HLS 19RS-804 ENGROSSED

2019 Regular Session

HOUSE BILL NO. 530

1

BY REPRESENTATIVE HODGES

TAX CREDITS: Requires certain taxpayers claiming the earned income tax credit to provide the Dept. of Revenue with certain information regarding residency of dependents

AN ACT

2	To enact R.S. 47:101(C), 297.8(A)(3) and (C), relative to individual income tax; to provide
3	with respect to the earned income tax credit; to establish additional eligibility
4	requirements for the tax credit; to require qualifying dependents to meet certain
5	residency requirements; to provide for recapture of the credit; to provide for
6	requirements for claiming dependents on certain income tax returns; to authorize the
7	promulgation of certain rules and regulations; to provide for applicability; to provide
8	for effectiveness; and to provide for related matters.
9	Be it enacted by the Legislature of Louisiana:
10	Section 1. R.S. 47:101(C), 297.8(A)(3) and (C) are hereby enacted to read as
11	follows:
12	§101. Individual returns
13	* * *
14	C. Any taxpayer claiming a dependent on a tax return, must provide a
15	statement that the dependent has been physically present in the United States for an
16	least six months of the taxable year.
17	* * *
18	§297.8. Earned income tax credit
19	A.
20	* * *

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1		(3) For eligible individuals with a "qualifying child", as that term is defined
2		under Section 32 of the Internal Revenue Code, no credit shall be allowed under this
3		Section unless the taxpayer signs a statement on documentation required by the
4		Department of Revenue that the qualifying child for which the credit is claimed
5		meets all of the following requirements:
6		(a) The qualifying child is physically present in the United States at the time
7		the tax return for the taxable year is filed.
8		(b) The qualifying child has been physically present in the United States for
9		at least one hundred eighty calendar days of the taxable year unless the child was
10		born in the taxable year for which the credit is claimed.
11		(c) If the qualifying child was born in the taxable year for which the credit
12		is claimed, the qualifying child has been physically present in the United States for
13		the lesser of fifty percent of the calendar days of the taxable year since the birth of
14		the child or one hundred eighty calendar days.
15		* * *
16		C. The Department of Revenue may promulgate rules and regulations in
17		accordance with the Administrative Procedure Act as are necessary to implement the
18		provisions of this Section.
19		Section 2. This act shall be applicable to tax years beginning on or after January 1,
20	2020.	
21		Section 3. This Act shall become effective January 1, 2020.

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 530 Engrossed

2019 Regular Session

Hodges

Abstract: Requires taxpayers who claim the earned income tax credit to affirm to the Dept. of Revenue that a qualifying child for which the credit is claimed meets certain residency requirements.

<u>Present law</u> authorizes a state individual income tax credit for 5% of the amount of the taxpayer's federal earned income tax credit through Dec. 31, 2025.

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<u>Proposed law</u> retains <u>present law</u> and adds a requirement that in order to receive the tax credit, an eligible taxpayer must sign a statement on the tax return indicating that the qualifying child is physically present in the U.S. at the time the income tax return is filed for at least 180 days of the taxable year, or if born in the taxable year, the child was physically present in the U.S. for 50% of the taxable year or 180 calendar days, whichever is less.

<u>Proposed law</u> requires any taxpayer claiming a dependent on a tax return to provide a statement that the dependent has been physically present in the U.S. for at least six months of the taxable year.

<u>Proposed law</u> authorizes the Dept. of Revenue to promulgate rules and regulations necessary to implement the provisions of proposed law.

Effective Jan 1, 2020, and applicable to all tax periods beginning on or after Jan. 1, 2020.

(Adds R.S. 47:101(C) and 297.8(A)(3) and (C))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Ways and Means</u> to the original bill:

- 1. Require taxpayers claiming a dependent on a tax return to provide a statement that the dependent has been physically present in the U.S. for at least six months of the taxable year.
- 2. Remove authorization for the Dept. of Revenue to recapture the credit if the credit is obtained in violation of proposed law.
- 3. Authorize rather than require the Dept. of Revenue to promulgate rules and regulations to implement proposed law.
- 4. Delete references to "other dependents" throughout <u>proposed law</u> as it relates to the earned income credit tax.