



MULTISTATE INCOME/FRANCHISE TAX

Louisiana repeals sales factor throw-out rule

Tax Alert

Overview

On June 27, 2023, Louisiana [House Bill 631](#) (H.B. 631) was enacted into law. H.B. 631 includes income tax sales factor changes that modify the market sourcing rule and repeal the throw-out rule.

This Tax Alert summarizes some of the provisions of H.B. 631.

Sales factor changes

- H.B. 631 repeals the requirement that a sale be excluded from the numerator and the denominator when calculating the sales factor if the taxpayer is not taxable in a state to which a sale is assigned or if the state of assignment cannot be determined or reasonably approximated.
- Additionally, H.B. 631 amends the market sourcing rule to remove the exclusion of sales of intangible property when calculating the sales factor.
- H.B. 631 also makes some clarifying changes to the market sourcing statute.
- H.B. 631 is applicable to tax years beginning on or after January 1, 2024.

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