# GENERAL INFORMATION

**SPEC CODE** ☐☐☐☐

This space on the first page of the tax return is to be used only when specifically instructed by LDR. Otherwise, leave blank.

**IMPORTANT**
The Louisiana Revenue Account Number **must appear** on the first page of the return. Failure to provide your Revenue Account Number will result in an assessment for negligence penalty. The FEIN cannot be used in place of the Revenue Account Number.

**PLEASE COMPLETE ALL APPLICABLE LINES AND SCHEDULES OF THE RETURN.**

Failure to furnish complete information will cause processing of the return to be delayed and may necessitate a manual review of the return.

Every corporation should retain, for inspection by a revenue auditor, working papers showing the balance in each account on the corporation's books used in preparing the return until the taxes to which they relate have prescribed. When the corporation incurs a net operating loss, the working papers should be retained until such time that the net operating loss has prescribed.

**WHO MUST FILE?**
**DOMESTIC CORPORATIONS** – Corporations organized under the laws of Louisiana must file Form CIFT-620, Louisiana Income Tax and Louisiana Corporation Franchise Tax return each year unless exempt from both taxes.

Corporation franchise tax for domestic corporations continues to accrue, regardless of whether any assets are owned or any business operations are conducted, until a "Certificate of Dissolution" is issued by the Louisiana Secretary of State.

**FOREIGN CORPORATIONS** – Corporations organized under the laws of a state other than Louisiana that derive income from Louisiana sources must file Form CIFT-620 whether or not there is any tax liability.

A foreign corporation is subject to the franchise tax if it meets any one of the criteria listed below:

1. Qualifying to do business in Louisiana or actually doing business within this state; or,
2. Exercising or continuing the corporate charter within this state; or,
3. Owning or using any part or all of the corporate capital, plant, or other property in this state in a corporate capacity.

A corporation will be subject to the franchise tax if it meets the above criteria, even if it is not required to pay income tax under Federal Public Law 86-272.

Corporation franchise tax for foreign corporations continues to accrue as long as the corporation exercises its charter, does business, or owns or uses any part of its capital or plant in Louisiana, and in the case of a qualified corporation, until a "Certificate of Withdrawal" is issued by the Louisiana Secretary of State.

**OTHER ENTITIES** – Any entity taxed as a corporation for federal income tax purposes will also be taxed as a corporation for state income tax purposes.

For information regarding the filing requirements of single member limited liability companies (LLCs) and qualified Subchapter S subsidiaries (QSSS), see Revenue Information Bulletin (RIB) 04-003 available on LDR's website.

Louisiana Revised Statutes 47:221 through 47:227 provides guidance regarding the filing requirements of insurance companies. Refer to R.S. 47:287.521, 47:287.526, 47:287.527, and 47:287.528 for information concerning the treatment of farmers' cooperatives, other cooperatives, shipowners' protection and indemnity associations, political organizations, and homeowners' associations.

**CONSOLIDATED GROUPS** – Louisiana law does not provide for filing consolidated returns. Generally, separate corporate income and franchise tax returns must be filed by all corporate entities liable for a Louisiana tax return.

**SUBCHAPTER S CORPORATIONS** – Louisiana law does not recognize Subchapter S corporation status. An S corporation is required to file in the same manner as a C corporation. However, in certain instances, all or part of the corporation income can be excluded from Louisiana tax. For information on the S corporation exclusion of net income, refer to the instructions for Line 1B.

**EXEMPT CORPORATIONS** – Louisiana Revised Statute 47:287.501 provides that an organization described in Internal Revenue Code Sections 401(a) or 501 shall be exempt from income taxation to the extent the organization is exempt from income taxation under federal law, unless the contrary is expressly provided. Accordingly, an exempt organization that has income from an unrelated trade or business and files Federal Form 990-T with the Internal Revenue Service is subject to file and report its Louisiana-sourced unrelated business income to Louisiana. Louisiana Administrative Code 61:I.1140 and Revenue Information Bulletin 09-009 have been published providing guidance whereby these organizations are not exempt from taxation on the Louisiana-sourced unrelated business income or income not included under I.R.C. Sections 401(a) or 501.

To report Louisiana-sourced unrelated business income, exempt organizations are required to file Form CIFT-620. In instances when a multi-state exempt organization earns unrelated business income within Louisiana and outside of Louisiana, Form CIFT-620A Schedules P and Q are also required.

CIFT-401W, available on LDR's website at ***www.revenue.louisiana.gov***, will serve as a guide in determining the amount of Louisiana-sourced unrelated business income that the organization must report. Additionally, the worksheet can be used to determine the amount of federal income tax that is allowed as a deduction. After calculating the amount of Louisiana taxable income on unrelated business activities, complete Form CIFT-620 and attach Schedules P and Q, if applicable, along with the CIFT-401W.

An organization claiming exemption under R.S. 47:287.501 must submit a copy of the Internal Revenue Service ruling establishing its exempt status. Refer to R.S. 47:287.501B for additional exemptions provided for banking corporations. Information concerning exemptions from corporate franchise tax can be found under R.S. 47:608. Those corporations that meet the prescribed standards of organization, ownership, control, sources of income, and disposition of funds must apply for and secure a ruling of exemption from the Department.

**WHEN TO FILE**
A 2009 calendar year return is due on or before April 15, 2010. Returns for fiscal years are due on or before the 15th day of the fourth month following the close of the taxable year. If the due date falls on a weekend or holiday, the return is due the next business day and becomes delinquent the following day.

**WHERE TO FILE AND PAY TAXES**
An income tax return for the period closed and a franchise tax return for the succeeding period can be mailed to Louisiana Department of Revenue, P. O. Box 91011, Baton Rouge, LA 70821-9011. DO NOT SEND CASH. An electronic payment option is available on LDR's website at ***www.revenue.louisiana.gov***.

Taxes may also be paid by credit card over the internet or by telephone. Visit www.officialpayments.com or call 1-888-2PAY-TAX (1-888-272-9829).

**EXTENSION OF TIME FOR FILING A RETURN**
The Secretary of the Louisiana Department of Revenue may grant an extension of time for filing the combined corporation income and franchise tax return not to exceed seven months from the date the return is due. Extensions must be filed before the due date of the return by submitting a paper copy of the IRS Application for Automatic Extension of Time to File Certain Business Income Tax, Information, or Other Returns, Form 7004, or by submitting Form CIFT-620EXT, Application for Automatic Extension of Time to File Corporation Income and Franchise Taxes Return. Form CIFT-620EXT can be found on page 29 of this booklet.

**PERIODS TO BE COVERED**
The return must be filed for either a calendar year, a fiscal year (12-month accounting period ending on the last day of any month other than December), or a 52 - 53 week accounting period. The dates on which the reported period begin and end must be plainly stated in the appropriate space at the top of the return. The accounting period must be the same as that used for federal income tax purposes.

**RETURNS FOR PART OF THE YEAR**
Mark the appropriate circle to indicate the filing of a Short period return or a Final return. Refer to the instructions for Lines 2 and 9 on Page 17 of this booklet for instructions regarding the annualization of income and the proration of franchise tax.

**AMENDED RETURNS**
The "AMENDED RETURN" circle on the Louisiana form should be clearly marked when filing an amended return. In order to amend the amounts reported for the computation of income or franchise taxes, the taxpayer must file a revised Form CIFT-620, along with a detailed explanation of the changes, and a copy of Federal Form 1120X, if applicable.

**REPORT OF FEDERAL ADJUSTMENTS**
R.S. 47:287.614C requires every taxpayer whose federal return is adjusted to furnish a statement disclosing the nature and amounts of such adjustments within 60 days after the adjustments have been made and accepted. This statement should accompany the amended return, and the circle should be marked to indicate that an amended return is being filed.

**DECLARATION OF ESTIMATED TAX**
R.S. 47:287.654 requires every corporation that can reasonably expect its estimated income tax for the year to be $1,000 or more to make installment payments of its liability. The term estimated tax means the amount the taxpayer estimates to be the Louisiana income tax imposed for the period less the amount it estimates to be the sum of any credits allowable against the tax.

See the instructions for Form CIFT-620ES regarding the penalty for underpayment or nonpayment of estimated income tax.

**ROUNDING TO WHOLE DOLLARS**
Round cents to the nearest whole dollar on Form CIFT-620. Total prepayments, including any credit carried forward from last year, should also be rounded to the nearest whole dollar.

