

LOUISIANA
DEPARTMENT *of* REVENUE**Instructions for Partnership
Return of Income
Tax Year 2019****GENERAL INFORMATION****Partnerships not required to file a return**

A partnership return is not required if all partners are natural persons who are residents of Louisiana (R.S. 47:201).

Partnerships that must file a return

Any partnership doing business in Louisiana or deriving any income from sources therein, must file a Partnership Return of Income, Form IT-565, if any partner is a nonresident of Louisiana or if any partner is not a natural person.

Nonresident Partners

Partnerships having a nonresident individual as a partner must allocate and apportion their income within and without Louisiana pursuant to R.S. 47:241 through 247, and the share of any nonresident partner in the net income from Louisiana sources, so computed, must be allocated to Louisiana in the return of the nonresident partner.

A nonresident member of a partnership who does not have a valid agreement on file with Louisiana Department of Revenue (LDR) must be included in a Composite Partnership Return (Form R-6922). Nonresident partners who have a valid agreement or who have other income derived from Louisiana sources, must include all income derived from Louisiana sources on Form IT-540B.

Fiduciary Partners

Partnerships having a nonresident estate or trust as a partner must allocate and apportion their income within and without Louisiana pursuant to R.S. 47:241 through 247, and the share of any nonresident estate or trust partner in the net income from Louisiana sources, so computed, must be allocated to Louisiana in the return of the nonresident estate or trust partner.

Corporate Partners

Partnerships having a corporation as a partner must allocate and apportion their income within and without Louisiana in accordance with the formulas and processes prescribed for corporations (R.S. 47:287.2 et seq.) and the share of any corporate partner in the net income from Louisiana sources, so computed, must be allocated to Louisiana in the return of the corporate partner.

Different Computations for Corporate and Non-Corporate Partners

Because a partnership must compute its income from Louisiana sources differently when it has corporate partners from when it has non-corporate partners, this return provides schedules for both computations. Schedules M, N, and P must be used to compute the income for non-corporate partners. Schedules Q, R, and S must be used to compute the income for corporate partners.

Electronic Filing Mandate

Louisiana Administrative Code 61:III.1507 requires the electronic filing of the partnership return for tax periods beginning on or after January 1, 2019, if the total assets of the partnership have an absolute value equal to or greater than \$250,000.

When and where the return must be filed

Returns for a calendar year must be filed with the Department of Revenue, P O Box 3440, Baton Rouge, LA 70821-3440, on or before April 15 of the year following the close of the calendar year. Returns for fiscal years must be filed on or before the 15th day of the fourth month after the close of the fiscal period.

Pass-through entity tax election

Act 442 of the 2019 Regular Legislative Session allows Subchapter S Corporations, and other flow-through entities taxed as partnerships for federal income tax purposes, to elect to pay Louisiana income tax at the entity level. An individual who is a shareholder, member, or partner of the entity is allowed to exclude the income taxed at the entity level that is included in their federal adjusted gross income. Once the election is made, it is effective for the entire taxable year for which it was made as well as all subsequent taxable years until the election is terminated. A partnership making the election is not required to file the partnership return (Form IT-565).

An entity must make the election on Form R-6980, *Tax Election for Pass-Through Entities*, and must receive LDR acceptance of the election. See Louisiana Administrative Code (LAC) 61:I.1001 for requirements to make the election. The election can be made during the taxable year prior to the taxable year in which the election is first effective, during the taxable year in which the election is first effective, or on or before the 15th day of the fourth month after the close of the taxable year in which the election is first effective. For the 2019 taxable year, LDR will start accepting elections on February 1, 2020. See LAC 61:I.1001 and Form CIFT-620, *Louisiana Corporation Income and Franchise Tax Return* for more information.

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SIGNATURES AND VERIFICATION

The return must be signed by the General Partner or Limited Liability Company Member Manager. If receivers, trustees in bankruptcy, or assignees are operating the property or business of the partnership, such officials must execute the return for such corporation. Telephone numbers of General Partner or Limited Liability Company Member Manager and preparers should be furnished. This verification is not required when the return is prepared by a regular full-time employee of the taxpayer.

PAID PREPARER INSTRUCTIONS

If your return was prepared by a paid preparer, that person must also sign in the appropriate space, complete the information in the "Paid Preparer Use Only" box and enter his or her identification number in the space provided under the box. If the paid preparer has a Preparer Tax Identification Number (PTIN), the PTIN must be entered in the space provided under the box, otherwise enter the Federal Employer Identification Number (FEIN) or LDR account number. If the paid preparer represents a firm, the firm's FEIN must be entered in the "Paid Preparer Use Only" box. The failure of a paid preparer to sign or provide an identification number will result in the assessment of the unidentified preparer penalty on the preparer. The penalty of \$50 is for each occurrence of failing to sign or failing to provide an identification number.

INSTRUCTIONS FOR COMPLETING THE RETURN

Period to be covered by return

The return must be filed for a calendar year, or for a fiscal year of 12 months, ending on the last day of any month other than December, or for an annual period of 52/53 weeks if records are kept on that basis. Mark the box for a calendar year filing. For fiscal years or annual periods of 52/53 week filings, clearly indicate the beginning and ending dates at the top of the return.

All filers are required to answer lines A through L

Line A – If this entity has an LDR account number enter it here. Otherwise leave this line blank. If the only return you file with LDR is this partnership return, you don't need to register for an LDR account number.

Line C – Enter the amount from Federal Form 1065, Line 22.

Line D – Enter the amount from Federal Form 1065, Line 1 of the Analysis of Net Income (Loss) schedule.

Lines J and K – If you answered "yes" to Line J, Line K, or both, you must complete Schedules Q, R, and S. If you answered "no" to both Lines J and K, do not complete Schedules Q, R, and S.

Line L – If you answered yes to Line L, you must complete Schedules M, N, and P.

SCHEDULE A – Partner List

Enter each partner's Social Security Number(SSN) or FEIN, name, and address information in the appropriate columns. The partner number in the far left column will be used to identify each partner in Schedules B, C, and D. Attach additional sheets if necessary.

SCHEDULE B – Partner Louisiana Allocations

Column 2 – In this column enter the code indicating the classification of each partner for federal income tax purposes from the following list. If the partner is a nominee, enter the code for the classification of the entity the nominee represents.

Code	Classification
1	Individual
2	Corporation
3	Estate or Trust
4	Partnership
5	Disregarded Entity
6	Exempt Organization
7	Individual Retirement Arrangement (IRA)
8	Foreign Government
9	Other

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Columns 3 through 5 – Enter the partner's percentage share of the partnership's profit, loss, and tax credits as of the end of the partnership's tax year.

Column 6 – If the partner is an individual or individual's nominee, enter a "Y" if the individual partner was a Louisiana resident for the entire tax year, or a "N" if the individual partner was not a Louisiana resident for the entire tax year. If the partner is not an individual or individual's nominee, leave column 6 blank.

Column 7 – If the partner is an individual or individual's nominee, enter a "Y" if the individual partner was included in a composite partnership return filed by this partnership, or a "N" if the individual partner was not included in a composite partnership return filed by this partnership. If the partner is not an individual or individual's nominee, leave column 7 blank.

Column 8 – Enter any losses which are distributable to each partner.

Column 9 – Enter any income that is distributable to each partner.

Attach additional sheets if necessary.

SCHEDULE C – Reconciliation of Partners' Capital Accounts

Self-explanatory. Attach additional sheets if necessary.

SCHEDULE D – Partner Credit Shares

For each partner that is receiving tax credit(s) from the partnership, enter the credit code and the amount of each credit that is being passed through the partnership to each partner. For the LA Citizens Property Assessment credit leave the credit code column blank. Do not list partners that are not receiving tax credit(s). Use more than one line for each partner if necessary. Attach additional sheets if necessary.

