



Instructions for Completing the Louisiana Inheritance and Estate Transfer Tax Return

Note: Inheritance taxes will prescribe January 1, 2010 for deaths occurring on or after July 1, 2004. All inheritance taxes due for deaths occurring before July 1, 2004 will prescribe January 1, 2012.

{ General Information }

To facilitate the prompt and proper handling of the return, all applicable lines and schedules must be completed. Attach the following documents required by Article 2951 of the Louisiana Code of Civil Procedure: a copy of the petition for possession, an affidavit of death and heirship, an inventory or sworn descriptive list, a copy of the federal estate tax return (when it is required to be filed), and a copy of the will, if any.

Failure to complete the lines or attach the appropriate documents will delay acceptance of the return.

Requirements for Filing Returns

Inheritance tax—An inheritance tax return must be prepared and filed for each succession, by or on behalf of all the heirs or legatees, in every case where inheritance tax is due or the value of the deceased's estate is \$15,000 or more (LSA-R.S. 47:2425 B).

Estate transfer tax—An estate transfer tax return must be prepared and filed for each succession, by or on behalf of all the heirs or legatees, in every case where estate transfer tax is due or the value of the deceased's net estate is \$60,000 or more (LSA-R.S. 47:2436 A).

Time and Place for Filing Returns

Inheritance tax—An original inheritance tax return is to be filed in the succession record. A signed duplicate original accompanied by copies of the documents required in Louisiana Code of Civil Procedure Article 2951 should be mailed to the Department of Revenue within nine months after the death of the decedent (LSA-R.S. 47:2425 B). If the due date falls on a weekend or holiday, the return is due on the next business day and becomes delinquent the first day thereafter.

Estate transfer tax—The estate transfer tax is due and payable prior to the filing of the United States Estate Tax Return or nine months after the death of the decedent, whichever comes first (LSA-R.S. 47:2436 B). If the due date falls on a weekend or holiday, the return is due on the next business day and becomes delinquent the first day thereafter.

The return, accompanying documents, and check should be mailed to the Inheritance Tax Section, Department of Revenue, Post Office Box 201, Baton Rouge, LA 70821-0201, or they can be delivered to a Department of Revenue office listed on page 4.

Extension of Time for Filing Returns

For deaths occurring on or after January 1, 1986, an extension granted by the Internal Revenue Service for the filing of the United States Estate Tax Return for the same decedent may be accepted as an extension to file the Louisiana inheritance tax return. In the absence of a federal extension, a Louisiana extension may be granted for a period not to exceed 15 months from date of death, if it is determined there is good and reasonable cause (LSA-R.S. 47:2417, 2420 C).

Interest

Inheritance tax—Interest is due on unpaid taxes at the rate of 0.5 percent per month after nine months from the date of death, increasing to 1 percent per month after 12 months from the death of the decedent (LSA-R.S. 47:2420 A).

Estate transfer tax—No interest is charged for estates of persons whose death occurred prior to January 1, 1998. Effective for estates of persons dying after December 31, 1997, interest is due on unpaid taxes at the rate of 0.5 percent per month after nine months from the date of death, increasing to 1 percent per month after 12 months from the death of the decedent (LSA-R.S. 47:2420 A).

Valuation of Estate

The value of the decedent's interest in items listed for the estate is the fair market value as of the date of death, unless an alternate valuation date is elected. An election can be made of an alternate valuation date of up to six months from the date of death when the inheritance tax return is filed. Once the election of a valuation date is made, it cannot be revoked (LSA-R.S. 47:2403 D).

Federal Tax Adjustments

Any change or adjustment in the United States Estate Tax Return resulting in additional taxes due to Louisiana should be reported and paid 30 days after final approval of the United States Estate Tax Return (LSA-R.S. 47:2432 C).

Property Subject to Tax

Inheritance tax—In general, inheritance tax is imposed upon all property received by inheritance, legacy, or any donation or gift made in contemplation of death. This includes real or personal property, any right or interest therein, or any income received therefrom, subject to tax under the Louisiana Inheritance Tax Law and under the Louisiana and United States Constitutions (LSA-R.S. 47:2401, 2404 A).

Residents—The estate of a Louisiana resident/domiciliary consists of any property owned by the decedent in whole or in part, including all immovable property located within Louisiana and all movable property, tangible or intangible, wherever it is situated.