**ALLOCATION AND APPORTIONMENT OF NET INCOME AND FRANCHISE TAXABLE BASE**
The Louisiana income tax is imposed only upon that part of the net income of a corporation that is derived from sources within Louisiana. Corporations that do business outside of Louisiana must complete Form CIFT-620A, Corporation Apportionment and Allocation Schedules, to determine the amount of Louisiana-sourced net income.

When a corporation does business within and without Louisiana, the Louisiana franchise tax is imposed only on that part of the total taxable capital that is employed in Louisiana. Such corporations must also complete Form CIFT-620A, which provides schedules for the allocation of the franchise taxable base.

# INSTRUCTIONS FOR COMPLETING FORM CIFT-620

**ALL TAXPAYERS ARE REQUIRED TO ANSWER LINES A-K.**
For Line D, print the income tax apportionment percentage from Schedule Q, Line 1D or from Schedule Q, Line 5. For Line G, print the corporation's six digit North American Industry Classification System (NAICS) Code. For Line K, see the instructions on page 21 for Schedule A - Balance Sheet that contain information about a corporation computing its borrowed capital on the basis of the calendar or fiscal year closing immediately prior to August 28, 2005.

**LINE 1A – LOUISIANA NET INCOME**
Information regarding the computation of Louisiana net income is provided in the instructions for Form CIFT-620, Schedule D and Form CIFT-620A, Schedule P. Print the amount from Schedule D, Line 13 or Schedule P, Line 31.

**LINE 1B – S CORPORATION EXCLUSION**
R.S. 47:287.732.B provides an exclusion to corporations classified as S corporations under federal law. The exclusion is determined by multiplying Louisiana net income by a ratio calculated by dividing the number of issued and outstanding shares of the S corporation's capital stock owned by Louisiana residents on the last day of the S corporation's taxable year by the total number of issued and outstanding shares of capital stock on the last day of the S corporation's taxable year. This ratio is also applicable to a Louisiana net loss to exclude a percentage of the loss from carryback or carryforward treatment. For the purposes of this provision, Louisiana residents include resident estates and trusts and resident and nonresident individual shareholders who have filed a correct and complete Louisiana income tax return and paid the tax due.

**A SCHEDULE SHOWING THE CALCULATION OF THE EXCLUSION MUST BE ATTACHED TO THE RETURN.**
A list of all shareholders of the corporation, designating those who report the S corporation income on a Louisiana tax return must be included when filing a return. The shareholder information must include the name, the address, and Social Security Number of the shareholder, the number of shares held on the last day of the taxable year, and the amount of the distributive share of S corporation net income for each shareholder.

**LINES 1C AND 1D – NET OPERATING LOSS CARRYFORWARD OR CARRYBACK**
To apply for a tentative refund resulting from the carryback of a net operating loss, use Form R-6701, CIT-624 Request for a Tentative Refund Resulting from the Election to Carryback a Net Operating Loss. The amount of net loss may be carried back to each of the three taxable years that precede the taxable year of such loss and/or forward 15 years immediately following the year in which the loss occurred. A schedule showing the calculation of the loss carryforward or the loss carryback must be attached to the return. A net operating loss generated after a reorganization cannot be carried back to a corporation that does not survive the reorganization. See R.S. 47:287.86(I).

In the case where a federal tax refund or credit arises from the carryback or carryforward of a federal net operating loss, the Louisiana net operating loss must be reduced by the amount of the federal tax refund or credit that applies to the federal income tax deducted on the prior Louisiana return. In calculating the federal tax refund applicable to the loss, consideration must be given to the total federal refund or credit received from all prior periods, including the refund or credit resulting from the investment tax credit carryback. The amount of the refund or credit applicable to Louisiana is determined by multiplying the total refund or credit by a ratio obtained by dividing the federal tax deducted on the original Louisiana return by the total federal tax on the original federal tax return.

In the event that there is no carryback or carryforward of a net operating loss for federal purposes, the federal income tax deduction should be recomputed to reflect the carryback or carryforward of the net operating loss, as provided in R.S. 47:287.83. The net operating loss carryback or carryforward should be used to reduce the Louisiana taxable income prior to the calculation of the ratio of Louisiana net income on a federal basis to federal net income in the computation of the federal income tax deduction.

**LINE 1E – FEDERAL INCOME TAX DEDUCTION**
A corporation may increase the amount of its federal income tax deduction by the amount of **Federal Disaster Relief Credits** attributable to Louisiana. To compute the federal income tax deduction allowable on the Louisiana return, refer to the worksheet and instructions provided on Pages 27 and 28, respectively. Print the amount of the corporation's federal income tax deduction found on the Federal Income Tax Deduction Worksheet, Line 14.

**LINE 1E1 - FEDERAL DISASTER RELIEF CREDIT(S)**
Print on Line 1E1 the amount of the corporation's federal disaster relief credits attributable to Louisiana. This amount is taken from the Federal Income Tax Deduction Worksheet, Line 13a. Attach a schedule that lists the specific federal credit and amount claimed.

**LINE 2 – LOUISIANA INCOME TAX**
The amount of Louisiana income tax is computed on Form CIFT-620, Schedule E.

For purposes of computing the tax due for part of a year, other than the initial or final return, Louisiana taxable income shall be placed on an annual basis by multiplying the amount of taxable income by twelve and dividing the result by the number of months included in the period for which the short period return is required or permitted. The tax on this annualized income is computed and multiplied by a fraction. The numerator of the fraction is equal to the number of months included in the period for which the short period return is being filed, and the denominator is twelve. Print the tax on Form CIFT-620, Line 2.

**LINE 3 – NON REFUNDABLE INCOME TAX CREDITS**
Print the amount from Schedule NRC, Line 10, Column A..

**LINE 5 – LESS ESTIMATED TAX PAYMENTS**
Print the amount from Schedule I, Line 7.

**LINE 7A – TOTAL CAPITAL STOCK, SURPLUS, UNDIVIDED PROFITS, AND BORROWED CAPITAL**
Print the amount of total franchise taxable base from Form CIFT-620, Schedule A-1, Line 25, Column 3.

**LINE 7B – FRANCHISE TAX APPORTIONMENT PERCENTAGE**
If all of your business is conducted in Louisiana, print 100.00 percent on this line. For corporations that do business both within and without Louisiana, complete Form CIFT-620A, Schedule N of the Apportionment and Allocation Schedule. Print on Line 7B the apportionment percentage from Schedule N, Line 1D or from Schedule N, Line 4. Carry your percentage to two decimal places.

**LINE 7C – FRANCHISE TAXABLE BASE**
The total amount of taxable capital attributable to Louisiana is calculated by multiplying Line 7A by Line 7B. Print the result on this line.

**LINE 8 – ASSESSED VALUE OF REAL AND PERSONAL PROPERTY**
R.S. 47:607(C) provides that the portion of capital stock, surplus, undivided profits, and borrowed capital allocated for franchise taxation shall in no case be less than the total assessed value of real and personal property in this state for the calendar year preceding that in which the tax is due. The assessed value of real and personal property is generally that value determined for property tax purposes in the area where the property is located. Print the amount of assessed value of the real and personal property located in Louisiana in 2009.

**LINE 9 – LOUISIANA FRANCHISE TAX**
The amount of Louisiana franchise tax is computed on Form CIFT-620, Schedule F. Act 476 of the 2009 Regular Legislative Session amended R.S. 47:601 eliminating the amount of minimum franchise tax due. As a result, the amount of franchise tax calculated is the amount of franchise tax due.

In the case of a return for part of the year other than the initial or final return, the franchise tax due shall be prorated. To calculate the tax due, the tax for a full year is computed and multiplied by a ratio. The numerator of the ratio is the number of months from the closing date of the prior franchise year to the closing date of the short period return filed, and the denominator is 12.

**LINE 10 – NONREFUNDABLE FRANCHISE TAX CREDITS**
Print the amount from Schedule NRC, Line 11, Column B.

**LINE 12 – LESS PREVIOUS PAYMENTS**
Print any amounts of franchise tax prepaid (e.g. paid on extension).

**LINE 15 - LOUISIANA CITIZENS INSURANCE CREDIT**
Print the amount of the Louisiana Citizens Property Insurance assessment that was included in your property's insurance premium. Documentation, including proof of payment for each property, must be attached to the return.

