

## GENERAL INSTRUCTIONS

### IMPORTANT

The Louisiana Revenue Account Number **must be used** on all tax documents and correspondence.

Please use the return supplied by the Department and attach the pre-printed name and address label. Any change of address should be noted in the address area, and the box indicating that the address has changed should be marked. If a pre-printed return is unavailable, indicate the Louisiana Revenue Account Number, complete name, and current address on the tax return. If the address is different from that of the last return filed, mark the box indicating that the address has changed. Returns and instructions are available at all offices listed on page 24 and via the Department's website, [www.rev.state.la.us](http://www.rev.state.la.us).

**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.

### WHO MUST FILE?

**DOMESTIC CORPORATIONS** – Corporations organized under the laws of Louisiana must file an income and franchise tax return (Form CIFT-620) 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 an income tax return (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.

**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.

**S CORPORATIONS** – Louisiana law does not recognize S corporation status, and 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. An organization claiming exemption under La. R.S. 47:287.501 must submit a copy of the Internal Revenue Service ruling establishing its exempt status. Refer to La. R.S. 47:287.501 for additional exemptions provided for banking corporations. Refer to La. R.S. 47:287.521, 526, 527, and 528 for information concerning the treatment of farmers' cooperatives, other cooperatives, shipowners' protection and indemnity associations, political organizations, and homeowners' associations.

Refer to La. R.S. 47:608 for information concerning those corporations exempt from franchise tax. 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.

### TIME AND PLACE FOR FILING

On or before the 15th day of the fourth month (April 15, on a calendar year basis) following the close of an accounting period, an income tax return for the period closed and a franchise tax return for the succeeding period must be filed with the Secretary of Revenue, Post Office Box 91011, Baton Rouge, LA 70821-9011. If the due date falls on a weekend or holiday, the return is due the next business day and becomes delinquent the first day thereafter. Make payments to Louisiana Department of Revenue. **DO NOT SEND CASH.** Cash may be paid in person only if an official receipt is received from the Department of Revenue.

### EXTENSIONS OF TIME FOR FILING

The Secretary may grant a reasonable extension of time to file the combined corporation income and franchise tax return not to exceed seven months from the due date of the tax return. Louisiana will recognize and accept the federal extension authorizing the same extended due date as the federal. A copy of the request filed with the Internal Revenue Service must be attached to the Louisiana return. If a federal extension has not been obtained or additional time is needed beyond the extended due date of the federal return, then Form CIFT-620EXT (Application for Automatic Extension of Time to File Corporation Income and Franchise Taxes Return) should be filed with the Department by the due date of the return for which the extension applies. (See inside back cover.)

### 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 period reported on the return begins and ends 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

For information concerning returns filed for part of the year, refer to the instructions for Lines 2 and 9 on Pages 14 and 16 of this booklet for instructions on annualization and proration.

### AMENDED RETURNS

In order to amend the amounts reported for the computation of income or franchise taxes, the taxpayer must file a revised Page 1 of Form CIFT-620, along with a detailed explanation of the changes, and a copy of the federal amended return (Form 1120X), if applicable. The "AMENDED RETURN" box on the Louisiana form should be clearly marked.

**REPORT OF FEDERAL ADJUSTMENTS**

La. 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.

**DECLARATION OF ESTIMATED TAX**

La. 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 pertaining to Form CIFT-620ES for further information, including the addition to the tax for underpayment or nonpayment of estimated income tax.

**ROUNDING TO WHOLE DOLLARS**

Round cents to the nearest whole dollar on Page 1 of 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, which provides schedules for the apportionment and allocation of 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-I.****LINE 1A – LOUISIANA NET INCOME**

Information regarding the computation of Louisiana net income is provided in the instructions for Schedule D of Form CIFT-620 and Schedule P of Form CIFT-620A. Enter on this line the amount from Schedule D, Line 14 or Schedule P, Line 33.

**LINE 1B – S CORPORATION EXCLUSION**

La. R.S. 47:287.732.B provides an S corporation with an exclusion of its Louisiana net income. 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.

A Louisiana "resident" includes 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. This ratio is also applicable to a Louisiana net loss to exclude a percentage of the loss from carryback or carryforward treatment.