Nonresidents—The estate of a nonresident of Louisiana includes all of the immovable property and all tangible movable property physically located within Louisiana. A deduction for expenses and debts directly attributable to Louisiana is allowed.

Estate transfer tax—All Louisiana assets included in the federal gross estate on the United States Estate Tax Return, regardless of their taxability for Louisiana inheritance tax, are used in calculating the ratio for determination of the estate transfer tax (LSA-R.S. 47:2431).

Signature and Verification

If the succession is not under administration, the return should be verified and signed by all heirs or the attorney handling the succession. If the succession is under administration, it should be signed by the administrator, executor, or all, if more than one is administering the succession (LSA-R.S. 47:2425 A).

Optional Procedure for Small Estates

In any case where the gross value of the succession does not exceed \$50,000, the Secretary may, in his discretion, fix and collect the tax upon an affidavit filed by the succession representative or heirs. An inheritance tax return must accompany the affidavit if the gross estate is \$15,000 or more, or if there is any tax due.

This procedure is allowable only when: (1) the deceased died intestate, (2) the deceased did not leave immovable property, and (3) there are no heirs other than ascendants, descendants, brothers or sisters (or their descendants), or surviving spouse.

If the conditions listed are not met, the succession must be opened judicially and a judgment of possession obtained.

Upon the payment of these taxes or the submission of an affidavit that none are due, the inheritance tax collector shall certify that the affidavit, and return when required, has been filed with the Secretary of Revenue thereby allowing the transfer of the items listed to the heirs (LSA-R.S. 47:2410, C.C.P. Art. 3431).

{ Specific Instructions }**Schedule I—Recapitulation of Detailed Descriptive List or Inventory**

A sworn, detailed, descriptive list or inventory must be attached. The descriptive list or inventory must list all items owned by the decedent, or that the decedent owned an interest in, at the time of death. The values reported must be as of the date of death unless an alternate valuation date is elected. The total value of the decedent's interest is to be reflected by Lines 1 through 7 with Column 1 representing separate property and Column 2 the decedent's one-half interest in community property.

1. **Real estate**—Report the full value of the decedent's interest in any item of real property located in Louisiana. Real estate must be clearly described and identified and must be included in the sworn descriptive list or inventory. A mortgage on any item of real property for which the decedent's estate is liable should be deducted on Line 12 of this schedule. In addition, if a mortgage exceeds 50 percent of the value of the property encumbered, a deduction of 20 percent of the encumbrance is also allowed on Line 12 (LSA-R.S. 47:2404 B). The total value of the mortgage and additional 20 percent deduction cannot exceed the value of the property as reported on Line 1.
2. **Stocks and bonds**—Report the value of the decedent's interest in any stocks and bonds. For Louisiana residents, all stocks and bonds should be included on the descriptive list, regardless of physical location. In the case of stocks and bonds listed on a stock exchange, the mean between the highest and lowest quoted selling prices on the valuation date shall be considered as the fair market value per share or bond. In the case of stocks that are not listed upon a stock exchange and are not actually traded but occasionally sold, letters from brokers or other competent authority showing the actual value of the securities should be submitted.
3. **Mortgages, notes, and cash**—Report the value of the decedent's interest in all mortgages, notes, and cash possessed at the date of death. On the descriptive list, provide the following information: face value and unpaid balance, date of mortgage or note, date of maturity, name of maker, property mortgaged, interest dates, and rate of interest. List cash in possession separately from bank deposits. Include monies left by decedent, regardless of location. Provide name and address of bank and nature of account; for example, checking, savings, time deposit, etc.
4. **Insurance**—Report the value of insurance on the life of the decedent whenever it is received by or for the benefit of the estate. For each insurance policy reported, attach a copy of Federal Form 712, Life Insurance Statement, filed with the United States Estate Tax Return. Also include amounts payable by health insurance, unless the amounts are being netted against the debts of last illness.
5. **Other miscellaneous property**—Report the value of the decedent's interest in all items of the gross estate not reportable on any other line of Schedule I. This includes household goods and personal effects, such as jewelry, automobiles, boats, livestock, farm products and growing crops, farm machinery, royalties, rights, claims, debts due the decedent, interest in partnerships, interests in business, cash surrender value of insurance on the life of another, accrued dividends at date of death, returned premiums of insurance policies listed on Line 4, leaseholds, reversionary or remainder interests, and shares in trust funds.
6. **Transfers during last year of decedent's life**—Report the value of any transfers made during the last year of the decedent's life. The following transfers, other than bona fide sales for an adequate and full consideration in money or money's worth, are subject to inheritance tax and must be included in the gross estate under this schedule at the value as of the date of death:
 - a. transfers made in contemplation of death—transfers by decedent are, unless shown to the contrary, deemed to have been made in contemplation of death if they were made within one year prior to death (LSA-R.S. 47:2406);