**LINE 15A - OTHER REFUNDABLE CREDITS**
Print the amount from Schedule RC, Line 6.

**LINE 15B - SUBTOTAL**
Add Lines 15 and 15A and print the result.

**LINE 16 – NET INCOME AND FRANCHISE TAXES OVERPAYMENT**
Print the net **OVERPAYMENT** of income and franchise taxes on Line 16 after applying the Louisiana Citizens Insurance credit and any other refundable credits on Lines 15 and 15A, respectively against the amount shown on Line 14.

If Line 14 is equal to Line 15B, print zero on Lines 16 through 23 and go to Line 24. If Line 14 is less than Line 15B, subtract Line 14 from Line 15B and print the amount of overpayment on Line 16.

If Line 14 is greater than Line 15B, a tax amount is due to Louisiana. Print zero on Line 16 through 19 and go to Line 20.

**LINE 17 – DONATION OF OVERPAYMENT TO THE MILITARY FAMILY ASSISTANCE FUND**
You may donate all or part of your overpayment to The Military Family Assistance Fund. This fund provides assistance to family members of activated Louisiana military personnel.

**LINE 20 - AMOUNT DUE**
If Line 14 is greater than Line 15B, subtract Line 15B from Line 14 and print the result.

**LINE 21 – DELINQUENT FILING PENALTY**
The penalty for failure to file a return on time, except when failure is due to a reasonable cause, is 5 percent of the tax if the delay in filing is for not more than 30 days, with an additional 5 percent for each additional 30 days or fraction thereof during which the failure to file continues.

**LINE 22 – DELINQUENT PAYMENT PENALTY**
The penalty for failure to pay the tax in full by the date the return is required by law to be filed, determined without regard to any extension of time for filing the return, is 5 percent of the tax not paid for each 30 days, or fraction thereof, during which the failure to pay continues. Delinquent filing and delinquent payment penalties combined cannot exceed 25 percent. Please see Louisiana Administrative Code (LAC) 61:III.2101.

**LINE 23 – INTEREST**
If your 2009 calendar year income tax amount is not paid by April 15, 2010, you will be charged interest on the unpaid tax from April 16, 2010, until the date the balance of tax due is paid. Because the interest rate varies from year to year and is not determined until the latter part of 2009, the Department is unable to provide a specific rate at the time of printing. Please see Revenue Information Bulletin (RIB) 10-001 for the 2010 interest rate, available on LDR's website, ***www.revenue.louisiana.gov.*** In order to compute the INTEREST RATE PER DAY, divide the 2010 interest rate by 365 and carry out to seven places to the right of the decimal. Example: Assume the 2010 interest rate is determined to be 17% (0.17) per annum. Divide 0.17 by 365. 0.17/365 = .0004657, which equals the INTEREST RATE PER DAY. NOTE!! You must carry out your computation to 7 places to the right of the decimal point.

**LINE 24 – DONATION TO THE MILITARY FAMILY ASSISTANCE FUND**
If you do not have an overpayment to donate, or if you wish to donate to the Military Family Assistance Fund an amount that exceeds the amount of your overpayment, print the amount of the donation on Line 24.

**LINE 25 – TOTAL AMOUNT DUE**
Make payment to the Louisiana Department of Revenue. **Do not send cash.**

**SIGNATURES AND VERIFICATION**
The return must be signed by either the president, vice-president, treasurer, assistant treasurer, or any other authorized officer. If receivers, trustees in bankruptcy, or assignees are operating the property or business of the corporation, such officials must execute the return for such corporation. Any person, firm, or corporation that prepares a taxpayer's return must also sign the return. If a return is prepared by a firm or corporation, the return must be signed in the name of the firm or corporation. This verification is not required when the return is prepared by a regular full-time employee of the taxpayer. Telephone numbers of officers and preparers should be furnished.

# GENERAL INFORMATION ON ALL CREDITS

R.S. 47:1675 provides for general rules governing the application of tax credits. Credits should be applied in numerical order using the codes provided below. For all credits, you must attach documentation that substantiates the credit, rebate, or tax equalization contract. For additional information on a particular credit, please reference the publication Credits, Exemptions, Exclusions, and Deductions for Individual and Corporation Income Tax, Corporation Franchise Tax, Inheritance Tax and Gift Tax. (R–40058). This publication may be viewed on LDR's website at ***www.revenue.louisiana.gov.***

**INSTRUCTIONS FOR NONREFUNDABLE CREDITS, SCHEDULE NRC**

Below is a list of nonrefundable credits available for the taxable year ended December 31, 2009 for Louisiana Corporate Income and Corporate Franchise taxes. For credits against the corporate income tax, print the credit description, identifying code, and the dollar amount claimed in the appropriate spaces on Lines 1 through 9 of Column A. For credits against the corporate franchise tax, print the credit description, identifying code, and the dollar amount claimed in the appropriate spaces on Lines 1 through 9 of Column B. **NOTE: Use only the codes referenced in the table of Schedule NRC. The codes listed here are not interchangeable with other codes listed in this booklet.**

Example:

| Credit Description | Code | Amount of Credit Claimed |
|---|---|---|
| Dedicated Research | 220 | 500 . 00 |

**LINE 10 – TOTAL INCOME TAX CREDITS**

Add lines 1 through 9 of Column A and print the result on CIFT-620, Line 3.

**LINE 11 – TOTAL FRANCHISE TAX CREDITS**

Add lines 1 through 9 of Column B and print the result on CIFT-620, line 10.

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**100 - Premium Tax** — R.S. 47:227 provides a credit allowable against corporate income tax for premium taxes paid during the preceding twelve months by an insurance company authorized to do business in Louisiana. A copy of the premium tax return and cancelled checks in payment of the tax must be attached to the return.

**120 - Bone Marrow** — R.S. 47:287.758 provides a credit against corporate 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. The wage expense used to obtain the credit cannot be deductible as an expense for income tax purposes. The amount of the credit is equal to 25 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 corporate 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.

**150 - Qualified Playgrounds** — R.S. 47:6008 provides a credit for donations to assist qualified playgrounds. The credit is for the lesser of $1,000 or one-half 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.

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**155 - Debt Issuance** — R.S. 47: 6017 provides a credit against corporate income tax or corporate franchise tax for the filing fee, incurred by an economic development corporation in the preparation and issuance of bonds, paid to the Louisiana State Bond Commission. Please contact the Department for additional information regarding this credit.

**160 - Contributions to Educational Institutions** — R.S. 47:37 and R.S. 47:287.755 provide a credit of 40 percent of the value of tangible property of a sophisticated and technical nature to educational institutions 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 other property donated, contributed, or sold.

**170 - Donations to Public Schools** — R.S. 47:6013 provides a credit against corporate income tax or corporate franchise tax for qualified donations made to a public school. The credit is equal to 40 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. Please contact the Department for additional information regarding this credit.

**175 - Donations of Materials, Equipment, Advisors, Instructors** — R.S. 47:6012 provides a credit against corporate income tax or corporate franchise tax for employers within the state for donations of the latest technology available of materials, equipment, or instructors to public training providers, secondary and postsecondary vocational-technical schools, apprenticeship programs registered with the Louisiana Department of Labor, or community colleges to assist in the development of training programs designed to meet industry needs. The credit is equal to 50 percent of the value of the donated materials, equipment, or services rendered by the instructor. When taken with other applicable credits, this credit cannot exceed 20 percent of the employer's tax liability for any taxable year.

**199 - Other** — Reserved for Future Credits

**200 - Atchafalaya Trace** — R.S. 25:1226.4 provides a credit against corporate income tax or corporate franchise tax to certain heritage-based cottage industries. You must attach a copy of your contract to the return.

**208 - Previously Unemployed** — R.S. 47:6004 provides a credit against corporate income tax or corporate franchise tax for hiring the previously unemployed. Please contact the Department for additional information regarding this credit.

**210 - Recycling Credit** — R.S. 47:6005 provides a credit for the purchase of certain equipment and/or service contracts related to recycling. The credit is allowable against corporate income or corporate franchise tax and must be certified by the Louisiana Department of Environmental quality. A copy of the certification must be attached.

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212 - **Basic Skills Training** — R.S. 47:6009 provides a credit against corporate income tax or corporate franchise tax for employers who pay for training to bring employees' reading, writing, or mathematical skills to at least the 12th grade level. The credit is limited to $250 per participating employee. Please contact the Department for additional information regarding this credit.