**A SCHEDULE SHOWING THE CALCULATION OF THE EXCLUSION MUST BE ATTACHED TO THE RETURN.**

This schedule must include a list of all shareholders of the corporation, designating those who report the S corporation income on a Louisiana tax return. The shareholder information must include the address and Social Security Number, 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 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(l).

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, then as provided in La. R.S. 47:287.83, the federal income tax deduction should be recomputed to reflect the carryback or carryforward of the net operating loss. 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.

**A SCHEDULE SHOWING THE CALCULATION OF THE LOSS CARRYFORWARD OR LOSS CARRYBACK MUST BE ATTACHED TO THE RETURN.****LINE 1E – FEDERAL INCOME TAX DEDUCTION**

The amount of federal income tax to be deducted is that portion levied on the income derived from sources in this state. To compute the federal income tax deduction allowable on the Louisiana return, refer to the worksheet and instructions provided on Page 23.

**LINE 2 – LOUISIANA INCOME TAX**

The amount of Louisiana income tax is computed on Schedule E on Page 3 of Form CIFT-620.

In the case of a return for part of the year, other than the initial or final return, for purposes of computing the tax due, Louisiana taxable income shall be placed on an annual basis by multiplying the amount thereof by twelve and dividing 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 then 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. This tax is then entered on Line 2 of Page 1 of Form CIFT-620.

**LINE 3 – NON REFUNDABLE CREDITS**

See Nonrefundable Tax Credits, Page 15.

## Non-refundable Tax Credit Index

Please view complete document at: [www.rev.state.la.us/upforms/TaxCreditsExemptionandExclu.pdf](http://www.rev.state.la.us/upforms/TaxCreditsExemptionandExclu.pdf)

Description/Legal Citation	Corporation Income Tax	Franchise Tax
Credit for contributions of tangible property of a sophisticated and technological nature to educational institutions R.S. 47:287.34 & 47:287.755	•	
Credit for converting vehicles to alternative fuels usage R.S. 47:287.757	•	
Bone marrow donor expenses credit R.S. 47:287.758	•	
Credit for the employment of certain first-time drug offenders R.S. 47:287.34 & 47:287.752	•	
Credit for employment in a qualified motion picture production R.S. 47:1125.1	•	•
Credit for employment of the previously unemployed R.S. 47:6004	•	•
Credit for the purchase of qualified recycling equipment R.S. 47:6005	•	•
Credit for investments in state certified motion picture productions R.S. 47:6007	•	
Credit for donations to assist qualified playgrounds R.S. 47:6008	•	•
Louisiana basic skills training tax credit R.S. 47:6009	•	•
Research and development credit R.S. 47:6015	•	•
New markets credit R.S. 47:6016	•	•
Credit for debt issuance costs R.S. 47:6017	•	•
Credit for rehabilitation of historic structures R.S. 47:6019	•	•
Louisiana capital companies credit R.S. 51:1924	•	
Credit for cash donations to the dedicated research investment fund R.S. 51:2203	•	
Credit for insurance company premium tax R.S. 47:227	•	
Credit for new jobs R.S. 47:34, 47:287.34 & 47:287.749. <b>A schedule showing the calculation of the credit must be attached to the return and must include the following information:</b> <ol style="list-style-type: none"> <li>1. Name, address, and Social Security Number of each new employee;</li> <li>2. Highest number of full-time and qualified part-time employees during the previous year;</li> <li>3. Highest number of full-time and qualified part-time employees during the current year;</li> <li>4. Number of new employees hired for new jobs created during this taxable year; and</li> <li>5. Amount of credit carried forward from the previous year.</li> </ol>	•	
Credit for neighborhood assistance R.S. 47:35, 47:287.34 & 47:287.753	•	
Credit for refunds by utilities R.S. 47:265 & 47:287.664	•	
Credit for hiring eligible re-entrants R.S. 47:287.748	•	
Credit for donations to public schools R.S. 47:6013	•	
Atchafalaya trace heritage area development zone tax exemption R.S. 25:1226.4	•	•
Biomedical Research and Development Park* R.S. 46:813.1 & 17:3389	•	•
Tax Equalization* R.S. 47:3202	•	•
Manufacturing Establishments* R.S. 47:4305	•	•
Enterprise Zone* R.S. 51:1787	•	•
Quality Jobs Program* R.S. 51:2455	•	•

\* Tax exemption contracts. The Department of Economic Development with the approval of the Governor may enter into contracts that provide certain tax credits or exemptions. The specific benefit depends on the contract.