Credits earned in the year the pass-through entity tax election was made or after the election was made are tax items of the entity and the credit and its future carryforward must be reported on the entity's return. If the pass-through entity made the election for 2019, any credits earned for 2019 cannot be used on the income tax return of any shareholder, member, or partner. Tax credits earned in tax years prior to the election that have previously passed through to the owners are tax items of the owners and any credit carryforward remaining can only be used on their income tax return. See Revenue Information Bulletin 19-019 and Louisiana Administrative Code (LAC) 61:I.1001(C) (6) for more information.

SCHEDULE E – Other Information

Questions 1, 3, and 4 – Provide the same answers as you did for Questions 1 through 3 of Schedule B of Federal Form 1065.

Question 5 – Provide the same answer as you did for Question 5 of Schedule B of Federal Form 1065.

SCHEDULE F – Cost of Goods Sold

Provide the same information as provided on the corresponding lines of the Cost of Goods Sold schedule on the Federal Form 1125-A.

SCHEDULE G – Income from Rents and Royalties

Provide the information indicated by each column title for items of rent and royalty income included in this return. Attach additional sheets if necessary.

SCHEDULE H – Description of interest and taxes

Provide a brief description and amount for items of interest and taxes expenses included in this return. Attach additional sheets if necessary.

SCHEDULE I – Sales of Capital Assets

Provide the information indicated by each column title for sales of capital assets included in this return. Attach additional sheets if necessary.

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SCHEDULE J – Sales of Property other than Capital Assets

Provide the information indicated by each column title for sales of property other than capital assets included in this return. Attach additional sheets if necessary.

SCHEDULE K – Other Deductions

Provide a brief description and amount for items included in “Other deductions” reported on Line 20 of Schedule P or Schedule S. Attach additional sheets if necessary.

SCHEDULE L – Balance Sheets per Books

Self-explanatory.

GENERAL INSTRUCTIONS FOR SCHEDULES M, N, O, AND P

If you answered “yes” to Page 1, Line L, you must complete Schedules M, N, and P. If a property ratio is required for the apportionment percent prescribed for your type of business, you must also complete Schedule O. If you answered “no” to Line L, skip Schedules M, N, O, and P and go to Schedule Q.

SCHEDULE M – Reconciliation of Federal and Louisiana Net Income for Partnerships with Non-Corporate Partners

Line 1 – Enter the amount of federal net income from Line 1 of the Analysis of Net Income (Loss) schedule of Federal Form 1065.

Line 2a – Enter the amount of interest and dividend income on obligations of a state, political, or municipal subdivision other than Louisiana and its municipalities.

Line 2b – Enter the amount of any other additions to federal net income. A schedule of the items on this line must be supplied.

Line 2c – Add Lines 2a and 2b.

Line 3a – Enter the amount of interest and dividend income from U.S. government obligations.

Line 3b – Enter the amount of any other subtractions from federal net income. A schedule of the items on this line must be supplied. **IMPORTANT:** There is no exclusion from income for a partnership who is a shareholder, member, or partner of an entity that made the pass-through entity tax election under R.S. 47:287.732.2.

Line 3c – Add Lines 3a and 3b.

Line 4 – Add Lines 1 and 2c and subtract Line 3c. This amount should agree with Schedule P, Line 22.

SCHEDULE N – Computation of Apportionment Percent for Partnerships with Non-Corporate Partners

The Louisiana income tax law requires the apportionment reporting method when computing the Louisiana portion of a taxpayer's apportionable income, unless it can be clearly demonstrated that the use of the apportionment method produces a manifestly unfair result, and permission to use the separate accounting method has been granted by the Secretary.

Such permission, once secured, continues to be effective so long as there is no change in the nature and extent of the Louisiana operations or in their relationship to operations outside of this state. A statement of any such changes in operations should be communicated immediately to the Secretary of Revenue in order that a redetermination may be made as to whether the separate accounting method is permissible.

The statute contemplates that only one specific formula is used in determining the apportionment percent, that being the formula prescribed for the taxpayer's primary business. As a general rule, where a taxpayer is engaged in more than one business, the taxpayer's primary business is that which is the primary source of the taxpayer's net apportionable income. The class of income designated as “apportionable income” is all items of gross income which are not properly includible in allocable income. Therefore allocable income is not used in determining which specific formula to use for the apportionment percent, or in the calculations of the apportionment percent. For information regarding what types of income are considered allocable income, see the instructions for Line 23 of Schedule P.

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The income tax property ratio is calculated on Schedule O. All other ratios are calculated on Schedule N. On Lines 1D, and 2 through 5, mark the box if the ratio for that line is not being considered as described below.

For air transportation, use factors (1) and (5); for pipeline transportation, use factors (1), (2), and (5); for other transportation, use factors (1) and (5); for service enterprises in which the use of property is not a material income-producing factor, use factors (1) and (2), otherwise, use factors (1), (2), and (5); for loan businesses, use factors (2) and (3); for merchandising, and manufacturing, use factors (1), (2), (4) and (5); and for other businesses use factors (1), (2), and (5).

Air transportation – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of transportation by aircraft is the arithmetical average of two ratios, as follows:

- (1) The ratio of the value of immovable and corporeal movable property, other than aircraft, owned, and located in Louisiana, to the value of all immovable and corporeal movable property, other than aircraft, owned and used in the production of apportionable income; and
- (2) The ratio of the amount of gross apportionable income derived from Louisiana sources to the total gross apportionable income. Gross apportionable income from Louisiana sources include all gross receipts derived from passenger journeys and cargo shipments originating in Louisiana, and any other items of gross apportionable income or receipts derived entirely from sources in this state.

Other transportation – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of transportation, other than by aircraft or pipeline, is the arithmetical average of two ratios, as follows:

- (1) The ratio of the value of immovable and corporeal movable property, owned and located in Louisiana, to the value of all immovable and corporeal movable property owned and used in the production of apportionable income; and
- (2) The ratio of the amount of gross apportionable income from Louisiana sources to the total amount of gross apportionable income of the taxpayer. Gross apportionable income from Louisiana sources includes all such income that is derived entirely from sources within this state, and a prorated portion of revenue from transportation partly without and partly within this state.

Service enterprises – The Louisiana apportionment percent used when net apportionable income is derived primarily from a service business in which the use of property is not a substantial income-producing factor, is the arithmetical average of two ratios, as follows:

- (1) The ratio of the amount paid for salaries, wages, and other compensation for personal services rendered in Louisiana, to the total amount paid for salaries, wages, and other compensation for personal services in connection with the production of the net apportionable income; and
- (2) The ratio of the gross apportionable income of the taxpayer from Louisiana sources to the total gross apportionable income of the taxpayer. The gross apportionable income from Louisiana sources includes the revenue from services performed in this state, and any other gross income derived entirely from sources within this state.

Loan business – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of making loans shall be the arithmetical average of two ratios, as follows:

- (1) The ratio of the amount paid for salaries, wages, and other compensations for personal services rendered in Louisiana, to the total salaries and wages paid in connection with the production of the net apportionable income; and
- (2) The ratio of the amount of loans made in Louisiana to the total amount of loans made everywhere.

Manufacturing and merchandising businesses – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of manufacturing or merchandising is computed by means of the property, salaries and wages, and sales ratios described as follows, except that the ratio of net sales shall be double-weighted or counted twice, and the Louisiana apportionment percent shall be the arithmetical average of the four ratios.

- (a) The ratio of the value of the immovable and corporeal movable property owned by the taxpayer and located in Louisiana, to the value of all immovable and corporeal movable property owned by the taxpayer and used in the production of the net apportionable income.
- (b) The ratio of the amount paid by the taxpayer for salaries, wages, and other compensation for personal services rendered in this state, to the total amount paid by the taxpayer for salaries, wages, and other compensation for personal services in connection with the production of net apportionable income.

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- (c) The ratio of net sales made in the regular course of business and other gross apportionable income attributable to this state to the total net sales made in the regular course of business and other gross apportionable income of the taxpayer. This ratio is double-weighted, or counted twice.

The term “business of manufacturing or merchandising” shall only include a taxpayer whose net apportionable income is derived primarily from the manufacture, production, or sale of tangible personal property. The term “business of manufacturing or merchandising” shall not include:

- (a) A taxpayer subject to the tax imposed pursuant to Chapter 8 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950.
- (b) Any taxpayer whose income is primarily derived from the production or sale of unrefined oil and gas.