220 - **Dedicated Research** — R.S. 51:2203 provides a credit against corporate income tax of 35 percent of a cash donation of $200,000 or more to the Dedicated Research Investment Fund, which is administered by the Louisiana Board of Regents. The Board of Regents must certify to the Department of Revenue that the taxpayer is qualified for the credit. You must attach a copy of your certification to the return.

224 - **New Jobs Credit** — R.S. 47:34 and R.S. 47:287.749 provide a credit against corporate income tax. A schedule that includes the calculation of the credit must be attached to the return and must also include the following information: 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 the amount of credit carried forward from the previous year.

226 - **Refunds by Utilities** — R.S. 47: 287.664 provides a credit against corporate 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 corporate income tax to encourage the employment in full-time jobs in the state of Louisiana of re-entrants who have been convicted of a felony and who have successfully completed the Intensive Incarceration Program as provided for in R.S. 15:574.4. For additional information, please contact the Department.

230 - **Neighborhood Assistance** — R.S. 47:35 and R.S. 47:287.753 provide a credit against corporate 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 70 percent of the amount contributed for investment in programs approved by the Commissioner of Administration and the credit shall not exceed $250,000 annually.

232 - **Cane River Heritage** — R.S. 47:6026 provides a credit against corporate 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. A copy of the contract must be attached to the return.

234 - **LA Community Economic Development** — R.S. 47:6031 provides a credit against corporate income tax or corporate franchise tax for money donated, contributed, or represented by a sale below cost by the taxpayer to a certified community development corporation or a certified community development financial institution. The credit must be certified and approved by the Department of Economic Development, and a copy of the certification must be attached to the return.

236 - **Apprenticeship** — R.S. 47:6033 provides a credit against corporate 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 apprentice 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.

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238 - **Ports of Louisiana Investor** — R.S. 47:6036(C) provides a credit against corporate 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 corporate 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 corporate 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, available on the Department's website, as documentation for this credit.

252 - **Research and Development** — R.S. 47:6015 provides a credit against corporate 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 approved by Louisiana Department of Economic Development prior to January 1, 2009.

253 - **Historic Structures** — R.S. 47:6019 provides a credit against corporate income 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 product district. Refer to Revenue Information Bulletin 06-002 on LDR's website.

254 - **Digital Interactive Media** — R.S. 47:6022 provides a credit against corporate income tax for the investment in businesses specializing in digital interactive media. The credit is obtained through the Department of Economic Development and documentation from the Department of Economic Development must be attached to the return.

256 - **Motion Picture Employment of Resident** — R.S. 47:1125.1 provides a credit against corporate income tax or corporate franchise tax for the employment of residents of Louisiana in connection with the production of a motion picture. The credit may flow to an individual via a partnership, limited liability company, Subchapter S Corporation, or other entities. Refer to Revenue Information Bulletin 05-005 on LDR's website.

257 - **Capital Company** — R.S.51:1924 provides a credit against corporate 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 from the Office of Financial Institutions must be attached to the return.

258 - **LCDFI Credit** — R.S. 51: 3081 et.seq. provide a credit against corporate income tax or corporate franchise tax 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 corporate 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 frequently posted as Revenue Information Bulletins on LDR's website.

**CODE**

**260 - Brownfields Investor Credit** — R.S. 47:6021 provides a credit against corporate 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 corporate 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. Refer to Revenue Information Bulletin 06-004 on LDR's website.

**299 - Other** — Reserved for Future Credits

**300 - Biomed/University Research** — R.S.17:3389 provides a credit against corporate 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.

**CODE**

**305 - Tax Equalization** — R.S. 47:3202 provides a credit against corporate 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. 47:4305 provides a credit against corporate 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 corporate income tax or corporate franchise tax for private sector investments in certain areas, which are designated as "Enterprise Zones". A copy of the contract issued by the Department of Economic Development must be attached to your return.

**399 - Other** — Reserved for Future Credits

## INSTRUCTIONS FOR REFUNDABLE CREDITS, SCHEDULE RC

**Other Refundable Tax Credits Lines 1 through 5**

Below is a list of additional refundable tax credits available for the tax year ending December 31, 2009. Please print the credit description, identifying code, and the dollar amount claimed in the appropriate spaces on Lines 1 through 5.

**NOTE: Use only the codes referenced in the table of Schedule RC. The codes listed here are not interchangeable with other codes listed in this booklet.**

**Line 6** – Other Refundable Tax Credits – Add Lines 1 through 5 and print the result on Line 6 and on Form CIFT-620, Line 15A.

**CODE**

**50F - Inventory Tax** — R.S. 47:6006 allows a refundable credit against corporate income or corporate franchise tax for 100 percent of the ad valorem taxes paid to political subdivisions in Louisiana on inventory held by manufacturers, distributors, or retailers. Both a copy of the inventory tax assessment and a copy of the cancelled check in payment of the tax must be attached to the return. Taxpayers taking this credit may attach Form R-10610, available on the Department's website. For more information see Revenue Information Bulletin (RIB) 06-036.

**51F - Ad Valorem Natural Gas** — R.S. 47:6006 allows a refundable credit against corporate income or corporate franchise tax for 100 percent of the 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. Both a copy of the tax assessment and a copy of the cancelled check in payment of the tax must be attached to the return.

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

**CODE**

**54F - Telephone Company Property** — R.S. 47:6014 allow a refundable credit against corporate 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 individual's behalf.

**55F - Prison Industry Enhancement** — R. S 47:6018 allows a refundable credit against corporate income or corporate franchise tax for 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.

**56F - Urban Revitalization** — R.S. 1801 et seq. allows a refundable credit against corporate income or corporate franchise tax for investing in certain economically depressed areas of the state. The Department of Economic Development certifies the credit and a copy of the certification must be attached to the return.

**57F - Mentor – Protégé** — R.S. 47:6027 allows a refundable credit against corporate 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 corporate 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 and Hospitals 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 corporate 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.

**CODE**

**61F - Angel Investor** — R.S. 47:6020 et seq. allow a refundable credit against corporate income or corporate franchise tax to encourage third party investment of taxpayers who make qualified investments to certified Louisiana entrepreneurial businesses between January 1, 2005 and December 31, 2009. To earn the Angel Investor Tax Credit, taxpayers must file an application with the Louisiana Department of Economic Development. Refer to Revenue Information Bulletin 06-020 on LDR's website.

**62F - Musical and Theatrical Production** — R.S. 47:6034 allows a refundable credit against corporate income tax for the production expenses, transportation costs, 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.

**64F - Wind and Solar Energy Systems** — R.S. 47:6030 allows a refundable credit against corporate income tax for taxpayers who purchase and install a wind energy system, a solar energy system, for taxpayers who purchase and install a wind energy system, a solar energy system, or both in a residence located in this state, or for owners who purchase and install such energy systems in a residential rental apartment project. Taxpayers are also eligible for the credit when a resident purchases a newly constructed home with such systems already installed, or when such systems are installed in new apartment projects. The credit is equal to 50 percent of the first $25,000 of the cost of each wind energy system or solar energy system, including installation costs, purchased on or after January 1, 2008. Only one tax credit is available for each eligible system. When taking this credit, the taxpayer will not be eligible for any other state tax credit, exemption, exclusion, deduction, or any other tax benefit for that property. Refer to Louisiana Administrative Code 61:I.1907 on LDR's website.

**65F - School Readiness Child Care Provider** — R.S. 47:6105 allows a refundable credit against corporate 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 Social Services (DSS) or to children who participate in the Child Care Assistance Program administered by the Office of Family Support in DSS. 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 DSS.

**CODE**

**67F - School Readiness Business-Supported Child Care** — R.S. 47:6107 allows a refundable credit against corporate 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 cancelled 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 Social Services.

**68F - School Readiness Fees and Grants to Resource and Referral Agencies** — R.S. 47:6107 allows a refundable credit against corporate 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 Social Services.

**69F - Sugarcane Trailer Conversion or Acquisition** – R.S. 47:6029 allows a refundable credit against corporate income tax or corporate franchise tax for the cost paid this year to acquire or replace an eligible sugarcane trailer, or to convert an ineligible sugarcane trailer to an eligible sugarcane trailer. An eligible trailer hauls sugarcane and meets certain requirements which will authorize the owner or operator to obtain an annual special permit for sugarcane vehicles after August 1, 2012. The credit is limited to $8,500 per trailer.