- b. transfers whereby the decedent retained the possession or enjoyment of, or the right to the income from the transferred property; hence, title did not vest until the death of the decedent (Example: Payable on Death "POD" Bonds);
- c. transfers in which the decedent reserved the power of revocation, alteration, or control (Example: Revocable Living Trusts).

The name of the transferee, date and form of transfer, and complete description of property should be provided.

There is a credit allowed against the inheritance tax for gift taxes paid on transfers included in the estate and bearing inheritance tax. The amount of the credit is equal to the gift tax resulting from the inclusion of such gift in the computation of the gift tax or the amount of inheritance tax imposed on the gift, whichever is less.

7. **Annuities**—Report the value of the decedent's interest in any annuity. In describing the annuity, the name of the grantor should be given or, if payable out of a trust or other fund, described as such. If payable for a number of years, provide the term of the annuity and the date on which it began. No tax is due on any retirement, pension, or profit-sharing plan qualified under the Internal Revenue Code, Sections 401 or 408, under which an annuity is payable to the decedent or the decedent possessed the right to receive payment either alone or in conjunction with another for his life.
8. **Total separate and community assets**—Enter the sum of Lines 1 through 7 in each column.
9. **Funeral expenses**—Report the total of all funeral expenses attributable to Louisiana. However, any prepaid funeral expenses, or expenses covered by burial insurance policies are not deductible.
10. **Administrative expenses and attorney fees**—Report the total of all expenses of administration and attorney fees attributable to Louisiana. These expenses and fees constitute a separate debt and are generally fully deductible.
11. **Debts of decedent**—Report the total portion of valid debts of the decedent attributable to Louisiana and owed by the decedent at the time of death. The debts are to be itemized in the descriptive list or reported on a separate list. Any indebtedness secured by a mortgage or other lien on property of the gross estate should be listed separately on Line 12.

Debts of the decedent include expenses incidental to the last illness of the decedent that were due and unpaid at the time of death (can be shown as net after anticipated insurance reimbursement), property taxes accrued prior to the date of the decedent's death, notes unsecured by a mortgage or other lien, and any income taxes accrued and unpaid at date of death. If a community regime existed at the time of death, these debts are considered community debts and are only one-half deductible.
12. **Mortgages and liens**—Report the total portion of obligations secured by mortgages and other liens upon Louisiana property included in the gross estate at the full value for which the decedent's estate is liable. Notes and other obligations secured by deposit of collateral, such as stocks and bonds, should also be included on this line.

Real estate encumbered with a mortgage that exceeds 50 percent of the value is subject to an additional deduction equal to 20 percent of the encumbrance. However, the mortgage plus additional deduction cannot exceed the value of the real estate so encumbered.
13. **Total deductions**—Total Lines 9 through 12 in each column.
14. **Net estate**—Subtract Line 13 from Line 8 in each column.

Schedule II—Preliminary Distribution and Calculation of Usufruct

15. **Special bequest by testament**—Report the amount of any specific inheritance or legacy made by testament to a legatee.
16. **Portion inherited by spouse**—Report on this line and on Schedule III the amount of any inheritance received by the surviving spouse.
17. **Portion subject to usufruct**—Report the value, if any, of the properties included on Line 14 of each column that are subject to usufruct. Usufructs created by Articles 890, 890.1, 891, and 2434 of the Louisiana Civil Code are nontaxable.
18. **Value of usufruct**—Enter the age of the usufructuary at the time of the decedent's death in the available blank on Line 18. Compute the value of the usufruct by using the usufructuary's age to determine the present value of the usufruct as shown in Table I on Page 2. Multiply the values shown in each column on Line 17 by the factor found in Table I and enter the product in the appropriate columns on Line 18.
19. **Net estate less usufruct**—Subtract Line 18 from Line 14 to obtain the value of the net estate less any legal usufructs.
20. **Net estate to be distributed under Schedule III**—Add the amounts in Columns 1 and 2 on Line 19 to obtain the net estate to be distributed.