Pipeline transportation and other business – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of transportation by pipeline, or from any business whose apportionment percent is not included elsewhere in the Schedule N instructions, is the arithmetical average of three ratios, as follows:

- (a) The ratio of the value of the immovable and corporeal movable property owned and located in Louisiana, to the value of all immovable and corporeal movable property owned and used in the production of the net apportionable income.
- (b) The ratio of the amount paid for salaries, wages, and other compensation for personal services rendered in this state, to the total amount paid for salaries, wages, and other compensation for personal services in connection with the production of net apportionable income.
- (c) The ratio of net sales made in the regular course of business and other gross apportionable income attributable to this state to the total net sales made in the regular course of business and other gross apportionable income.

Sales\Revenue Ratio Attribution Information

Sales of goods, merchandise, or property attributable to this state are all sales made in the regular course of business where the goods, merchandise, or property are received in this state by the purchaser. In the case of delivery of goods by common carrier or by other means of transportation, including transportation by the purchaser, the place at which the goods are ultimately received after all transportation has been completed shall be considered as the place at which the goods are received by the purchaser. However, direct delivery into this state to a person or firm designated by a purchaser from within or without the state constitutes delivery to the purchaser in this state.

Gross apportionable income attributable to this state derived from the transportation of crude petroleum, natural gas, petroleum products, or other commodities for others through pipelines includes all gross revenue derived from operations entirely within this state plus a portion of any revenue from operations partly within and partly without this state, based upon the ratio of the number of units of transportation service performed in Louisiana in connection with such revenue to the total of such units. A unit of transportation service shall be the transporting of any designated quantity of crude petroleum, natural gas, petroleum products, or other commodities for any designated distance.

Salaries\Wages\Compensation Ratio Attribution Information

Salaries, wages, and other compensation for personal services paid by a business whose principal office is located in Louisiana, to officers and employees responsible for the direction and supervision of operations of the business partly within and partly without Louisiana, and salaries, wages, and other compensation for personal services paid to general office employees whose duties pertain to the operations of the business partly within and partly without Louisiana, shall be allocated in part to this state on the basis of the ratio of the amount of direct operating salaries, wages, and other compensation for services rendered in Louisiana to the total of such direct operating salaries, wages, and other compensation paid in connection with the production of net apportionable income.

SCHEDULE O – Computation of Property Ratio

If the partnership is required to include a property ratio in the apportionment percent computation on Schedule N or Schedule R, Schedule O must be completed.

The property ratio is composed of real and tangible assets less real and tangible assets not used in the production of net apportionable income. The value of immovable and corporeal movable property owned by the taxpayer and used in the production of net apportionable income is included in this ratio. Where only a part of the property is used in the production of apportionable income, only the value of that portion so used shall be included in the property ratio. However, where the entire property is used in the production of both allocable and

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apportionable income the value of the entire property is included in the property ratio. Idle property and property under construction, during such construction and prior to being placed in service, is not included in the property ratio. Property held as reserve or standby facilities, or property held as a reserve source of materials, is considered to be used in the production of apportionable income. Non-productive mineral leases are considered to be held for such use and should be included in the property ratio. The value of inventories of merchandise in transit is allocated to the state in which their delivery destination is located in the absence of conclusive evidence to the contrary.

SCHEDULE P – Computation of Louisiana Net Income for Partnerships with Non-Corporate Partners

Separate Accounting Method

Those partnerships that have been granted permission to use the separate accounting method should mark the box on the line above Line 1A and report the Louisiana amounts for the items on Lines 1A through 22. Skip Lines 23A through 26J. On Line 27, subtract Line 21 from Line 8. A copy of the federal return should be attached to the return

Lines 1 through 6 – Enter the amounts from the partnership’s Federal Form 1065 on the corresponding lines of this schedule.

Line 7 – Other Income – This amount should be equal to the result of adding the amount on Line 7 of Federal Form 1065 and the amounts on Lines 2 through 11 of Schedule K of Federal Form 1065 and any amounts of income added to federal net income on Schedule M of this return less any amounts of income subtracted from federal net income on Schedule M of this return. Please attach a schedule of other income as reported on Form 1065.

Lines 9 through 19 – Enter the amounts from the partnership’s Federal Form 1065 on the corresponding lines of this schedule.

Line 20 – Other Deductions – This amount should be equal to the result of adding the amount on Line 20 of Federal Form 1065 and the amounts on Lines 12 through 13d, and 16l of Schedule K of Federal Form 1065 and any amounts of expense subtracted from federal net income on Schedule M of this return less any amounts of expense added to federal net income on Schedule M of this return. Please attach a schedule of other income as reported on Form 1065.

Line 23 – Allocable Income – Louisiana does not apply the business/nonbusiness concepts outlined in the Multistate Tax Compact. Irrespective of whether the net income derived from sources within Louisiana is determined by use of the apportionment method or the separate accounting method, the law designates certain classes of income as allocable income that must be accounted for on a separate (direct) basis. The classes of income designated as allocable income and the basis upon which such income should be allocated are as follows:

- A. Rents and royalties from immovable or corporeal movable property must be allocated to the state where the property is located at the time the income is derived.
- B. Royalties or similar revenue from the use of patents, trademarks, copyrights, secret processes, and other similar intangible rights must be allocated to the state in which such rights are used. The use referred to is that of the licensee rather than that of the licensor.
- C. Estates, trusts, and partnerships having a partnership as a partner or beneficiary must allocate and apportion their income within and without the state in accordance with the processes and formulas prescribed for non-resident individuals, and the share of any partner or beneficiary in the net income from sources in this state, so computed, must be allocated to this state in the return of the partner or beneficiary.
- D. Income from construction, repair, or other similar services must be allocated to the state in which the service is performed. The phrase “other similar services” means any work that has as its purpose the improvement of immovable property belonging to a person other than the taxpayer where a substantial portion of the work is performed at the location of such property, whether or not such services actually result in improvements to the property.
- E. Interest on customers’ notes and accounts must be allocated to the state in which such customers are located. Other interest must be allocated to the state in which the securities or credits producing such income have their situs, which shall be at the business situs of such securities or credits if they have been so used in connection with the partnership’s business as to acquire a business situs, or, in the absence of such a business situs, shall be at the commercial domicile of the partnership.
- F & G. Dividends and profits (losses) from sales and exchanges of capital assets consisting of incorporeal property or rights must be allocated to the state in which the securities or credits producing such income have their situs, which shall be at the business situs of such securities or credits if they have been so used in connection with the partnership’s business as to acquire a business situs, or, in the absence of such a business situs, shall be at the commercial domicile of the partnership.

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- H. Profits (losses) from sales or exchanges not made in the regular course of business, of property, other than capital assets consisting of incorporeal property or rights, must be allocated to the state where such property is located at the time of the sale. A mineral lease, royalty interest, oil payment or other mineral interest is located in the state in which the property subject to such mineral interest is situated.

Calculation Of Net Allocable Income – From the total gross allocable income from all sources and from gross allocable income from Louisiana sources, there is deducted all expenses, losses, and other deductions, except federal income taxes, allowable under the Louisiana income tax law that are directly attributable to such income, plus a ratable portion of the allowable deductions, except federal income taxes, that are not directly attributable to any item or class of gross income. Please attach a schedule of all allocable expenses and Louisiana expenses directly attributable to any item or class of gross income.

Although LAC 61:I.1130 was promulgated to provide guidance for determining corporation income tax liability, its guidance can also be used for determining net allocable income for partnerships with non-corporate partners. LAC 61:I.1130 provides that overhead expense attributable to items of gross allocable income derived from sources within and without Louisiana, except gross allocable income from rent of immovable or corporeal movable property or from construction, repair, or other similar services, may be determined by any reasonable method that clearly reflects net allocable income from such items of income.