**LINE 7A – TOTAL CAPITAL STOCK, SURPLUS, UNDIVIDED PROFITS, AND BORROWED CAPITAL**

Enter on this line the total franchise taxable base from Line 32, Column 3 of Schedule A on Page 2 of Form CIFT-620.

**LINE 7B – FRANCHISE TAX APPORTIONMENT PERCENTAGE**

If all of your business is done in Louisiana, enter 100.00 percent on this line. For corporations that do business both within and without Louisiana, complete Schedule N of the Apportionment and Allocation Schedule (Form CIFT-620A). Enter on Line 7B the percent on Line 5 of Schedule N. 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. Enter the result on this line.

**LINE 8 – ASSESSED VALUE OF REAL AND PERSONAL PROPERTY**

La. R.S. 47:606(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. Enter on this line the assessed value of the real and personal property located in Louisiana in 2002.

**LINE 9 – LOUISIANA FRANCHISE TAX**

The amount of Louisiana franchise tax is computed on Schedule F found on Page 3 of Form CIFT-620. The minimum tax is \$10.00.

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 – FRANCHISE TAX CREDITS**

See page 15.

**LINE 12 – LESS PREVIOUS PAYMENTS**

All amounts previously remitted should be claimed as estimated income tax.

**LINE 15 – REFUNDABLE TAX CREDITS****LINE 15A – INVENTORY CREDIT**

La. R.S. 47:6006 provides for a credit against income tax and franchise tax for ad valorem taxes paid to political subdivisions in Louisiana on inventory held by manufacturers, distributors, and retailers. However, no credit is allowed for ad valorem taxes paid by those retailers who have collected the taxes from persons to whom the inventory has been sold. Any allowable credit that exceeds the tax liability shall be refunded to the taxpayer. **A copy of the applicable ad valorem tax assessment and a copy of the cancelled check in payment of the tax must be attached to your return.**

La. R.S. 47:6006.1 provides for a credit against income tax and franchise tax for ad valorem taxes paid on vessels in Outer Continental Shelf Lands Act waters. Any credit that exceeds the amount of the tax liability shall be refunded to the taxpayer. Attach Form LAT11.A.

**LINE 15B – TELEPHONE COMPANY PROPERTY CREDIT**

La. R.S. 47:6014 provides for a refundable credit against corporate income and franchise taxes 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. **A copy of the applicable ad valorem tax assessment and a copy of the cancelled check in payment of the tax must be attached to your return.**

**LINE 15C – PRISON INDUSTRY ENHANCEMENT (PIE)**

A refundable credit is available against income and corporate franchise taxes for purchase by a taxpayer of specialty apparel items from a Private Sector Prison Industry Enhancement Contractor. You must provide a schedule indicating the vendor, purchase date, purchase amount, and sales tax paid.

**LINE 15D – Add Lines 15A, 15B, and 15C.****LINE 17 – PENALTY FOR DELINQUENT RETURN**

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. Delinquent and late payment penalties combined cannot exceed 25 percent.

**LATE 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 and late payment penalties combined cannot exceed 25 percent. Please see LAC 61:III.2101.

**LINE 18 – INTEREST**

The amount of interest, as provided in La. R.S. 47:1601, is computed at the rate of 1.25 percent per month from the date the tax is due until the date it is paid.

**SIGNATURES AND VERIFICATION – LOCATED ON BACK OF RETURN**

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. 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.

**SCHEDULE A – BALANCE SHEET AND CORPORATION FRANCHISE TAXABLE BASE**

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. The total taxable base is composed of capital stock, surplus, undivided profits, and borrowed capital. The balance sheet in Schedule A should reflect, in addition to the amounts shown on the books, the value of any assets undervalued or not reflected on the books. 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.