Schedule III—Determination of Louisiana Inheritance Tax

Names and Social Security Numbers of heirs or legatees—List the full names and furnish the Social Security Numbers of each heir or legatee.

Addresses of heirs or legatees—Furnish the complete address of each heir or legatee.

Relationship, if any—State the relationship of each heir or legatee to the decedent at the time of the decedent's death. Provide the line of relationship; for example, daughter, stepson, brother, niece (sister's child), sister-in-law (wife of brother or sister of husband), half-brother (paternal).

Value of inheritance—Amount shown should represent the value of each heir's or legatee's portion of the estate being distributed. Total amount of values listed should equal Schedule II, Line 20.

Less exemption—Enter the amount of exemption to which each heir or legatee is entitled. These amounts are shown in Table II based on the relationship each had to the decedent at time of death.

Taxable value—Subtract the amount of the exemption from the value of inheritance shown in the previous column and enter the result in this column.

Tax rate—Using Table II, locate the appropriate rates for each heir or legatee based on the relationship each had to the decedent at time of death.

Amount of tax—Multiply the taxable value by the tax rates, and enter the amount of tax for each heir or legatee. Total amount of taxes listed should be entered on Schedule IV, Line 4.

Schedule IV—Tax Reduction and Determination of Louisiana Estate Transfer Tax

Total state death tax credit allowable—Report the maximum allowable state death tax credit as determined under Internal Revenue Code Section 2011.

1. **Ratio of assets attributable to Louisiana**—Calculate the ratio that all Louisiana assets included on the federal return bear to the gross federal estate.
2. **State death tax credit attributable to Louisiana**—Multiply Line 1 by Line 2, and enter result.

3. **Basic inheritance tax**—Report the amount of total inheritance tax calculated on Schedule III on Page 1 of the Louisiana Inheritance Tax Return.
4. **Tax reduction under Act 818 of 1997**—For deaths prior to July 1, 1998, enter 0%; for deaths after June 30, 1998, enter 18%; for deaths after June 30, 2001, enter 40%; for deaths after June 30, 2002, enter 60%; and, for deaths after June 30, 2003, enter 80%. **Note: For deaths after June 30, 2004, the tax shall not apply. If applicable, enter 100%. Otherwise the reduction is 80%.**
5. **Inheritance tax reduction**—Multiply Line 4 by Line 5, and enter result.
6. **Inheritance tax due**—Subtract Line 6 from Line 4, and enter result.
7. **Louisiana estate transfer tax**—Subtract Line 7 from Line 3. If Line 3 is larger than Line 7, enter the difference on Line 8. If Line 4 is larger than Line 3, enter zero. The amount determined for this line should also be entered on Line 2 of Schedule V.

Schedule V—Summary of Inheritance Tax, Estate Transfer Tax, and Interest Due

1. **Inheritance tax due**—Enter the amount shown as inheritance tax due from Line 7, Schedule IV.
2. **Estate transfer tax**—Enter the amount shown as Louisiana estate transfer tax from Line 8, Schedule IV.
3. **Interest due on inheritance and estate transfer taxes**—For deaths prior to January 1, 1998, interest is due on delinquent inheritance taxes only. Interest is calculated on the tax due in accordance with R.S. 47:2420A, i.e., 0.5 percent per month after nine months from date of death, increasing to 1 percent per month after 12 months from the date of the death of the decedent. If a succession is opened judicially within nine months following death, no interest shall be due. Furthermore, no interest shall be due on delinquent inheritance taxes owed by a descendant or ascendant where the value of the inheritance is less than \$100,000. In any case, however, where the value of the inheritance exceeds \$100,000, the interest assessed shall be only on the tax due on that portion of the inheritance in excess of \$100,000. For deaths prior to 1972, contact the Department of Revenue for applicable rates.
4. **Total amount due**—Add Lines 1 through 3, and enter result.
5. **Previous remittance**—Enter the amount of any prior payments.
6. **Balance due or refund requested**—Subtract Line 5 from Line 4 to determine the balance due or any refund to be requested. Make checks payable to the Department of Revenue. **DO NOT SEND CASH.** Write the succession name on the payment, and attach all payments, pleadings, schedules, affidavits, and other required documents to the return before mailing.

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