LAC 61:I.1130.B.2.a PROVIDES:

- i. Overhead expense attributable to Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services shall be deducted from such income for the purposes of determining Louisiana net allocable income or loss from such items of income. The amount of overhead expense attributable to such income shall be determined by multiplying overhead expense attributed to total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services by the arithmetical average of two ratios, as follows:
 - (a) the ratio of the amount of Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total gross allocable income from such sources;
 - (b) the ratio of the amount of direct cost incurred in the production of Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total direct cost incurred in the production of such income.
- ii. Overhead expense attributable to total gross allocable income derived from rent of immovable or corporeal movable property or from construction, repair, or other similar services shall be deducted from such income for the purposes of determining total net allocable income or loss from such items of income. The amount of overhead expense attributable to such income shall be determined by multiplying total overhead expense by the arithmetical average of two ratios, as follows:
 - (a) the ratio of the amount of total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total gross income derived from all sources;
 - (b) the ratio of the amount of direct cost incurred in the production of total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total direct cost incurred in the production of gross income from all sources.
- iii. If the taxpayer has not maintained documents or records sufficient to compute the ratios required by this Subparagraph, the Secretary shall, upon examination, determine the method by which to attribute overhead expense.

In addition to direct expenses and a ratable portion of overhead expenses, LAC 61:I.1130 specifies the method for attributing a portion of interest expense to allocable income. The method of allocation and apportionment for interest set forth in the regulation is based on the approach that money is fungible and that interest expense is attributable to all activities and property regardless of any specific purpose for incurring an obligation on which interest is paid. Exceptions to the fungibility method are set forth in LAC 61:I.1130.B.1.b. The fungibility approach recognizes that all activities and property require funds and that management has a great deal of flexibility as to the source and use of funds and that the creditors of the taxpayer look to its general credit for repayment and thereby subject the money loaned to the risk of all of the taxpayer's activities. You must refer to LAC 61:I.1130 for information regarding the computation of interest expense.

Lines 23A through 23H – Allocable Income From All Sources – Enter the TOTAL net allocable income of each class, from all sources.

Line 23I – Allocable Expenses – Enter the total of all allocable expense. Attach a schedule detailing the expense by allocable income type.

Line 23J – Net Allocable Income From All Sources – Add Lines 23A through 23I.

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Line 24 – Net Income Subject To Apportionment – Subtract Line 23J from Line 22.

Line 25 – Net Income Apportioned To Louisiana – Multiply the amount on Line 24 by the percentage from Schedule N, Line 7.

Lines 26A through 26H – Allocable Income From Louisiana Sources – Enter the total LOUISIANA allocable income of each class, from all sources.

LINE 26I – Louisiana Allocable Expenses – Enter the total of the allocable expense associated with allocable income sourced to Louisiana. Attach a schedule detailing the expense by allocable income type.

LINE 26J – Net Allocable Income From Louisiana Sources – Add Lines 26A through 26I. This is the LOUISIANA net allocable income.

LINE 27 – Add the net income apportioned to Louisiana, Line 25, to the net income allocated to Louisiana, Line 26J. If the separate accounting method was used, subtract Line 21 from Line 8.

GENERAL INSTRUCTIONS FOR SCHEDULES Q, R, S, AND O

If you answered “yes” to Line J, Line K, or both, on Page 1 you must complete Schedules Q, R, and S. The instructions for Schedule R determine if you also have to complete Schedule O. If you answered “no” to both Lines J and K, do not complete Schedules Q, R, and S.

SCHEDULE Q – RECONCILIATION OF FEDERAL AND LOUISIANA NET INCOME FOR PARTNERSHIPS WITH CORPORATE PARTNERS

See R.S. 47:287.71 and R.S. 47:287.73 for information.

Line 1 – Enter the amount of federal net income from Line 1 of the Analysis of Net Income (Loss) schedule of Federal Form 1065.

Line 2a – Enter the total amount of any additions to federal net income. A schedule of the items on this line must be supplied.

LINE 3a – Bank Dividends – R.S. 47:287.71 provides a deduction from federal net income for dividend income from banking corporations organized under the laws of Louisiana, from national banking corporations doing business in Louisiana, and from capital stock associations whose stock is subject to ad valorem taxation.

LINE 3b – All Other Dividends – R.S. 47:287.738(F)(1) allows a deduction for dividends that would otherwise be included in gross income.

LINE 3c – Interest – R.S. 47:287.738(F)(2) allows a deduction for interest that would otherwise be included in gross income.

LINE 3d – Road Home – R.S. 47:287.738(G) provides that any grant, loan, or other benefit directly or indirectly provided to a taxpayer by the Disaster Recovery Unit of the Office of Community Development is excluded if such income was included in the taxpayer's federal taxable income. Benefits may include payments from Restore Louisiana for recovery from the Great Flood of 2016.

LINE 3e – Expenses Not Deducted On The Federal Return Due To IRC Section 280C – Whenever an otherwise allowable expense for purposes of computing federal net income is disallowed under the provisions of IRC Section 280C, an additional deduction in the amount of the disallowed expense is allowed under the provisions of R.S. 47:287.73. An example of such an expense is salary expense disallowed due to the utilization of the federal jobs credit.

LINE 3f – Other Subtractions – A schedule of the items on this line must be supplied. Refer to R.S.47:287.71, 47:287.73, and R.S.47:287.734 through 287.747 for other subtractions from federal net income. **IMPORTANT:** There is no exclusion from income for a partnership who is a shareholder, member, or partner of an entity that made the pass-through entity tax election under R.S. 47:287.732.2. Also, include on this line:

Act 123 Recovery – Section 5 of Act 123 of the 2015 Regular Legislative Session provides that if a return was filed after July 1, 2015, for which a valid extension was allowed prior to July 1, 2015, then one-third of any portion of an exclusion or deduction that was disallowed by the Act, shall be allowed as a deduction in the return for each of the taxable years beginning during 2017, 2018, and 2019. If this applies, enter one-third of the total of the portions of exclusions or deductions that were disallowed by Act 123 on that return. Attach a schedule listing each deduction or exclusion disallowed, the total amount before reduction, the reduction amount, and the one-third amount being recovered on this return. Round to the nearest dollar. For more information see Revenue Information Bulletin 17-018.

Compensation for Disaster Services – R.S.47:53.5 provides an exclusion for income received by a nonresident business for performing disaster or emergency-related work within the state during a declared or emergency period beginning January 1, 2018. The exclusion applies only for income received in exchange for disaster or emergency-related work related to critical infrastructure

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that is performed during the declared disaster period, which begins within 10 days of the first day of the declaration or proclamation made by either the governor, the president, or appropriate local government official and ends 60 days after its conclusion, unless a longer period is subsequently authorized. Requests for written notice concerning emergency-related services are posted as Revenue Information Bulletins on LDR's website.

Expenses Not Deducted On The Federal Return Due To Internal Revenue Code Section 280E

Act 331 of the 2019 Louisiana Regular Legislative Session provides for a deduction in the computation of net income for business expenses otherwise allowed, but for the provisions of IRC Section 280E, for a licensee engaged in the production or dispensing of therapeutic marijuana recommended for therapeutic use by patents clinically diagnosed as suffering from a debilitating medical condition.

Line 3g – Total Subtractions – Add Lines 3a through 3f.

LINE 4 – Louisiana Net Income From All Sources – Add Lines 1 and 2a and subtract Line 3g. This amount should agree with Schedule S, Line 22.

**SCHEDULE R – COMPUTATION OF APPORTIONMENT PERCENTAGE FOR PARTNERSHIPS
WITH CORPORATE PARTNERS**

Except for certain oil and gas businesses, a single revenue ratio is used to apportion income. Specific revenue ratios are prescribed for air, pipeline, other transportation businesses, and certain service enterprises. A general revenue ratio is prescribed for manufacturing, merchandising and any other business for which a formula is not specifically prescribed. A specific apportionment formula, consisting of four ratios is prescribed for certain oil and gas businesses. The statute contemplates that only one specific formula is used in determining the apportionment percent, that being the formula prescribed for the primary business. As a general rule, where more than one type of business is transacted, the primary business is that which is the primary source of net apportionable income. The class of income designated as "apportionable income" is all items of gross income which are not properly includible in allocable income. Therefore allocable income is not used in determining which specific formula to use for the apportionment percent, or in the calculations of the apportionment percent. For information regarding what types of income are considered allocable income, see the instructions for Line 23 of Schedule S.

