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Louisiana Revised Statutes Section 287.732

S Corporations

A. Taxation of S corporation. A corporation classified under Subchapter S of the Internal Revenue Code as an S corporation shall be taxed and required to comply with this Part the same as any other corporation. Except as provided in Subsection C of this Section, the provisions of this Part shall apply as if the S corporation had been required to file an income tax return with the Internal Revenue Service as a C corporation for the current and all prior taxable years, in accordance with federal law.

B. S corporation exclusion. This Subsection provides an exclusion to corporations classified as S corporations under federal law for the taxable year, as follows:

(1) In computing Louisiana taxable income pursuant to this Part, an S corporation that does not make an election pursuant to R.S. 47:287.732.2 may exclude such percentage of its Louisiana net income for the taxable year as is provided in Paragraph (2) of this Subsection.

(2) The excludable percentage of Louisiana net income is determined by multiplying Louisiana net income for a taxable year by a ratio, the numerator of which is the number of issued and outstanding shares of capital stock of the S corporation which are owned by Louisiana resident individuals on the last day of the corporation's taxable year, and the denominator of which is the total number of issued and outstanding shares of capital stock of the corporation on the last day of the corporation's taxable year, provided that no share shall be allowed to be counted in the numerator unless its owner has for the taxable year of inclusion filed a correct and complete Louisiana individual income tax return as a resident.

(3) For purposes of Paragraph (2) of this Subsection:

(a) "Taxable year of inclusion" means the taxable year of the S corporation shareholder which includes the last day of the S corporation's taxable year for which the exclusion is claimed.

(b) The term "resident individual" includes resident estates and trusts to the extent that such are allowed to be S corporation shareholders pursuant to federal law.

(4) In the application of Paragraph (2), the term "Louisiana resident individual" shall be construed to include a nonresident individual share holder who has for the taxable year filed a correct and complete Louisiana individual income tax return, which includes his share of the S corporation's income, and has paid the tax shown to be due thereon.

(5) Should an S corporation incur a Louisiana net loss, as described in R.S. 47:287.91, a percentage of such loss shall be excluded from carry-back or carry-over treatment notwithstanding the provisions of R.S. 47:287.86. The applicable percentage of the Louisiana net loss to be excluded shall be computed using the same ratio provided in R.S. 47:287.732(B)(2).

(6) S corporations that elect to pay tax at the corporation level pursuant to R.S. 47:287.732.2 shall not be eligible for this exclusion.

C. Qualified Subchapter S subsidiary income. The income of a corporation for which an S corporation has made a valid election under the Internal Revenue Code to treat the corporation as a qualified Subchapter S subsidiary shall be included in the income of the S corporation unless the qualified Subchapter S subsidiary is treated as a separate corporation under the provisions of R.S. 47:287.732.1.