

Revenue Ruling
No. 01-003
October 8, 2001

Corporation Franchise Tax

Status of Certain Unincorporated Group Self-Insurance Funds for Worker's Compensation

This revenue ruling addresses whether or not unincorporated group self-insurance funds for worker's compensation established pursuant to La. Rev. Stat. Ann. § 23:1195 (West 2001) are subject to Louisiana's corporation franchise tax.

Louisiana's corporation franchise tax is imposed on both domestic corporations and foreign corporations, which are defined in La. Rev. Stat. Ann. § 47:601(C) (West 2001). "Domestic corporations" are defined as "all corporations, joint stock companies or associations, or other business organizations organized under the laws of this state which have privileges, powers, rights, or immunities not possessed by individuals or partnerships." Foreign corporations are those business organizations listed in the definition of "domestic corporation" that are organized under the laws of any other state, territory or district, or foreign country. Business organizations that do not meet the definition of domestic corporation or foreign corporation are not subject to the corporation franchise tax.

Louisiana Revised Statute 23:1195 authorizes certain employers to enter into an agreement to pool their liabilities to their employees on account of the personal injury and occupational disease arising out of or incurred during the course of the employment relationship. These arrangements are characterized as "group self-insurance funds" for worker's compensation. The arrangement must be domiciled, operated, and administered in Louisiana. The statute specifically provides that these funds are not partnerships under Louisiana law. Unincorporated funds are not corporations or joint stock companies, and are not registered with the Secretary of State. They are not an "other business organization" if they do not conduct any business independent of their members.

An unincorporated group self-insurance fund that is organized according to La. Rev. Stat. Ann. § 23:1195 (West 2001), et seq., does not meet either the definition of "domestic corporation" or the definition of "foreign corporation." Therefore, an unincorporated group self-insurance fund for worker's compensation is not subject to Louisiana's corporation franchise tax.

Cynthia Bridges
Secretary

By: _____
Leonore Heavey
Attorney
Policy Services Division

A Revenue Ruling is written to provide guidance to the public and to Department of Revenue employees. It is issued under Section 61:III.101(C) of the Louisiana Administrative Code to apply principles of law to a specific set of facts. A Revenue Ruling does not have the force and effect of law and is not binding on the public. It is a statement of the department's position and is binding on the department until superseded or modified by a subsequent change in statute, regulation, declaratory ruling, or court decision.