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

**CAPITAL STOCK** – The term “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. **DEFERRED INCOME TAX MUST BE INCLUDED IN THE TAXABLE BASE.** The entire profit on installment obligations should be included in surplus regardless of whether deferred on the books.

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, the earnings from which are distributable to stockholders, 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 La. 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, the term “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 reclassified for book purposes as the current portion of long-term debt should not be excluded from the franchise taxable base.

### **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 La. 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**

Schedule B should include the indebtedness of the corporation not included in the determination of borrowed capital. If additional space is needed, please attach a schedule.

## **SCHEDULE C – ANALYSIS OF EARNED SURPLUS AND UNDIVIDED PROFITS PER BOOKS**

Schedule C should analyze Line 30, Column 2, of Schedule A. 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 NET INCOME**

Enter the federal net 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, enter 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 5 – ADDITIONS TO FEDERAL NET 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 net income. Interest or dividend income from the obligations of states other than Louisiana and their political subdivisions are subject to Louisiana tax and must be reported on the return (La. R.S. 47:287.71 and 47:287.73).

### **LINE 6 – OTHER ADDITIONS TO FEDERAL NET INCOME**

Refer to La. R.S. 47:287.71 and La. R.S. 47:287.73 for other additions to federal net income. A schedule of the items on this line must be attached.

### **LINE 8 – REFUNDS OF LOUISIANA INCOME TAX**

To the extent that refunds of Louisiana income tax are included in federal net income, they should be deducted on this line (La. R.S. 47:287.71).

### **LINE 9 – CORPORATE DIVIDENDS THAT HAVE BORNE LOUISIANA INCOME TAX**

Dividends paid from corporate income that has borne Louisiana income tax are not taxable to the receiving corporation. To the extent such dividends are included on Line 1 or Line 3, a deduction is allowed on this line (La. R.S. 47:287.73).

### **LINE 10 – LOUISIANA DEPLETION IN EXCESS OF FEDERAL DEPLETION**

As provided in La. 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 11 – 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 on this line (La. 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 12 – OTHER SUBTRACTIONS**

Refer to La. 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.

**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 an apportionment and allocation schedule (Form CIFT-620A). 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.

**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 that the apportionment method of reporting must be used in 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.

**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. The term “temporary cash investments” means investments in government obligations that are maintained for use in current operations and that have a maturity of one year or less from the date incurred or that are less than one year old at balance sheet date. 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 5 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 61:1.306 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, determined by the arithmetical average of the following two ratios:

1. The ratio that the partnership's net sales and other revenue in Louisiana bear to the partnership's total net sales and other revenue everywhere; and,
2. The ratio that the partnership's Louisiana property bears to the partnership's total property everywhere.

#### **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 for Louisiana franchise tax purposes (Line 5 of Schedule N of Form CIFT- 620A) 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. Interest on customers' notes and accounts shall be attributed to the state in which such customers are located.

(iii) **OTHER DIVIDENDS AND INTEREST** – 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, determined by the arithmetical average of the following two ratios:

- a. The ratio that the partnership's net sales and other revenue in Louisiana bear to the partnership's total net sales and other revenue everywhere; and,
- b. The ratio that the partnership's Louisiana property bears to the partnership's total property everywhere.

#### **LINE 3 – NET SALES OF MANUFACTURING CORPORATIONS**

Corporations engaged in the business of manufacturing are required to use a third ratio in computing the franchise tax apportionment ratio. This is the ratio of net sales made to customers in the regular course of business attributable to Louisiana to the total net sales made to customers in the regular course of business. These sales are the same as those reported on Schedule N, Line 1A. 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.

- 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.
- Certain manufacturers of alcoholic beverages.

Manufacturing need not be the primary activity of the corporation. Any manufacturing activity will result in the use of this ratio.

## LOUISIANA CORPORATION INCOME TAX

### 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 La. R.S. 47:287.71, 47:287.73, and 17:3095. See the instructions for Schedule D on Form CIFT-620 for additional information concerning these modifications.

### LINE 4 – DIVIDENDS

Per La. R.S. 47:287.73, dividends paid from corporate income that has borne Louisiana income tax are not taxable to the receiving corporation.

