

**Revenue Information Bulletin No. 15-019<sup>1</sup>**

**June 30, 2015**

**Individual Income, Corporate and Franchise Tax**

**Local Inventory Tax and Research Development Tax Credit**

Act 133 of the 2015 Regular Legislative Session addressed administration of the Local Inventory Tax Credit and the Research and Development Tax Credit.

**LOCAL INVENTORY TAX CREDIT**

There shall be allowed a credit against any Louisiana income or corporation franchise tax for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers. There shall be allowed a credit against any Louisiana income or corporation franchise tax for ad valorem taxes paid to political subdivisions on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities.

Credit for taxes paid by corporations shall be applied to state corporate income and corporation franchise taxes. Credit for taxes paid by unincorporated persons shall be applied to state personal income taxes. The secretary shall make a refund to the taxpayer in the amount to which he is entitled from the current collections of the taxes collected pursuant to La. R.S. 47:21 et seq. and 47:601 et seq. If the amount of the credit authorized exceeds the amount of tax liability for the tax year, the following amounts of the excess credit shall either be refundable or may be carried forward as a credit against subsequent Louisiana income or corporate franchise tax liability for a period not to exceed five years, as follows:

*For those eligible taxpayers whose ad valorem taxes paid to all political subdivisions in the taxable year was **less than ten thousand dollars** a refund shall be issued for all of the excess credit.*

*For those eligible taxpayers whose ad valorem taxes paid to all political subdivisions in the taxable year was **ten thousand dollars or more** a refund of seventy-five percent of the excess credit shall be issued, and the remaining twenty-five percent of the credit may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.*

The provisions of this Act shall apply to all claims for these credits on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. The provisions of this Act shall not apply to an amended return filed on or after July 1, 2015, provided that these credits were properly claimed on an original return filed prior to July 1, 2015.

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**RESEARCH AND DEVELOPMENT TAX CREDIT**

Any taxpayer who employs fifty or more persons and claims for the taxable year a federal income tax credit under 26 U.S.C. 41(a) for increasing research activities shall be allowed a tax credit to be applied against income and corporation franchise taxes due in the manner provided for in R.S. 47: 6015 (K).

Any taxpayer who employs less than fifty persons and claims for the taxable year a federal income tax credit under 26 U.S.C. 41(a) for the taxable year, or meets the requirements of Subparagraph (3)(i) of this Subsection, shall be allowed a tax credit to be applied against income and corporation franchise taxes due in the manner provided for in R.S. 47: 6015 (K).

A taxpayer who receives a federal Small Business Innovation Research Grant as created by the Small Business Innovation Development Act of 1982 (P.L. 97-219), reauthorized by the Small Business Research and Development Enhancement Act (P.L. 102-564), and reauthorized again by the Small Business Reauthorization Act of 2000 (P.L. 106-554), shall be allowed a tax credit in an amount equal to forty percent of the award received during the tax year.

If the amount of the credit authorized exceeds the amount of tax liability for the tax year, the excess credit may be carried forward as a credit against subsequent Louisiana income or corporation franchise tax liability for a period not to exceed five years. (R.S. 47:6015(K))

The provisions of this Act shall apply to all claims for these credits on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. Please note that taxpayers claiming the credit on 2014 and prior year returns filed on or after July 1, 2015 should use Credit Code 299. Starting with 2015 returns, taxpayers should use Credit Code 231. The provisions of this Act shall not apply to an amended return filed on or after July 1, 2015, provided that these credits were properly claimed on an original return filed prior to July 1, 2015.

**Tim Barfield**  
**Secretary**

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<sup>1</sup> RIB updated on October 7, 2015 to provide the new credit code to be used for 2015 tax returns. Starting with 2015 returns, taxpayers should use Credit Code 231.