**70F - Retention and Modernization** – R.S. 51:2399.1 et seq. allow a refundable credit against corporate 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.

**71F - Conversion of Vehicle to Alternative Fuel** – R.S. 47:6035 allows a refundable credit against corporate income tax for the conversion of a vehicle to a qualified clean-burning motor vehicle fuel property, or the purchase of a new qualified motor vehicle with a qualified clean-burning fuel property installed by the manufacturer. The purchased vehicle must be properly registered with the Louisiana Department of Public Safety. You must attach documentation verifying the conversion or purchase of the vehicle.

**72F - Research and Development** – R.S. 47:6015 allows a refundable credit against corporate 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. The credit is obtained through the Louisiana Department of Economic Development and documentation from that agency must be attached to the return.

**80F - Other Refundable Credit** — Reserved for future credits.

# BALANCE SHEET AND CORPORATION FRANCHISE TAXABLE BASE

**SCHEDULE A - BALANCE SHEET**

The Schedule A balance sheet should reflect the values of any assets as shown on the books, as provided in LAC 61:I.320. The corporation franchise tax law provides that all assets are deemed to have such values as reflected on the books of the corporation subject to examination and revision by the Secretary. The Secretary may increase the book value of assets up to cost to reflect the true value of surplus and undivided profits, but is prohibited from making revisions that would reflect any value below the amount reflected on the books of the taxpayer. A taxpayer may, at his own discretion, reflect values in excess of cost. In determining cost to which the revisions limitation applies, the fair market value of any asset received in an exchange of properties shall, in most cases, be deemed to constitute the cost of the asset to the taxpayer.

Corporations shall compute their tax liability on the basis of the portion of the total taxable base employed in Louisiana at the close of the preceding calendar or fiscal year. For taxable periods beginning after August 28, 2005, a corporation that incurred extraordinary debt as a result of a gubernatorially declared disaster of 2005 may elect to compute its borrowed capital on the basis of the calendar or fiscal year closing immediately prior to August 28, 2005, if: (1) Fifty percent or more of the corporation's revenue derived in the state for the fiscal year closing immediately prior to August 28, 2005, was directly attributable to a Hurricane Katrina or Hurricane Rita Federal Emergency Management Agency Individual Assistance Area and, (2) Fifty percent or more of the corporation's property and assets in the state were situated or used in a Hurricane Katrina or Hurricane Rita Federal Emergency Management Agency Individual Assistance Area on the date of the calendar or fiscal year closing immediately prior to August 28, 2005. Please contact the Department for additional information.

**SCHEDULE A-1 COMPUTATION OF FRANCHISE TAX BASE**

Acts 2 of the 2004 1st Extraordinary Legislative Session, amended and reen-

acted R.S. 47:601(A), 602(A), (B), and (E)(1), 603(A), and 607(A) and (C); enacted R.S. 47:602(G) and 605.1, and repealed R.S. 47:601(D) and 603 to phase out the debt portion of the corporation franchise tax base. Act 355 of the 2005 Regular Legislative Session further amended R.S. 47:605.1. The phase out of the debt portion was accelerated by Act 10 of the 2008 2nd Extraordinary Legislative Session. The portion of debt included in the 2010 franchise tax return is 30 percent of total debt, as provided by R. S. 47:603 (A). See Revenue Information Bulletin 05-026. Complete Lines 1 – 11 on Schedule A-1 if any intercompany debt appears on the balance sheet at year's end. See Revenue Information Bulletin 06-026 on the Department's website for additional information. Also, see Revenue Ruling 06-010 for additional information.

**DETERMINATION OF TOTAL CAPITAL STOCK, SURPLUS, UNDIVIDED PROFITS, AND BORROWED CAPITAL**

**CAPITAL STOCK** – Capital stock means all stock that is issued and outstanding. However, the cost of treasury stock may be deducted from earned surplus, limited to the extent of the surplus that was available when the treasury stock was acquired. Capital stock, whether par value or not, is deemed to have such value as is reflected on the books, subject to examination and revision by the Secretary, but in no event less than shown on the books.

**SURPLUS, UNDIVIDED PROFITS, ETC.** – Surplus and undivided profits shall be deemed to have such value as is reflected on the books of the corporation, subject to examination and revision by the Secretary. Reserves other than depreciation, bad debts, other established valuation reserves, etc., should be included. Examples of reserves to be included in surplus and undivided profits are reserves for contingencies, repairs, self-insurance, etc. In addition, any excessive valuation reserve should be included in the taxable base to the extent of such excess. The entire profit on installment obligations should be included in surplus regardless of whether deferred on the books. Many times, the deferred income tax account is included in "Other Liabilities." Because some items contained in "Other Liabilities" will be subject to the debt phase-out, consideration must be given to any item reported in "Other Liabilities" that is not truly debt. If that is the case, then 100 percent of the deferred income tax or any other item must be reported as "Earned surplus and undivided profits." DEFERRED INCOME TAX MUST BE INCLUDED IN THE TAXABLE BASE. See Revenue Information Bulletin 06-026 on the Department's website for additional information.

In computing surplus and undivided profits, any amounts required by court order to be set aside and segregated in such manner as not to be available for distribution to stockholders or for investment in properties may be excluded from the franchise taxable base.

In the event that surplus and undivided profits accounts reflect a negative figure or deficit, such deficit shall reduce the franchise taxable base.

Refer to R.S. 47:605A for information concerning the reduction of surplus for depreciation sustained, but not taken on the books of corporations under the control of a governmental agency.

**BORROWED CAPITAL** – For the purpose of computing the basis upon which the franchise tax is levied, borrowed capital includes the following three basic classifications of corporate indebtedness:

1. **INDEBTEDNESS MATURING MORE THAN ONE YEAR FROM THE DATE INCURRED**
   This classification depends solely upon the maturity date of an obligation outstanding on the corporate books at the close of its fiscal or calendar year. Every obligation, indebtedness, or portion thereof, maturing more than one year from the date incurred, must be included in the taxable base as borrowed capital. Any amount of long-term debt reclassed for book purposes as the current portion of long-term debt should not be excluded from the franchise taxable base. However, Act 276 of the 2007 Regular Legislative Session exempts a Louisiana Infrastructure bank loan from all taxation for state, parish, municipal, or other purposes. A Louisiana Infrastructure bank loan means any bond, note, or other evidence of indebtedness, or a commitment, pledge, loan, letter of credit, guarantee, subsidy, or other obligation of any public entity for an eligible infrastructure project.

2. **INDEBTEDNESS THAT IS NOT PAID WITHIN ONE YEAR FROM THE ORIGINAL DATE INCURRED REGARDLESS OF MATURITY DATE**
   This classification includes every obligation, indebtedness, or portion thereof that is not paid within one year from the date of inception. For any indebtedness that is extended, renewed, or refinanced, the date such indebtedness was originally incurred or contracted will be considered as the date incurred for the purpose of determining the age.

3. **INDEBTEDNESS OWED TO A SUBSIDIARY OR AFFILIATE**
   The age or maturity date of this type of indebtedness is unimportant. If an amount is owed to a subsidiary or affiliated company and is substantially used to finance or carry on the taxpayer's business, it is borrowed capital. For this purpose, an affiliated corporation is any corporation that, through stock ownership, directorate control, or other means, substantially influences policy of some other corporation or is influenced through the same channels by some other corporation. Amounts owed to a subsidiary or affiliate may be netted with amounts due from a subsidiary or affiliate only in the case of equally demandable and payable indebtedness, of the same type, between the same two corporations.

Refer to R.S. 47:602 and R.S. 47:603 for those items that are excludable from the franchise taxable base.

**SCHEDULE B – ANALYSIS OF SCHEDULE A-1**
Schedule B should include any amount of indebtedness that was not included in the determination of borrowed capital on Lines 13, 15, and 18, column 1 of Schedule A-1.

**SCHEDULE C – ANALYSIS OF EARNED SURPLUS AND UNDIVIDED PROFITS PER BOOKS**
Schedule C should analyze Schedule A, Line 30, Column 2. Any changes to the balance of earned surplus and undivided profits should be recorded here.

**SCHEDULE D - COMPUTATION OF LOUISIANA TAXABLE INCOME**
**LINE 1 – FEDERAL TAXABLE INCOME**
Print the federal taxable income of the corporation. If the corporation is included with affiliates in a consolidated federal income tax return, or is not a Subchapter C corporation for federal income tax purposes, print the net income that would have been reported on the federal return if the corporation had been required to file an income tax return with the Internal Revenue Service on a separate Subchapter C corporation basis.

