

## What's New for Louisiana 2022 Corporation Income Tax and 2023 Corporation Franchise Tax?

Additional information was added to the instructions concerning a Qualified Subchapter S Subsidiary ("QSub").

**Extension of Time for Filing a Return** – Act 410 of the 2022 Regular Legislative Session changed how an extension is granted and the length of the extension. If you know you cannot file your return by the due date, you do not need to file for an extension. You will be granted an extension of six months to November 15, 2023 **IF** you timely requested an extension for federal income tax purposes. In order to be granted the extension, you must mark the box to indicate you timely requested an extension for federal income tax purposes. The extension only applies to Corporation Franchise tax if you are also filing an income tax return. If you file your return after the extended due date, you will be assessed delinquent filing penalty from the due date of the return. NOTE: No paper or electronic extension form needs to be filed to obtain the automatic extension.

If you anticipate that you will owe additional tax on your return, then you should submit your payment with a payment voucher (Form CIFT620EXT-V) on or before May 15, 2023 for calendar year filers, or on or before the 15th day of the fifth month following the close of the accounting period for fiscal year filers. See LAC 61:III.2503 for required documentation if the IRS denies your federal extension request.

**Amended due to IRS Audit box** – This box should be marked to indicate that an amended return is being filed as a result of an IRS audit and a statement should accompany the amended return disclosing the nature and amounts of such adjustments.

**Total Business Interest Expense - Line B** – This line has been changed to report your total business interest expense calculated on Federal Form 8990, Part I, line 5. If the taxpayer is included with affiliates in a consolidated federal income tax return, the taxpayer will need to complete a Federal Form 8990 on a separate company basis to attach to your return.

**Total Business Interest Expense Deduction – Line C** – This line has been changed to report your total current year business interest expense deduction calculated on Federal Form 8990, Part I, line 30. If the taxpayer is included with affiliates in a consolidated federal income tax return, the taxpayer will need to complete a Federal Form 8990 on a separate company basis to attach to your return.

**NAICS code – Line G** – Enter the corporation's six digit 2022 North American Industry Classification System (NAICS) Code.

**Entity Type Code – Line N** – The codes used to designate entity type have been changed to be two digits. Code 08 is now used for a QSub filing as a disregarded entity, 09 for a QSub filing as a separate entity, and 10 for other.

**Federal Income Tax Deduction** – This deduction is no longer available because Act 395 of the 2021 Regular Legislative Session repealed the deduction effective December 31, 2021. The repeal also made the Federal Disaster Relief Credits inoperable. The line for Louisiana Taxable Income has been renumbered to Line 1D.

**Louisiana Income Tax – Line 2 and Schedule J, Calculation of Income Tax** – Act 396 of the 2021 Regular Legislative Session changed the income tax rates and brackets to 3.5% on the first \$50,000, 5.5% on the next \$100,000, and 7.5% on the excess over \$150,000.

**Louisiana Income Tax – Line 2 and Schedule J-1, Pass-Through Entity Tax Election Calculation of Income Tax** – Act 396 of the 2021 Regular Legislative Session reduced the income tax rates to 1.85%, 3.5%, and 4.25%.

**Louisiana Franchise Tax Exemption Reason/Other Box – Line 7** – Code 5 has been changed to designate the taxpayer is exempt under the provisions of R.S. 47:608 and code 6 is now for other. The use of the codes on Line 7 has also been expanded to include code 7 if the taxpayer is a public utility holding corporation who is required to pay a minimum franchise tax of \$100,000 per year under R.S. 47:602(C).

**Louisiana Franchise Tax – Line 7 and Schedule L, Calculation of Franchise Tax** – Act 389 of the 2021 Regular Legislative Session eliminated the lower tier of tax on taxable capital under \$300,000 and reduced the tax on amounts over \$300,000 to \$2.75 for each \$1,000 or major fraction.

**Delinquent Filing Penalty – Line 22** – A delinquent filing penalty will be assessed for failure to file your return by the due date – on or before May 15, 2023, for calendar year filers, on or before your fiscal year due date, or on or before your approved extension date. The penalty is five percent of the tax for each 30 days or fraction thereof during which the failure to file continues. If you have an extension and file after the extended due date, the delinquent filing penalty will accrue from your due date and thus will be assessed at the maximum of 25 percent of the tax due.

