



**Louisiana Interest Computation
Under the Look-Back Method for
Completed Long-Term Contracts**

Mail claims to the following address:

Office Audit Division
P.O. Box 66362
Baton Rouge, La 70896-6362

PLEASE PRINT OR TYPE.

Louisiana Account Number		Filing Period in which contract was completed	
Name		Telephone	
Address	City	State	ZIP

	Date of each year to which interest computation relates			(d) Totals (Add columns (a), (b), and (c)).
	(a) Year ended ___ / ___	(b) Year ended ___ / ___	(c) Year ended ___ / ___	
1. The amount of income required to be allocated for contracts completed during the tax year based on the actual contract price and costs.				
2. The amount of income reported for such contracts based on estimated contract price and costs. Attach a schedule listing each separate contract, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement.				
3. Adjustment to income to reflect the difference between actual and estimated cost. Subtract Line 2 from Line 1. A net increase to income is shown as a positive and a net decrease to income as a negative.				
4. Taxable income or loss for the year shown on tax return (or as previously adjusted) before net operating loss.				
5. Adjusted taxable income for look-back purposes. Combine Lines 3 and 4.				
6. Income tax liability on the amount on Line 5. See Page 2 for calculation.				
7. Income tax liability shown on return (or as previously adjusted) for the year.				
8. Increase or decrease in tax for the prior years on which interest is due (or is to be refunded). Subtract Line 7 from Line 6.				
9. Interest due on increase, if any, shown on Line 8.				
10. Interest to be refunded on decrease, if any, shown on Line 8.				
11. Net amount of interest to be refunded to you . If Line 10, column (d), exceeds Line 9, column (d), enter the excess.				
12. Net amount of interest you owe . If Line 9, column (d), exceeds Line 10, column (d), enter the excess.				

I declare that I have examined this request, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which he has any knowledge.

Print name of Officer	Signature of Preparer		
Signature of Officer	Firm Name		
Title of Officer	Telephone	Date (mm/dd/yyyy)	
Telephone	Date (mm/dd/yyyy)		

General Information for Louisiana Interest Computation Under the Look-Back Method for Completed Long-Term Contracts (R-8697)

Revised Statutes 47:287.445 provides that any corporation that uses the percentage of completion method prescribed in 26 U.S.C.A. §460 shall upon completion of the contract, or, with respect to any amount properly taken into account after completion of the contract, when such amount is properly taken into account, pay or shall be entitled to receive interest computed under the look-back method.

This form should only be used to pay or request refund of interest computed under the look-back method. Do not use this form as a substitute for the filing of an amended return or to correct an error on a previously filed tax return. You must attach a copy of your Federal Form 8697 and any required schedules.

Tax Calculation. In the first column for each year, print the net income for each bracket. Print the tax for each bracket in the second column labeled "tax."

Calculation of Income Tax	Date of each year to which interest computation relates					
	(a) Year ended ___ / ___		(b) Year ended ___ / ___		(c) Year ended ___ / ___	
Print the amount of Line 5 for each year		Tax		Tax		Tax
4% of the first \$25,000						
5% of the next \$25,000						
6% of the next \$50,000						
7% of the next \$100,000						
8% of the amount over \$200,000						
Add the tax amounts for columns a, b and c. Round to the nearest dollar. Print the result in the appropriate column on Line 6.						

Interest Rate. According to R.S. 47:287.445, the interest rate used for both overpayment or underpayment is established by 47:1624, which is the rate LDR uses to pay interest on refunds and credits. No interest will be allowed if, the secretary proves by clear and convincing evidence that a person has deliberately overpaid a tax in order to derive the benefit of the interest allowed by R.S. 47:1624.

Interest is computed **from** the due date (not including extensions) of the return of the prior year. Interest is computed to the earlier of the due date of the return for the filing period OR the date the return for the filing period was filed and the income tax was paid in full. Exceptions to the interest calculation dates:

- When a net operating loss (NOL) is being increased or decreased as a result of the adjustment made to net income from long-term contracts, interest is calculated from the due date (not including extensions) of the return that generated the NOL.
- In the case of a decrease in tax on Line 8, if a refund has already been allowed for any income tax liability shown on Line 7 as a result of a NOL carryback, and the amount of the refund exceeds the amount on Line 6, interest is calculated on the amount of such excess until the due date (not including extensions) of the return for the year generating the carryback.

The interest rate is variable and is posted at the beginning of each year on LDR's website in a Revenue Information Bulletin concerning the judicial interest rate to be paid on refunds. To compute the DAILY INTEREST RATE, divide the interest rate for the year by 365 and carry out to seven places to the right of the decimal. You will need to do a separate calculation for each year in which interest is owed or is due. Example: Assume the 2011 interest rate is 4 percent, divide 0.04 by 365 to get the daily interest rate of 0.0001095.

S Corporations. S corporations must apply the principles of I.R.C. Section 460(b)(4)(A) for the calculations. The look-back method must be applied at the entity level and is calculated before the S-Corp exclusion. Interest owed is paid by the S-Corp and interest due is paid to the S-Corp. There are no exceptions for S corporations which are closely held pass-through entities and "highest rate" shall mean the highest rate of tax specified in R.S. 47:32, namely 8%.

Refund Due. Mail Form R-8697 and supporting documentation to the address listed at the top of Page 1.

Balance Due. Make payment to the Louisiana Department of Revenue. Do not send cash. Mail payment, Form R-8697 and supporting documentation to the address listed at the top of Page 1.