**LINES 2 THROUGH 4 – ADDITIONS TO FEDERAL TAXABLE INCOME**
Deductions taken on the federal return for a net operating loss, dividends received, and Louisiana income tax are not allowable deductions on the Louisiana return and must be added back to federal taxable income.

**LINE 5 – OTHER ADDITIONS TO FEDERAL TAXABLE INCOME**
Refer to R.S. 47:287.71, R.S. 47:287.73, and Revenue Information Bulletin (RIB) 07-010 for other additions to federal taxable income. A schedule of the items on this line must be attached.

**LINE 6 – TOTAL ADDITIONS**
Add Lines 2 through 5.

**LINE 7 – REFUNDS OF LOUISIANA INCOME TAX**
To the extent that refunds of Louisiana income tax are included in federal taxable income, they should be deducted on this line in accordance with R.S. 47:287.71.

**LINE 8 – LOUISIANA DEPLETION IN EXCESS OF FEDERAL DEPLETION**
As provided in R.S. 47:287.745, in computing net income in the case of oil and gas wells, there shall be allowed as a deduction cost depletion as defined under federal law or percentage depletion, whichever is greater. Percentage depletion is equal to 22 percent of gross income from the property during the taxable year, excluding any rents or royalties paid or incurred by the taxpayer in respect of the property. This depletion amount should not exceed 50 percent of the net income of the property computed without an allowance for depletion. In determining net income from the property, federal income taxes shall be considered an expense.

**LINE 9 – EXPENSES NOT DEDUCTED ON THE FEDERAL RETURN DUE TO IRC SECTION 280(C)**
Whenever an otherwise allowable expense for purposes of computing federal net income is disallowed under the provisions of IRC Section 280(C), 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 10 – ROAD HOME**
As provided in R.S. 47:287.738(G), any gratuitous grant, loan, or other benefit directly or indirectly provided to a taxpayer by a hurricane recover entity shall be retroactively excluded if such income was included in the taxpayer's federal adjusted gross income. Hurricane recovery entities that provided such benefits are the Road Home Corporation, the Louisiana Recovery Authority, or the Louisiana Family Recovery Corps.

**LINE 11 – OTHER SUBTRACTIONS**
Refer to R.S.47:287.71, 47:287.73, and 17:3095 for other subtractions from federal net income. A schedule of the items on this line must be supplied.

**LINE 12 – TOTAL SUBTRACTIONS**
Add Lines 7 through 11.

**LINE 13 – LOUISIANA NET INCOME BEFORE S CORPORATION EXCLUSION, LOSS ADJUSTMENTS, AND FEDERAL INCOME TAX DEDUCTION**
Add Line 1 plus Line 6, less Line 12. Round to the nearest dollar.

**SCHEDULE E – CALCULATION OF INCOME TAX**

**SCHEDULE F – CALCULATION OF FRANCHISE TAX**

**SCHEDULE G – RECONCILIATION OF FEDERAL AND LOUISIANA NET INCOME**
This schedule MUST be completed by those corporations filing Form CIFT-620A, Corporation Apportionment and Allocation Schedules. Those corporations doing business only within Louisiana do not need to complete this schedule. Refer to the instructions for Schedule D for specific information on additions and subtractions from federal net income. **Important! See R.S. 47:287.71 and R.S. 47:287.73 for information.**

**SCHEDULE H – RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN**
This schedule should be completed by all corporations.

# INSTRUCTIONS FOR COMPLETING APPORTIONMENT AND ALLOCATION SCHEDULES – FORM CIFT-620A

**GENERAL INFORMATION**
IMPORTANT–PLEASE COMPLETE ALL APPLICABLE LINES AND SCHEDULES OF THIS FORM. Failure to furnish complete information will cause the processing of the return to be delayed and may necessitate manual review of the return.

**WHO MUST USE FORM CIFT-620A**
Corporations that do business both within and without Louisiana must use Form CIFT-620A to apportion and allocate their net income and total taxable capital.

The Louisiana income tax law requires the apportionment reporting method is used 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.

# LOUISIANA CORPORATION FRANCHISE TAX

**AVERAGE RATIO** – In the allocation of total capital stock, surplus, undivided profits, and borrowed capital to Louisiana, the ratio to be used is the arithmetical average of two separately computed ratios obtained by dividing Louisiana property and assets by total property and assets and Louisiana net sales and other revenue by total net sales and total other revenue. If the denominator in the calculation of either ratio is zero, then that ratio is eliminated as a factor in determining the average of the ratios. Schedules M and N are used to calculate the franchise tax allocation ratio. See LAC 61.I.306 available on the Department's website.

**CORPORATIONS MERGING**
The property and net sales and other revenue of a merging corporation must be included in the ratios of the surviving corporation.

**SCHEDULE M – COMPUTATION OF CORPORATE FRANCHISE TAX PROPERTY RATIO**
In computing the property ratio, Columns 3 and 4 must be completed. The various classes of property and assets shown below shall be allocated within and without Louisiana on the basis indicated:

**CASH** – Cash on hand shall be allocated to the state in which located.

**CASH IN BANKS AND TEMPORARY INVESTMENTS** – Cash in banks and temporary investments shall be allocated to the state in which they have their business situs or, in the absence of a business situs, to the state in which is located the commercial domicile of the taxpayer. If a cash account shows a deficit balance, then that account should be treated as having a zero balance for purposes of indicating the asset value for Schedule M.

**TRADE ACCOUNTS AND TRADE NOTES RECEIVABLE** – Such receivables shall be allocated by reference to the transactions from which the receivables arose, on the basis of the location at which delivery was made in the case of the sale of merchandise or the location at which the services were performed in the case of charges for services rendered or the place where the loan was negotiated in the case of a lending business. In the absence of sufficient records of a detailed allocation, the total trade accounts and notes receivable may be apportioned to Louisiana on the basis of the ratio of the amount of merchandise deliveries in Louisiana and charges for services performed in Louisiana during the year to the total amount of merchandise deliveries and charges for services, unless it is apparent that the use of this method produces an unfair and inequitable result.

**INVESTMENTS IN AND ADVANCES TO A PARENT OR SUBSIDIARY**– Investments in and advances to a parent or subsidiary shall be allocated within and without Louisiana on the basis of the ratio of capital employed in Louisiana by the parent or subsidiary for Louisiana corporation franchise tax purposes. The average of the ratios for Louisiana corporation franchise tax purposes (Line 4 of Schedule N of Form CIFT-620A) of the parent or subsidiary is applied to the investment in or advances to such parent or subsidiary to determine the amount to be attributed to Louisiana.

**OTHER INVESTMENTS** – Notes, accounts, stocks, and bonds other than those described above and the cash surrender value of life insurance shall be allocated to the state in which they have a business situs, or in the absence of a business situs, to the commercial domicile of the taxpayer.

**REAL AND TANGIBLE PERSONAL PROPERTY** – Such property shall generally be allocated within and without Louisiana on the basis of actual location. Corporeal movable property of a class that is not normally located within a particular state the entire taxable year, such as rolling stock and

other mobile equipment that is used in Louisiana, shall be allocated within and without Louisiana by use of a ratio or ratios that shall give due consideration to the actual usage, such as mileage operated or traffic density within and without this state. Mineral leases and royalty interests shall be allocated within and without this state on the basis of the actual location of the property covered by the lease or royalty interest. The value of inventories of merchandise in transit shall be allocated to the state in which their delivery destination is located in the absence of conclusive evidence to the contrary. Refer to Louisiana Administrative Code (LAC) 61:I.306 for more information on the allocation of specific assets.

**OTHER ASSETS** – All other assets shall be allocated within or without Louisiana on such basis as may be reasonably applicable to the particular asset and the type of business involved. Investments in or advances to a partnership shall be attributed within and without Louisiana based on the percentage of the partnership's capital employed in Louisiana. The percentage of the partnership's capital employed in Louisiana is the allocation ratio, also known as the franchise tax apportionment ratio, that would be computed for the partnership if the partnership were a corporation subject to franchise tax. See LAC 61:I.306.A.2.h.