**Amount of Overpayment to be Credited to 2023 Income Tax, Line 28, Amount of Overpayment to be Credited To 2024 Franchise Tax, Line 29, and Amount of Overpayment to be Refunded, Line 30** – The order of Lines 28 and 30 have changed from last year. Also, you will now be required to state the amount of overpayment you want credited to income tax separate from the amount to franchise tax.

### SCHEDULE NRC-P1 – NONREFUNDABLE PRIORITY 1 CREDITS

**Conversion of Vehicle to Alternative Fuel** – This credit is no longer available because Act 385 of the 2021 Regular Legislative Session ended the credit effective December 31, 2021. See Revenue Information Bulletin 21-016.

### SCHEDULE RC-P2 – REFUNDABLE PRIORITY 2 CREDITS

**Mentor Protégé** – This credit is no longer available because Act 356 of the 2007 Regular Legislative Session ended the credit effective December 31, 2021.

### SCHEDULE NRC-P3 – NONREFUNDABLE PRIORITY 3 CREDITS

**Apprenticeship (2022) – Code 463** – R.S. 47:6033 provides a credit against corporate income tax or corporate franchise tax to employers for \$1.25 for each hour of employment of an eligible apprentice, limited to \$1,250 for each eligible apprentice. An eligible apprentice is a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program or who is enrolled in a training program accredited by the National Center for Construction Education and Research which has no less than four levels of training and no less than 500 hours of instruction. Use this code for Apprenticeship credits earned for employment of eligible apprentices after December 31, 2021. Attach a copy of Form R-90005, *Apprenticeship Tax Credit Employer Certification*, and the required documentation as listed on that form.

**Donation to Qualified Foster Care Charitable Organization – Code 464** – R.S. 47:6042 provides a credit against corporate income tax for donations made to a qualifying foster care charitable organization that provides services to a child in a foster care placement program established by the Department of Children and Family Services. The credit is for the amount of the donation used to provide the service, limited to \$50,000. Form R-68009, *Receipt for Donations to Qualifying Foster Care Charitable Organization Credit*, must be attached to your return.

**SCHEDULE F –  
RECONCILIATION OF FEDERAL AND LOUISIANA NET INCOME**

**Federal Disallowed Business Interest Expense – Line 1a** – Enter your disallowed business interest expense calculated on Federal Form 8990, Part I, line 31. If the taxpayer is included with affiliates in a consolidated federal income tax return, the taxpayer will need to complete a Federal Form 8990 on a separate company basis to attach to your return. This amount should not be included as a deduction in the amount reported on Line 1. Interest expense deduction is limited to the amount on the federal return except as provided for by R.S. 47:287.82. Louisiana does not have a provision that allows for the deduction of interest expense disallowed by IRC Section 163(j).

**Donation to School Tuition Organization Credit or Donation to Qualified Foster Care Organization Credit – Line 2C** – This line now also includes the add-back required due to the prohibition on double state benefits for a donation to a qualified foster care organization. If you claimed the credit for a donation to a qualified foster care organization on CIFT-620, Schedule NRC-P3, you must add back certain deductions taken at the federal level otherwise deductible for state income tax purposes if the following condition

is met: the corporation's federal deductions for charitable contributions allowed by Internal Revenue Code Section 170 included a deduction for the donation made by the corporation to the qualified foster care organization. The addition required to be made on Line 2c is the amount of the charitable contribution made to the STO and the qualified foster care organization claimed on the corporation's federal return. The addition is limited to the amount of the credit claimed on the return for the corresponding donation.

**SCHEDULE G-1 – COMPUTATION OF FRANCHISE TAX BASE**

**Allowable Deductions – Line 18** – A box was added to Line 18 to enter the corresponding code for the deduction you are claiming. A schedule detailing the amount of the holding corporation deductions allowed under R.S. 47:602(B) through (G) should be attached to the return.

**SCHEDULE K – SUMMARY OF ESTIMATED TAX PAYMENTS**

This schedule was revised to add a separate column for reporting the respective amounts applicable to franchise tax separate from the amounts applicable to income tax.