The income tax revenue and wage ratios are calculated on Schedule R. The income tax property ratio is calculated on Schedule O. Mark the box on Line 2 if the wage ratio is not considered as described below. Mark the box on Line 3 if the property ratio is not considered as described below. Mark the box on Line 4 if the double-weighted sales ratio is not considered as described below.

Television and Radio Businesses – See R.S. 47:287.95(K)

Oil And Gas Businesses – The Louisiana apportionment percent used when net apportionable income is derived primarily from the exploration, production, refining, or marketing of oil and gas is the arithmetical average of four ratios, as follows:

- a. The ratio of the value of the immovable and corporeal movable property owned and located in Louisiana to the value of the immovable and corporeal movable property owned and used in the production of the net apportionable income.
- b. The ratio of the amount paid for salaries, wages, and other compensation for personal services rendered in this state to the total amount paid for salaries, wages, and other compensation for personal services in connection with the production of net apportionable income.
- c. The ratio of net sales made in the regular course of business and other gross apportionable income attributable to this state to the total net sales made in the regular course of business and other gross apportionable. This ratio is counted twice (doubleweighted).

This provision applies to the following:

- Any taxpayer whose income is primarily derived from the production or sale of unrefined oil and gas.
- Any taxpayer defined as an integrated oil company per the United States Internal Revenue Code – 26 USC 291(b)(4), or integrated oil companies that refine, produce, and have marketing operations, whose income in Louisiana is principally derived from production and sale of unrefined oil and gas, and who also engage in significant marketing of refined petroleum products in Louisiana. However, any corporation, whose activities during the taxable year do not include gross receipts from retail sales of oil and/or natural gas or gross receipts from refinery activities of oil and/or natural gas, will not be considered as an integrated oil company for Louisiana tax purposes.

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When the numerator and denominator are zero in any one or more ratios in the apportionment formula, such ratio is dropped from the apportionment formula and the arithmetical average determined from the total remaining ratios.

Air Transportation – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of transportation by aircraft is computed by means of a single ratio, the ratio of the amount of gross apportionable income derived from Louisiana sources to the total gross apportionable income of the taxpayer.

Gross apportionable income from Louisiana sources includes all gross receipts derived from passenger journeys and cargo shipments originating in Louisiana and any other items of gross apportionable income or receipts derived entirely from sources in Louisiana.

Transportation Other Than Air or Pipeline – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of transportation, other than aircraft or pipeline, is computed by means of a single ratio, the ratio of the amount of gross apportionable income from Louisiana sources to the total amount of gross apportionable income of the taxpayer. Gross apportionable income from Louisiana sources includes all such income that is derived from sources within the state and a portion of revenue from transportation partly without and partly within Louisiana.

Service Enterprises – The Louisiana apportionment percent used when net apportionable income is derived primarily from a service business in which the use of property is not a substantial income producing factor is computed by means of a single ratio, the ratio of the gross apportionable income from Louisiana sources to the total gross apportionable income.

Gross apportionable income from Louisiana sources include the revenue from services sourced to Louisiana, and any other gross income derived entirely in this state. The general rule for sourcing service receipts to Louisiana is that service receipts are sourced to Louisiana if and to the extent the service is delivered to a location in Louisiana (market based). Refer to R.S. 47: 287.95(L) for specific sourcing rules.

Manufacturing, Merchandising, Pipeline Transportation, and Other Businesses Not Addressed Above – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of manufacturing or merchandising (manufacturing, producing, and/or selling tangible personal property) or pipeline transportation or other business not addressed above is computed by means of a single ratio, the ratio of net sales made in the regular course of business and other gross apportionable income attributable to this state to the total net sales made in the regular course of business and other gross apportionable income of the taxpayer.

SCHEDULE S – Computation of Louisiana Net Income of Partnerships with Corporate Partners

Separate Accounting Method

Those corporations that have been granted permission to use the separate accounting method should mark the box on the line above Line 1A and report the Louisiana amounts for the items on Lines 1A through 22. Skip Lines 23A through 26G. On Line 27, subtract Line 21 from Line 8. A copy of the federal return should be attached to the return.

Instructions

Lines 1 through 6 – Enter the amounts from the partnership's Federal Form 1065 on the corresponding lines of this schedule.

Line 7 – Other Income – This amount should be equal to the result of adding the amount on Line 7 of Federal Form 1065 and the amounts on Lines 2 through 11 of Schedule K of Federal Form 1065 and any amounts of income added to federal net income on Louisiana Form IT-565, Schedule Q, less any amounts of income subtracted from federal net income on Louisiana Form IT-565, Schedule Q. Please attach a schedule of other income as reported on Form 1065.

Lines 9 through 19 – Enter the amounts from the partnership's Federal Form 1065 on the corresponding lines of this schedule.

Line 20 – Other Deductions – This amount should be equal to the result of adding the amount on Line 20 of Federal Form 1065 and the amounts on Lines 12 through 13d, and 16l of Schedule K of Federal Form 1065 and any amounts of expense subtracted from federal net income on Louisiana Form IT-565, Schedule Q, less any amounts of expense added to federal net income on Louisiana Form IT-565, Schedule Q. Please attach a schedule of other deductions as reported on Form 1065.

Line 23 – Allocable Income – Louisiana does not apply the business/nonbusiness concepts outlined in the Multistate Tax Compact. Irrespective of whether the net income derived from sources within Louisiana is determined by use of the apportionment method or the separate accounting method, the law designates certain classes of income as allocable income that must be accounted for on a separate (direct) basis. See LAC 61:1.1130 available on the Department's website. The classes of income designated as allocable income and the basis upon which such income should be allocated are as follows:

- A. Rents and royalties from immovable or corporeal movable property must be allocated to the state where the property is located

at the time the income is derived.

- B. Royalties or similar revenue from the use of patents, trademarks, copyrights, secret processes, and other similar intangible rights must be allocated to the state in which such rights are used. The use referred to is that of the licensee rather than that of the licensor. A mineral lease, royalty interest, oil payment, or other mineral interest is allocated to the state in which the property subject to such mineral interest is situated.
- C. Estates, trusts, and partnerships having a corporation as a member or beneficiary must allocate and apportion their income within and without the state in accordance with the processes and formulas prescribed for corporations, and the share of any corporate member or beneficiary in the net income from sources in this state, so computed, must be allocated to this state in the return of the member or beneficiary.
- D. Income from construction, repair, or other similar services must be allocated to the state in which the service is performed. The phrase "other similar services" means any work that has as its purpose the improvement of immovable property belonging to a person other than the partnership where a substantial portion of the work is performed at the location of such property, whether or not such services actually result in improvements to the property.
- E. Other allocable income – This line should include interest income received from a controlled corporation that a corporation elects to tax under R.S. 47:287.738(F)(2). The interest is allocated to the state or states in which the real and tangible personal property of the controlled corporation is located. The allocation is made on the basis of the ratio of the value of such property located in Louisiana to the value of such property within and without the state. See LAC 61:I.1130.A.2.

Calculation Of Net Allocable Income – From the total gross allocable income from all sources and from gross allocable income from Louisiana sources, there is deducted all expenses, losses, and other deductions, except federal income taxes, allowable under the Louisiana income tax law that are directly attributable to such income, plus a ratable portion of the allowable deductions, except federal income taxes, that are not directly attributable to any item or class of gross income. Please attach a schedule of all allocable expenses and Louisiana expenses directly attributable to any item or class of gross income.

LAC 61:I.1130 provides that overhead expense attributable to items of gross allocable income derived from sources within and without Louisiana, except gross allocable income from rent of immovable or corporeal movable property or from construction, repair, or other similar services, may be determined by any reasonable method that clearly reflects net allocable income from such items of income.