**SCHEDULE N – COMPUTATION OF CORPORATE FRANCHISE TAX APPORTIONMENT PERCENTAGE**

**LINE 1.** Net sales of merchandise, charges for services, and other revenues – The various classes of income shown below shall be allocated within and without Louisiana on the basis indicated:

**A. SALES** – The total amount of net sales should be equal to gross receipts less returns and allowances. Sales attributable to this state shall be 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 by the taxpayer to a person or firm designated by a purchaser from within or without the state shall constitute delivery to the purchaser in this state. Sales of scrap materials and by-products are construed to meet the requirements for inclusion in the sales factor. Revenue derived from a sale of property not made in the regular course of business shall not be considered. Therefore, sales made other than to customers, such as stocks and bonds and revenues or gains on the sale of property other than stock in trade should not be included as net sales of merchandise. Whenever a transaction is determined to be a sale that is not to be included as a sale to customers in the regular course of business, the amount does not constitute "other revenue" so as to qualify for inclusion in either the numerator or the denominator of the allocation ratio.

**B. SERVICES** – Income from services other than those described below shall be attributed within and without Louisiana on the basis of the location at which the services are rendered.

**AIR TRANSPORTATION** – Revenues attributable to Louisiana from air transportation shall include all gross receipts derived from passenger journeys and cargo shipments originating in Louisiana.

**PIPELINE TRANSPORTATION** – Other revenues attributable to this state derived from the transportation of crude petroleum, natural gas, petroleum products, or other commodities for others through pipelines shall include 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 transportation of any designated quantity of crude petroleum, natural gas, petroleum products, or other commodities for any designated distance.

**OTHER TRANSPORTATION** – Other revenues attributable to this state derived from transportation other than by aircraft or pipeline shall include all such income that is derived entirely from sources within this state, and a portion of revenue from transportation partly within and partly without, to be prorated subject to rules and regulations of the Secretary, which shall give due consideration to the proportion of service performed in Louisiana.

**C. OTHER REVENUES** – Revenues other than those from sales shall be allocated to Louisiana on the basis indicated below:

**(i) RENTS AND ROYALTIES** – Income from rents and royalties shall be allocated within and without Louisiana on the basis of the location or situs of the property from which the rents and royalties are derived. Royalties or similar revenue from the use of patents, trademarks, copyrights, secret processes, and other similar intangible rights shall be attributed to the state or states in which such rights are used.

**(ii) DIVIDENDS AND INTEREST FROM A PARENT OR SUBSIDIARY** – Such amounts shall be allocated within and without Louisiana on the basis of the ratio of the capital employed in Louisiana by the parent or subsidiary. The average of the ratios found on Form CIFT-620A, Schedule N, Line 4 for Louisiana franchise tax purposes of the parent or subsidiary is applied to the amount of dividends and other revenues received from such parent or subsidiary to determine the amount to be attributed to Louisiana.

**(iii) OTHER DIVIDENDS AND INTEREST** – Interest on customers' notes and accounts shall be attributed to the state in which such customers are located. Other dividends and interest shall be attributed to the state in which the securities or credits producing such revenue 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 taxpayer's business as to acquire a business situs, or in the absence of a business situs, shall be at the commercial domicile of the taxpayer.

**(iv) ALL OTHER REVENUES** – All other revenues shall be attributed within or without Louisiana on the basis of such ratio or ratios as may be reasonably applicable to the type of revenue and business involved. Revenues from partnerships shall be attributed within and without Louisiana based on the percentage of the partnership's capital employed in Louisiana. The percentage of the partnership's capital employed in Louisiana is the allocation ratio, also known as the franchise tax apportionment ratio, that would be computed for the partnership if the partnership were a corporation subject to franchise tax. See LAC 61:I.306.A.1.j.iii.

**D. TOTAL AND REVENUE RATIO** – Add the amounts in Columns 2 and 3. Divide the total of Column 3 by the total of Column 2. Round to 2 decimal places. **IMPORTANT!! For taxpayers whose primary business is manufacturing, the apportionment ratio shall be computed by means of a single ratio consisting of net sales that are derived primarily from the manufacture, production, and sales of tangible personal property.** For purposes of this requirement, the term "business of manufacturing" shall not include the following:

- Any taxpayer whose income is primarily derived from the production or sale of unrefined oil and gas.
- Any taxpayer whose income is primarily derived from the manufacture, distribution, distillation, importation, or sale of alcoholic beverages..
- 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 engage in significant marketing of refined petroleum products in Louisiana.

**LINE 2 FRANCHISE TAX PROPERTY RATIO** – Print the percentage from Schedule M, Line 26, Column 4.

**LINE 3 TOTAL OF APPLICABLE PERCENTAGES** – Add the total percentages in Column 4.

**LINE 4 AVERAGE OF PERCENTS** – Divide Line 3 by applicable number of ratios. Print the average of percents on CIFT-620, Page 2, Line 7B.

# LOUISIANA NET INCOME

**SCHEDULE P – COMPUTATION OF LOUISIANA NET INCOME**

All corporations should complete Column 3. Those corporations that have been granted permission to use the separate accounting method should complete both Columns 2 and 3. All lines should be completed. These lines should be the same as the federal return except for the modifications under R.S. 47:287.71, 47:287.73, and 17:3095. Please note that Acts 401 of the 2005 Regular Legislative Session changed those items of income classed as allocable and exempt income. See Louisiana Administrative Code (LAC) 61:I.1130 and Revenue Information Bulletin (RIB) 07-010 for additional information.

**LINE 8 – OTHER INCOME**

Taxpayers should include all taxable income not reported on Lines 1 or 4 through 7. This includes profits and losses from the sales or exchanges of property that are taxable as apportioned income. See LAC 61:I.1134. Taxpayers should also include interest income elected to be taxed under R.S. 47:287.738(F)(2).

**LINES 27A THROUGH 27E**

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:I.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 is that of the licensee. A mineral lease, royalty interest, oil payment, or other mineral interest shall be 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 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. Other allocable income – This line should include interest income received from a controlled corporation that a corporation elects to tax under R.S. 47:287.739(F)(2). The interest shall be allocated to the state or states in which the real and tangible personal property of the controlled corporation is located. The allocation shall be 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 shall be 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.

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, Louisiana Administrative Code 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 27A THROUGH 27E – NET ALLOCABLE INCOME FROM ALL SOURCES**

Print on Lines 27A through 27E of Column 2 the TOTAL net allocable income of each class, from all sources, net of all applicable expenses. In Column 3 of Line 27E, print the TOTAL net allocable income.

**LINE 28 – NET INCOME SUBJECT TO APPORTIONMENT**

Subtract lines 27A through 27E from line 26, Column 3.

**LINE 29 – NET INCOME APPORTIONED TO LOUISIANA**

Multiply the amount on line 28 by the percentage from Schedule Q, Line 1D or Line 5, and print the result in Line 29, Column 3.

**LINE 30A THROUGH 30E – NET ALLOCABLE INCOME FROM LOUISIANA SOURCES**

Print on Lines 30A through 30E of Column 2 the LOUISIANA net allocable income of each class, from all sources, net of all applicable expenses. In Column 3 of Line 30E, print the LOUISIANA net allocable income.

**LINE 31** – Add the net income apportioned to Louisiana, Line 29, Column 3 to the net income allocated to Louisiana, Line 30E, Column 3. If the separate method of accounting was used, print the amount from Line 25, Column 2. Also print this amount on Page 1, Line 1A, of form CIFT-620.

**SCHEDULE Q – COMPUTATION OF INCOME TAX APPORTIONMENT PERCENTAGE**

R.S. 47:287.95 provides for an apportionment percent that is to be applied to the taxpayer's total net apportionable income in determining the Louisiana net apportionable income. Specific formulas are prescribed for air, pipeline, other transportation businesses, and certain service enterprises. A general formula is prescribed for manufacturing, merchandising and any other business for which a formula is not specifically prescribed. The statute contemplates that only one specific formula be 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 shall be that which is the primary source of the taxpayer's net apportionable income. When the numerator and denominator are zero in any one or more ratios in the apportionment formula, such ratio shall be dropped from the apportionment formula and the arithmetical average determined from the total remaining ratios. You must refer to LAC 61:I.1134 available on the Department's website for complete information regarding the computation of the income tax apportionment percentage.

The income tax revenue and wage ratios are calculated on Form CIFT-620A, Schedule Q. The income tax property ratio is calculated on Form CIFT-620A, Schedule M.

