

Income/Franchise:

Louisiana: New Law Provides Flat 5.5% Corporate Tax Rate and Repeals Corporate Franchise Tax

H.B. 2, signed by gov. 12/4/24; *H.B. 3*, signed by gov. 12/4/24. Effective as of January 1, 2025 and applicable to income tax periods beginning on or after January 1, 2025, recently signed legislation (*H.B. 2*) replaces Louisiana's current graduated corporate income tax (CIT) rates (including a top CIT rate of 7.5%) with a single flat CIT rate of 5.5%. The bill also repeals various credits and exemptions. For purposes of computing CIT net income for taxable years beginning on or after January 1, 2025, this legislation permits taxpayers to elect 100% bonus depreciation for costs of certain qualified property, qualified improvement property (QIP), and research and experimental expenditures in the tax year in which the property is placed in service or the expenditure is paid or incurred.

URL: <https://legis.la.gov/Legis/BillInfo.aspx?&i=247845>

URL: <https://legis.la.gov/legis/BillInfo.aspx?i=247846>

Effective as of January 1, 2026 and applicable to corporate franchise tax periods beginning on or after January 1, 2026, another newly signed bill (*H.B. 3*) repeals Louisiana's corporation franchise tax.

See forthcoming Multistate Tax Alert for more details on this new law, and please contact us with any questions.

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