

Income/Franchise:

Louisiana DOR Summarizes New Law Providing Flat 5.5% Corporate Tax Rate and Repealing Corporate Franchise Tax

2024 Third Extraordinary Session Legislative Summaries, La. Dept. of Rev. (12/16/24). The Louisiana Department of Revenue (Department) posted a summary of recently enacted legislation, including bills that:

URL: <https://revenue.louisiana.gov/Miscellaneous/2024%20Tax%20Reform%20Legislative%20Summaries.pdf>

1. Replace Louisiana's graduated corporate income tax (CIT) rates (including a top CIT rate of 7.5%) with a single flat CIT rate of 5.5% applicable to income tax periods beginning on or after January 1, 2025 (H.B. 2); and
2. Repeal Louisiana's corporation franchise tax applicable to corporate franchise tax periods beginning on or after January 1, 2026 (H.B. 3) [see H.B. 2, signed by gov. 12/4/24; H.B. 3, signed by gov. 12/4/24; and previously issued Multistate Tax Alert for more details on this 2024 special session legislation].

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

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

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistat-tax-alert-louisiana.pdf>

According to the Department, H.B. 2 also "authorizes a bonus depreciation deduction (or 100% expensing) for qualified property or qualified improvement property and a bonus amortization deduction for research and experimental expenditures, at the election of the taxpayer, for costs of qualified property, qualified improvement property, and research and experimental expenditures." Moreover, H.B. 2 "repeals the deduction for expenses disallowed by 26 U.S.C. 280C and the provision that treats moveable property within a Foreign Trade Zone as located outside of Louisiana for purposes of the apportionment calculation." Please contact us with any questions.

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