of law to the contrary, the deduction
27 provided for in this Section shall be inapplicable, inoperable, and of no effect for all
28 tax returns filed on or after January 1, 2016, and on or before December 31, 2016,
29 regardless of the taxable year to which the return relates.

1 Section 2. Any deduction for net operating loss authorized by Section (5)(C) of Act
2 No. 123 of the 2015 Regular Session shall be allowed in addition to the net operating loss
3 deductions authorized by Section 1 of this Act.

4 Section 3. The provisions of Section 3 of Act No. 123 amending R.S.
5 47:287.86(A)(introductory paragraph) are hereby repealed in their entirety.

6 Section 4. The provisions of this Act shall become effective January 1, 2016.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 25 Original

2016 First Extraordinary Session

Jackson

Abstract: Limits the amount of the net operating loss (NOL) deduction to 50% of available NOL, prohibits the amount of the deduction from exceeding 72% of La. net income, and suspends the NOL deduction for all returns filed on or after January 1, 2016, through Dec. 31, 2016.

Present law provides for a deduction from corporate income tax for 72% of the amount of NOL incurred in La.

Proposed law retains present law for all returns filed on or after July 1, 2015, and relating to any taxable year beginning before Jan. 1, 2016.

Proposed law reduces the amount of the deduction from 72% of the NOL incurred to 50% of the available NOL for taxable years beginning on or after Jan. 1, 2016.

Proposed law prohibits the amount of the deduction from exceeding 72% of the value of La. net income.

Proposed law suspends the provisions of proposed law for all returns filed on or after Jan. 1, 2015, through Dec. 31, 2016, regardless of the taxable year to which the return relates.

Effective Jan. 1, 2016.

(Amends R.S. 47:287.86(A), (B), (C)(intro. para.), and (E); Adds R.S. 47:287.86(F); Repeals §3 of Act No. 123 of the 2015 R.S.)