LAC 61:I.1130.B.2.a PROVIDES:

- i. Overhead expense attributable to Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services shall be deducted from such income for the purposes of determining Louisiana net allocable income or loss from such items of income. The amount of overhead expense attributable to such income shall be determined by multiplying overhead expense attributed to total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services by the arithmetical average of two ratios, as follows:
 - (a) the ratio of the amount of Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total gross allocable income from such sources;
 - (b) the ratio of the amount of direct cost incurred in the production of Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total direct cost incurred in the production of such income.
- ii. Overhead expense attributable to total gross allocable income derived from rent of immovable or corporeal movable property or from construction, repair, or other similar services shall be deducted from such income for the purposes of determining total net allocable income or loss from such items of income. The amount of overhead expense attributable to such income shall be determined by multiplying total overhead expense by the arithmetical average of two ratios, as follows:
 - (a) the ratio of the amount of total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total gross income derived from all sources;
 - (b) the ratio of the amount of direct cost incurred in the production of total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total direct cost incurred in the production of gross income from all sources.

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iii. If the taxpayer has not maintained documents or records sufficient to compute the ratios required by this Subparagraph, the Secretary shall, upon examination, determine the method by which to attribute overhead expense.

In addition to direct expenses and a ratable portion of overhead expenses, LAC 61:I.1130 specifies the method for attributing a portion of interest expense to allocable income. The method of allocation and apportionment for interest set forth in the regulation is based on the approach that money is fungible and that interest expense is attributable to all activities and property regardless of any specific purpose for incurring an obligation on which interest is paid. Exceptions to the fungibility method are set forth in LAC 61:I.1130.B.1.b. The fungibility approach recognizes that all activities and property require funds and that management has a great deal of flexibility as to the source and use of funds and that the creditors of the taxpayer look to its general credit for repayment and thereby subject the money loaned to the risk of all of the taxpayer's activities. You must refer to LAC 61:I.1130 for information regarding the computation of interest expense.

Lines 23A through 23E – Allocable Income From All Sources – Enter the TOTAL net allocable income of each class, from all sources.

Line 23F – Allocable Expenses – Enter the total of all allocable expense. Attach a schedule detailing the expense by allocable income type.

Line 23G – Net Allocable Income From All Sources – Add Lines 23A through 23F.

Line 24 – Net Income Subject To Apportionment – Subtract Line 23G from Line 22.

Line 25 – Net Income Apportioned To Louisiana – Multiply the amount on Line 24 by the percentage from Schedule R, Line 6.

Lines 26A through 26E – Allocable Income From Louisiana Sources – Enter the total LOUISIANA allocable income of each class, from all sources.

Line 26F – Louisiana Allocable Expenses – Enter the total of the allocable expense associated with allocable income sourced to Louisiana. Attach a schedule detailing the expense by allocable income type.

Line 26G – Net Allocable Income From Louisiana Sources – Add Lines 26A through 26F. This is the LOUISIANA net allocable income.

Line 27 – Add the net income apportioned to Louisiana, Line 25, to the net income allocated to Louisiana, Line 26G. If the separate accounting method was used, subtract Line 21 from Line 8.

SCHEDULE T – TAX CREDITS

If a schedule is required in the instructions below, you must attach a separate schedule for each credit. The schedule should clearly identify the credit, partnership name, and Louisiana Department of Revenue account number or FEIN. If documentation is required, you must submit the documentation with your return. For faster processing, you can upload all required information when you file your return electronically. Revenue Information Bulletins (RIB) are posted on www.revenue.louisiana.gov/policies under Policy Documents.

Note: If you are passing through a credit that is recorded in the Tax Credit Registry, each transfer of a transferrable credit to a partner must be recorded in the Tax Credit Registry. See Revenue Information Bulletin 14-005 for information regarding the flow-through of a transferrable credit.

Credits earned in the year the pass-through entity tax election was made or after the election was made are tax items of the entity and the credit and its future carryforward must be reported on the entity's return. If the pass-through entity made the election for 2019, any credits earned for 2019 cannot be used on the income tax return of any shareholder, member, or partner. Tax credits earned in tax years prior to the election that have previously passed through to the owners are tax items of the owners and any credit carryforward remaining can only be used on their income tax return. See Revenue Information Bulletin 19-019 and LAC 61:I.1001(C)(6) for more information.

In Schedule T, list the description, code (from the list below) and the total amount of each type of tax credit that is being passed through to partners. Include amounts being claimed on a composite partnership return and amounts being passed through to partners not included in a composite return. If you are passing through a Louisiana Citizens Property Assessment credit enter the total amount of such credit on Line 1, with no code. If you are not passing through a Louisiana Citizens Property Assessment credit, leave the Line 1 amount blank.

Louisiana Citizens Property Assessment – A credit is allowed for 25% of the amount of the Louisiana Citizens Property Insurance assessment that was included in the partnership's property insurance premium(s). A copy of the declaration page from your premium notice must be attached to your return. For additional information regarding this credit, visit www.revenue.louisiana.gov/citizens.

50F – Inventory Tax – You must use Form R-10610, *Schedule of Ad Valorem Tax Credit Claimed by Manufacturers, Distributors, and*

Retailers, to calculate the amount of credit you can claim. Revised Statute 47:6006 allows a credit against income or corporate franchise tax for ad valorem taxes paid to political subdivisions in Louisiana on inventory held by manufacturers, distributors, or retailers. For purposes of the limitations on refundability, members included in a consolidated federal tax return will be treated as one taxpayer. If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable. For businesses formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts of \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable. The inventory tax credit is nonrefundable for taxes paid on inventory by any manufacturer who claimed the property tax exemption under the Industrial Tax Exemption program (ITEP) during the same year the inventory taxes were paid.

51F – Ad Valorem Natural Gas – You must use Form R-10610 to calculate the amount of credit you can claim. Revised Statute 47:6006 allows a credit against income tax or corporate franchise tax for ad valorem taxes paid to political subdivisions in Louisiana on natural gas held, used or consumed in providing natural gas storage services or operating natural gas storage facilities. For purposes of the limitations on refundability, members included in a consolidated federal tax return will be treated as one taxpayer. If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable. For businesses formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts of \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.

52F – Ad Valorem Offshore Vessels – R.S. 47:6006.1 allows a refundable credit against income or corporate franchise tax for 100 percent of the ad valorem taxes paid on vessels in Outer Continental Shelf Lands Act Waters. Copies of the tax assessment, the canceled check in payment of the tax, and a completed Form LAT 11A from the Louisiana Tax Commission must be attached to the return.

54F – Telephone Company Property – R.S. 47:6014 allows a refundable credit against income or corporate franchise tax for up to 40 percent of the ad valorem taxes paid to Louisiana political subdivisions by a telephone company, with respect to that company's public service properties located in Louisiana. The credit may be passed through to individuals who are shareholders or members of certain legal entities. See Revenue Information Bulletin 01-004 on LDR's website. A schedule must be attached stating which entity paid the tax and obtained the credit on the taxpayer's behalf.

55F – Prison Industry Enhancement – R. S 47:6018 allows a refundable credit against income or corporate franchise tax for 72 percent of the state sales and use tax paid by a taxpayer on purchases by a taxpayer of specialty apparel items from a private sector Prison Industry Enhancement (PIE) contractor. Contact LDR for further information regarding this credit.

57F – Mentor – Protégé – R.S. 47:6027 allows a refundable credit against income or corporate franchise tax for a mentor business that fulfills the terms of a Mentor-Protégé Agreement as approved by the Louisiana Department of Economic Development. A copy of the certification of the credit must be attached to the return.

58F – Milk Producers – R.S. 47:6032 allows a refundable credit against income or corporate franchise tax for a resident taxpayer engaged in the business of producing milk for sale. Those milk producers that have obtained permits under the Louisiana Administrative Code, Title 51 and have met the requirements of the Food and Drug Administration shall be certified by the Department of Health to receive the credit. For more information see Revenue Information Bulletin 08-014 on LDR's website.

59F – Technology Commercialization – R.S. 51:2351 et seq. allow a refundable credit against income or corporate franchise tax for a qualifying business that invests in the commercialization of Louisiana technology. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.