**BUSINESSES OTHER THAN THOSE DESCRIBED BELOW** – The Louisiana apportionment percent of any taxpayer whose net apportionable income is derived primarily from any business not described below shall be the arithmetical average of three ratios, as follows:

1. 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.

2. 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.

3. The ratio of the value of the immovable and corporeal movable property owned by the taxpayer and located in Louisiana to the value of the immovable and corporeal movable property owned by the taxpayer and used in the production of the net apportionable income.

**TELEVISION AND RADIO BUSINESSES – SEE R.S. 47:287.95(K)**

**MANUFACTURING OR MERCHANDISING** – The Louisiana apportionment percent of any taxpayer whose net apportionable income is derived primarily from the business of manufacturing or merchandising (manufacturing, producing, and/or selling tangible personal property) shall be 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.

This provision does not apply to the following:

- Any taxpayer subject to the tax imposed pursuant to Chapter 8 of Subtitle II of Title 47 of the Louisiana Revised Statutes (Tobacco Tax).

- 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. 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.

**AIR TRANSPORTATION** – The Louisiana apportionment percent of any taxpayer whose net apportionable income is derived primarily from the business of transportation by aircraft shall be the arithmetical average of two ratios, as follows:

1. The ratio of the amount of gross apportionable income derived from Louisiana sources to the total gross apportionable income of the taxpayer.

2. The ratio of the value of immovable and corporeal movable property, other than aircraft, owned by the taxpayer and located in Louisiana to the value of all immovable and corporeal movable property, other than aircraft, owned by the taxpayer and used in the production of apportionable income.

Wages and salaries are not considered.

**PIPELINE TRANSPORTATION** – The Louisiana apportionment percent of any taxpayer whose net apportionable income is derived primarily from the business of transportation by pipeline shall be computed by means of the ratios provided in R.S. 47:287.95(F).

**TRANSPORTATION OTHER THAN AIR OR PIPELINE** – The Louisiana apportionment percent of any taxpayer whose net apportionable income is derived primarily from the business of transportation, other than aircraft or pipeline, shall be the arithmetical average of two ratios as follows:

1. The ratio of the amount of gross apportionable income from Louisiana sources to the total amount of gross apportionable income of the taxpayer.

2. The ratio of the value of 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 apportionable income.

Wages and salaries are not considered.

**SERVICE ENTERPRISES** – The Louisiana apportionment percent of any taxpayer whose net apportionable income is derived primarily from a service business in which the use of property is not a substantial income-producing factor shall be the arithmetical average of two ratios, as follows:

1. The ratio of the gross apportionable income of the taxpayer from Louisiana sources to the total gross apportionable income of the taxpayer.

2. The ratio of the amount paid by the taxpayer for salaries, wages, and other compensation for personal services rendered in Louisiana to the total amount paid by the taxpayer for salaries, wages, and other compensation for personal services in connection with the production of the net apportionable income.

Property is not considered.

# FEDERAL INCOME TAX DEDUCTION WORKSHEET

**(See instructions on page 28.)**

1A. Louisiana net income – From Form CIFT-620, Line 1A.... ..... $ _____

1B. Loss carryforward – From Form CIFT-620, Line 1C..... $ _____

1C. Loss carryback – From Form CIFT-620, Line 1D ..... $ _____

1D. Louisiana net income before federal income tax deduction – Subtract Lines 1B and 1C from Line 1A. ..... $ _____

2. Adjustments to convert Louisiana net income to a federal basis

_____ $_____

_____ $_____

_____ $_____

_____ $_____

_____ $_____

_____ $_____

_____ $_____

_____ $_____

Net adjustment $_____

3. Louisiana net income on a federal basis – Subtract Line 2 from Line 1D. ..... $ _____

4. Federal net income ..... $ _____

5. Less creditable expenses..... $ _____

6. Federal net income – Subtract Line 5 from Line 4. ..... $ _____

7. Ratio of Louisiana net income to federal net income – Divide Line 3 by Line 6. ..... ___ ___ ___ . ___ ___ %

8. Federal income tax liability..... $ _____

9. Less alternative minimum tax ..... $ _____

10. Less environmental tax ..... $ _____

11. Federal income tax – Subtract Lines 9 and 10 from Line 8..... $ _____

12. Federal income tax attributable to Louisiana income – Multiply Line 11 by Line 7. ..... $ _____

13. Federal income tax disaster relief credits ..... $ _____

13a. Federal income tax disaster relief credit attributable to Louisiana – Multiply Line 13 by Line 7 and print the amount here and on Form CIFT-620, Line 1E1. .. $ _____

14. Add Lines 12 and 13a. – Print on Form CIFT-620, Line 1E. ..... $ _____

The amount of federal income tax to be deducted is that portion levied on the income derived from sources in this state. See R.S. 47:287.83 and 85 and Louisiana Administrative Code 61:I.1122 and 1123 for specific information regarding the computation of the federal income tax deduction.

# INSTRUCTIONS FOR FEDERAL INCOME TAX DEDUCTION WORKSHEET

**LINES 1B and 1C** – As provided in R.S. 47:287.83, no federal income tax deduction shall be allowed on net income upon which no Louisiana tax has been incurred, or upon which, for any reason whatsoever, no Louisiana income tax will be paid. Since no tax will be paid on the income reduced by the net operating loss carryforward and the net operating loss carryback, they must be subtracted from Louisiana net income.

**LINE 2** – In order to make Louisiana net income and federal net income comparable, Louisiana net income should be converted to a federal basis. Items of difference between federal and state net income are divided into "compensating items" and "noncompensating items." "Compensating items" are those differences in items of deduction or items of net income for a particular year that arise solely by reason of the fact that the item is accounted for in different periods for federal and Louisiana income tax purposes (example: depreciation). "Noncompensating items" are any items of difference between federal and Louisiana income or deductions for a particular year other than those defined as "compensating items." These items generally arise from a difference in tax law between federal and state and will never adjust themselves (example: depletion, dividend exclusion, Louisiana income tax).

Items of difference that relate to apportionable income should have the apportionment percentage applied before computing the adjustment amount. Items of difference that relate to allocable income are considered only if they relate to Louisiana allocable income. The apportionment percentage is not applied to these items.

"Noncompensating items" of addition can be added only to the extent of the "noncompensating items" of subtraction. "Noncompensating items" of subtraction are not limited. "Compensating items" of addition and subtraction are allowed with no limitation.

**LINE 5** – The federal net income is adjusted to account for expenses that would have been allowed as deductions on the federal return, but were disallowed because of the provisions of IRC Section 280(C). An example of such an expense is the salary expense disallowed due to the utilization of the jobs credit.

**LINE 8** – The federal income tax liability is the actual tax liability after being reduced for all credits except the alternative minimum tax credit. A corporation that files, or is included in a consolidated federal income tax return, must allocate a portion of the consolidated tax liability before determining the deductible portion. In its basic application, the method for allocating the consolidated tax is outlined here. A spread of each member in the consolidated group must be prepared as if each company filed as a separate company for federal income tax purposes. All loss companies should be eliminated in the spread. The tax for each company should be computed on a separate basis. All tax credits should be applied to the specific company to which they relate. A ratio of each company's separate company tax to the total tax for all companies computed on a separate company basis should be calculated. This ratio is then applied to the actual consolidated tax liability. Refer to Louisiana Administrative Code 61:I.1122 and 1123 for additional information for more complex situations.

**LINE 9** – Under most circumstances, the alternative minimum tax is not deductible on the Louisiana return. The tax is deductible only to the extent that Louisiana tax is paid on income on which alternative minimum tax has been paid and no regular federal income tax will be paid. Refer to Louisiana Administrative Code 61:I.1122 for further explanation.

**LINE 10** – The environmental tax is not deductible as a federal income tax deduction; however, it is deducted as a line item deduction in arriving at federal net income.

**LINE 13a** – Acts 23 of the 2005 1st Extraordinary Legislative Session provides that a corporation may increase the amount of its federal income tax deduction by the amount of Federal Disaster Relief Credits attributable to Louisiana. Print the amount of your Federal Disaster Relief Credits attributable to Louisiana on this line and in the designated area on Form CIFT-620, Line 1E1. Please refer to LAC 61:I.601 available on the Department's website regarding the application of those federal credits deemed by the Secretary to be federal disaster credits.

**LINE 14** – Add Lines 12 and 13a. Print on Form CIFT-620, Line 1E.