62F – Musical and Theatrical Production – R.S. 47:6034 allows a refundable credit against income tax for the production expenses, employment of college and vocational-technical students, employment of residents, and for the construction, repair, or renovation of facilities related to productions and performances. No credit shall be allowed under this provision if credit has been granted for the Motion Picture Investment or Infrastructure credit (R.S. 47:6007) or the Sound Recording Investment credit (R.S. 47:6023). Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification must be attached to the return.

65F – School Readiness Child Care Provider – R.S. 47:6105 allows a refundable credit against income tax or corporate franchise tax for a child care provider who operates a facility or facilities where care is given to foster children in the custody of the Louisiana Department of Children and Family Services (DCFS) or to children who participate in the Child Care Assistance Program administered by the Louisiana Department of Education (LDE). The credit is based on the average monthly number of children who attended the facility multiplied by an amount based on the quality rating of the child care facility. For more information regarding this credit, contact Louisiana Department of

Education.

67F – School Readiness Business–Supported Child Care – R.S. 47:6107 allows a refundable credit against income tax or corporate franchise tax for a taxpayer who incurs eligible business–supported child care expenses. The percentage of eligible expenses allowed for the credit depends on the quality rating of the child care facility to which the expenses are related or the quality rating of the child care facility that the child attends. Copies of canceled checks and other documentation to support the amount of eligible expenses must be maintained and provided upon request. For more information regarding this credit, contact the Louisiana Department of Education.

68F – School Readiness Fees and Grants to Resource and Referral Agencies – R.S. 47:6107 allows a refundable credit against income tax or corporate franchise tax for the payment by a business of fees and grants to child care resource and referral agencies. The credit shall not exceed \$5,000 per tax year. For more information regarding this credit, please contact the Louisiana Department of Education.

70F – Retention and Modernization – R.S. 51:2399.1 et seq. allow a refundable credit against income tax or corporate franchise tax for an employer who incurs qualified expenditures to modernize existing operations in Louisiana to retain the business in the state. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.

73F – Digital Interactive Media – R.S. 47:6022 allows a refundable credit against income tax for the investment in businesses specializing in digital interactive media and software. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. See Revenue Information Bulletin 12–017 on LDR’s website.

80F – Other Refundable Credit – Reserved for future credits.

100 – Premium Tax – R.S. 47:227 provides a credit against income tax for premium taxes paid during the preceding 12 months by an insurance company authorized to do business in Louisiana. The credit may be passed to corporations through certain legal entities such as partnerships. A schedule must be entities that paid the premium tax and generated the credit on behalf of the corporation. Also, attach a copy of the premium tax return and canceled checks in payment of the tax.

120 – Bone Marrow – R.S. 47:287.758 provides a credit against income tax to employers, authorized to do business in the state, who incur bone marrow donor expense by developing a bone marrow donation program, educating employees related to bone marrow, making payments to a health care provider for determining tissue types of potential donors, paying wages to an employee for time related to tissue typing and bone marrow donation, etc. If the wage expense is used to obtain the credit it cannot be deducted as an expense for income tax purposes. The amount of the credit was equal to 18 percent of the bone marrow donor expense paid or incurred by the employer during the tax year.

140 – Nonviolent Offenders – R.S. 47:287.752 provides a credit against income tax for an entity who provides full–time employment to an individual who has been convicted of a first–time nonviolent offense, has completed a court–ordered program certified by the employee’s probation officer, and has worked 180 days. A statement signed by both the employer and employee certifying the employee’s full–time work status for the year must be attached to the return and Form R-6311, *Tax Incentives with Job Creation Components*, must be attached to the return.

150 – Qualified Playgrounds – R.S. 47:6008 provides a credit income tax or corporate franchise tax for donations to assist qualified playgrounds. The credit is the lesser of \$720 or 36 percent of the value of the cash, equipment, goods, or services donated. For more information on this credit, see Revenue Ruling No. 02–020 posted on LDR’s website.

155 – Debt Issuance – R.S. 47: 6017 provides a credit against income tax or corporate franchise tax for 72 percent of the filing fee paid to the Louisiana State Bond Commission, which is incurred by an economic development corporation in the preparation and issuance of bonds.

160 – Contributions to Educational Institutions – R.S. 47:37 and R.S. 47:287.755 provide a credit against income tax of 29 percent of the value of tangible property of a sophisticated and technical nature to educational institutions in the State of Louisiana to be applied against corporate income tax. The institution that receives the donation must furnish to the donor or seller a certification of such donation, contribution, or sale below cost, which shall include the date and the value of the property donated, contributed, or sold.

170 – Donations to Public Schools – R.S. 47:6013 provides a credit against income tax or corporate franchise tax for qualified donations made to a public school. The credit is equal to 28 percent of the appraised value of a qualified donation of property made to a public school. “Public school” is defined as a public elementary or secondary school. “Qualified donation” is defined as a donation of immovable property purchased or otherwise acquired by a corporation and donated to a public school immediately adjacent or contiguous to such property.

185 – Conversion of Vehicle to Alternative Fuel – R.S. 47:6035 allows a credit against income tax for the purchase of, or conversion of a vehicle designed to run on an alternative fuel. The credit for the purchase of a qualifying new vehicle is equal to 10 percent of the cost of the qualified vehicle or \$2,500, whichever is less. The credit for vehicle conversions or building of fueling stations is equal to 30 percent of the cost of the qualified clean-burning motor vehicle fuel property. See Revenue Information Bulletin 13-023 for definition of alternative fuel and Revenue Information Bulletin 17-016 for more information. You must attach documentation verifying the conversion or purchase of the vehicle and the vehicle's registration with the Louisiana Department of Public Safety.

199 – Other – Reserved for Future Credits

200 – Atchafalaya Trace – R.S. 25:1226.4 provides a credit against income tax or corporate franchise tax to certain heritage based cottage industries that have entered into a contract with the State Board of Commerce and Industry. A copy of the contract must be attached to the return.

210 – Recycling Credit – R.S. 47:6005 provides a credit against income or corporate franchise tax for the purchase of certain equipment or service contracts related to recycling. The credit must be certified by the Louisiana Department of Environmental Quality and a copy of the certification must be attached to the return.

213 – Donation to School Tuition Organization – R.S. 47:6301 provides a credit against income tax for donations made to a school tuition organization that provides scholarships to qualified students to attend a qualified school. Attach Form R-10604, *Receipt of Donation for Louisiana Tuition Donation Tax Credit*, to your return. See Revenue Information Bulletin 18-024 for more information.

218 – Inventory Tax Credit Carried Forward and ITEP – R.S. 47:6006 allows a credit against income or corporate franchise tax for valorem taxes paid to political subdivisions in Louisiana on inventory held by manufacturers, distributors, or retailers. Manufacturers, distributors, or retailers should use this code for the carryforward of nonrefundable credits (not current year credit) unused on composite partnership returns from 2014 through 2018 that are being carried forward to this year's composite return and the current year credit calculated on the 2019 Form R-10610-ITE, *Schedule of Ad Valorem Tax Credit Claimed by ITEP Manufacturers and Related Parties for Ad Valorem Tax Paid on Inventory*.

The inventory credit is nonrefundable for taxes paid on inventory by any manufacturer who claimed the property tax exemption under the Industrial Tax Exemption program (ITEP) during the same year the inventory taxes were paid. This code should be used for the credits to which the ITEP condition applies. If the ITEP condition applies to the partnership, complete page 1 of Form R-10610 for the eligible taxes paid during this tax year, and attach it to the return. A copy should also be provided to applicable partners for their use in reporting the credit on their return. Report the amount total amount of the "ITEP" credit earned this year by the partnership using this code, whether or not claimed on a composite return. Partnerships who claimed the property tax exemption under the ITEP during the same year the inventory taxes were paid, should use this code for the carryforward of credits (not current year credit) deemed nonrefundable by the ITEP condition unused on composite partnership returns from 2014 through 2018 that are being carried forward to this year's composite return.

219 – Ad Valorem Natural Gas Credit Carried Forward – R.S. 47:6006 provides a credit against income tax or corporate franchise tax for ad valorem taxes paid to political subdivisions in Louisiana on natural gas held, used or consumed in providing natural gas storage services or operating natural gas storage facilities. Use this code for the carryforward of unused nonrefundable credits (not current year credit) from 2014 through 2018.

223 QMC Music Job Creation Credit – R.S. 47:6023 provides a credit against income tax to a Qualifying Music Company (QMC) that is a music publisher, sound recording studio, booking agent, or artist management that is engaged directly or indirectly in the production, distribution, and promotion of music. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. The credit is limited to 50 percent of the taxpayer's tax liability.

224 – New Jobs Credit – R.S. 47:34 and R.S. 47:287.749 provide a credit against income tax to employers who establish or expand a business in the state. You must attach Form R-6311 and a schedule that includes the calculation of the credit; the name, address, and Social Security Number of each new employee; highest number of full time and qualified part-time employees during the previous year; highest number of full-time and part-time employees during the current year; number of new employees hired for new jobs created during this taxable year; and amount of credit carried forward from the previous year.

226 – Refunds by Utilities – R.S. 47: 287.664 provides a credit against income tax for certain court ordered refunds made by utilities to its customers.

228 – Eligible Re-entrants – R.S. 47:287.748 provides a credit against income tax to a taxpayer who employs an eligible re-entrant in Louisiana. An eligible re-entrant is defined as a person who has been convicted of a felony and who has successfully completed the

Intensive Incarceration Program, as provided in R.S. 15:574.4. A list of eligible re-entrants and documentation to verify they have completed the Intensive Incarceration Program along with Form R-6311 must be attached to the return.

230 – Neighborhood Assistance – R.S. 47:35 and R.S. 47:287.753 provide a credit against income tax for an entity engaged in the activities of providing neighborhood assistance, job training, education for individuals, community services, or crime prevention in Louisiana. The credit is for up to 50 percent of the amount contributed and the credit shall not exceed \$180,000 annually.

231 – Research and Development – R.S. 47:6015(K) provides a credit against income tax or corporate franchise tax for any taxpayer who claims a federal income tax credit under 26 U.S.C. §41(a) for increasing research or for a taxpayer who employs fewer than 50 employees and who meets the requirements of R.S. 47:6015(B)(3)(i). Beginning with the 2018 tax year, credits earned based upon participation in the Small Business Technology Transfer program or the Small Business Innovative Research Grant program should be claimed using credit code 252. The credit is obtained through the Louisiana Department of Economic Development and documentation from that agency must be attached to the return. See Revenue Information Bulletin 15-019 on LDR's website.

232 – Cane River Heritage – R.S. 47:6026 provides a credit against income tax or corporate franchise tax for a heritage-based cottage industry located or to be located in the Cane River Heritage Area Development Zone. The taxpayer must enter into a contract with the Department of Culture, Recreation, and Tourism, and a copy of the contract must be attached to the return.

236 – Apprenticeship – R.S. 47:6033 provides a credit against income tax or corporate franchise tax to employers equal to one dollar for each hour of employment for an eligible apprentice, limited to 1,000 hours for each eligible apprentice. An eligible apprentice is a person who has entered into a written apprenticeship 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. For more information regarding this credit, please contact the Louisiana Workforce Commission.

238 – Ports of Louisiana Investor – R.S. 47:6036(C) provides a credit against income tax or corporate franchise tax to encourage investment in state port facilities in Louisiana. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.

240 – Ports of Louisiana Import Export Cargo – R.S. 47:6036(I) provides a credit against income tax or corporate franchise tax to encourage the use of state port facilities in Louisiana. The credit is based on the number of tons of qualified cargo imported and exported from or to manufacturing, fabrication, assembly, distribution, processing or warehousing facilities located in the state. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.

251 – Motion Picture Investment – R.S. 47:6007(C)(1) provides a credit against income tax for taxpayers domiciled in Louisiana, other than motion picture production companies, who invest in a state-certified motion picture production. Taxpayers taking this credit may attach Form R-10611, *Motion Picture Investment Tax Credit Schedule*, as documentation for this credit. See Revenue Information Bulletin 17-019 and www.revenue.louisiana.gov/CreditCaps for more information.

252 – Research and Development – R.S. 47:6015 provides a credit against income tax or corporate franchise tax for any taxpayer who claims a federal income tax credit under 26 U.S.C. §41(a) for increasing research activities. Use this code for Research and Development credits earned for expenditures made in tax years beginning before January 1, 2009. Also, use this code for credits earned based on participation in the Small Business Technology Transfer or the Small Business Innovation Research Grant program beginning with the 2018 tax year.

253 – Historic Structures – R.S. 47:6019 provides a credit against corporate tax or corporate franchise tax if the taxpayer incurs certain expenses during the rehabilitation of a historic structure located in a Downtown Development or a cultural district. Refer to Revenue Information Bulletin 14-007 and 14-007A on LDR's website.

254 – Digital Interactive Media – R.S. 47:6022 provides a credit against income tax for the investment in businesses specializing in digital interactive media before January 1, 2012. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. See Revenue Information Bulletin 12-017 on LDR's website.

257 – Capital Company – R.S. 51:1924 provides a credit against income tax for the investment in a certified Louisiana capital company. The credit must be approved by the Commissioner of the Office of Financial Institutions. A copy of the certification must be attached to the return.

258 – LA Community Development Financial Institution (LCDFI) – R.S. 51:3085 et seq. provides a credit against income tax or corporate franchise tax for certain investments in an LCDFI to encourage the expansion of businesses in economically distressed areas. The Louisiana Office of Financial Institutions administers this program.

259 – New Markets – R.S. 47:6016 provides a credit against income tax or corporate franchise tax if the taxpayer makes certain qualified low-income community investments, as defined in Section 45D of the Internal Revenue Code. The taxpayer must be certified by the Louisiana Department of Economic Development and approved by LDR. Information on the program investment limits are posted as Revenue Information Bulletins on LDR's website.

260 – Brownfields Investor Credit – R.S. 47:6021 provides a credit against income tax to encourage the cleanup, redevelopment, and productive reuse of brownfields in the state. The credit is obtained through the Department of Economic Development and the Department of Environmental Quality.

261 – Motion Picture Infrastructure – R.S. 47:6007(C)(2) provides a credit against income tax for an approved state-certified infrastructure project for a film, video, television, or digital production or postproduction facility. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. See Revenue Information Bulletin 17-019, and www.revenue.louisiana.gov/CreditCaps for more information.

262 – Angel Investor – R.S. 47:6020 provides a credit against income tax or corporate franchise tax to encourage third party investment of taxpayers who make qualified investments to certified Louisiana entrepreneurial businesses on or after January 1, 2011. To earn the Angel Investor Tax Credit, taxpayers must file an application with the Louisiana Department of Economic Development. See Revenue Information Bulletin 12-009 on LDR's website.

299 – Other – Reserved for Future Credits

300 – Biomed/University Research – R.S. 17:3389 provides a credit against income tax or corporate franchise tax for a company that establishes research activities in either a Biomedical or University Research and Development Park. The taxpayer must enter into a contract with the Louisiana Department of Economic Development and a copy of the contract showing the credit granted must be attached to the return.

305 – Tax Equalization – R.S. 47:3201 et seq. provides a credit against income tax or corporate franchise tax for tax equalization for certain businesses locating in Louisiana. The taxpayer must enter into a contract with the Louisiana Department of Economic Development and a copy of the contract showing the credit granted must be attached to the return.

310 – Manufacturing Establishments – R.S. 47:4301 et seq provides a credit against income tax or corporate franchise tax to certain manufacturing establishments that have entered into a contract with the Louisiana Department of Economic Development. A copy of the contract showing the credit granted must be attached to the return.

315 – Enterprise Zone – R.S. 51:1782 et. seq. provide a credit against income tax or corporate franchise tax for private sector investments in certain areas, which are designated as "Enterprise Zones". The taxpayer must enter into a contract with the Louisiana Department of Economic Development and a copy of the contract showing the credit granted must be attached to the return.

399 – Other – Reserved for Future Credits