### LINES 29 THROUGH 33

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

- A. Rents and royalties from immovable or corporeal movable property must be allocated to the state where the property is located at the time the income is derived. Royalties or similar revenue from the use of patents, trademarks, copyrights, secret processes, and other similar intangible rights must be allocated to the states in which such rights are used. The use referred to is that of the licensee.
- B. Net profits and losses from sales or exchanges of property not made in the regular course of business must be allocated to the state where the property is located at the time of the sale or exchange. This includes such items as stocks, bonds, notes, land, machinery, and mineral rights.
- C. Other net allocable income:

Interest on customers’ notes and accounts, except when such interest is from the primary business of making loans, must be allocated by reference to the transaction from which the receivable arose (to the state where delivery was made in the case of sales of merchandise; where services were performed in the case of charges for services; etc.). Interest on customers’ accounts when the primary business is making loans is not allocable income.

Other interest and dividends must be allocated to the state in which the securities or credits producing such income have their situs, which is 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 such a business situs, the commercial domicile of the taxpayer. Interest on securities and credits having a situs in Louisiana received by a corporation from another corporation which is controlled by the former through ownership of 50% or more of the voting stock of the latter, must be allocated to the state or states in which the real and

tangible personal property of the controlled corporation is located, on the basis of the ratio of the value of such property located in Louisiana to the total value of such property within and without the state. Dividends upon stock having a situs in Louisiana received by a corporation from another corporation which is controlled by the former, through ownership of 50% or more of the voting stock of the latter, must be allocated to the state or states in which is earned the income from which the dividends are paid, in proportion to the respective amounts of such income earned in each state.

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.

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.

**CALCULATION OF NET ALLOCABLE INCOME** – From the total gross allocable income from all sources and from gross allocable income allocated to Louisiana, 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.

Louisiana Administrative Code 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. It further provides that the amount of 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 determined by multiplying total overhead expense by the arithmetical average of the following two ratios:

- 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.

Overhead expense attributable to Louisiana gross allocable income derived from rent of immovable or corporeal property and from construction, repair, or other similar services 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.

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 regulation is based on the concept of the fungibility of money and requires that interest expense ordinarily be allocated to all of the taxpayer's income-producing activities and properties, regardless of the specific purpose for which the borrowing was incurred.

The amount of interest expense that is applicable to investments that produce or that are held for the production of allocable income within and without Louisiana is determined by multiplying the total amount of interest expense by a ratio, the numerator of which is the average value of investments that produce or that are held for the production of allocable income, and the denominator of which is the average value of all assets of the taxpayer. The amount of interest expense that is applicable to investments that produce or that are held for the production of Louisiana allocable income is determined by multiplying the interest expense attributed to total allocable investments from all sources by a ratio, the numerator of which is the average value of investments that produce or that are held for the production of Louisiana allocable income, and the denominator of which is the average value of investments that produce or that are held for the production of allocable income within and without Louisiana.

#### **LINES 29A THROUGH 29C - ALLOCABLE INCOME FROM ALL SOURCES**

Enter on Lines 29A through C of Column 2 the total allocable income of each class, from all sources, net of all applicable expenses. In Column 3 of Line 29C, enter the total net allocable income.

#### **LINES 30 AND 31 - NET INCOME SUBJECT TO APPORTIONMENT AND NET INCOME APPORTIONED TO LOUISIANA**

Subtract Line 29C, Column 3, from Line 28 and enter the difference on Line 30. Multiply the amount on Line 30 by the percentage from Schedule Q, Line 6, and enter the result on Line 31.

#### **LINES 32A THROUGH 32C - NET INCOME ALLOCABLE TO LOUISIANA**

Enter on Lines 32A through C of Column 2 the allocable income of each class from Louisiana sources, net of all applicable expenses. In Column 3 of Line 32C, enter the total of such net allocable income.

**LINE 33** - Add the net income apportioned to Louisiana, Line 31, to the net income allocated to Louisiana, Line 32C, Column 3. If the separate method of accounting was used, enter the amount from Line 27 instead. Also enter this amount on Page 1, Line 1A, of Form CIFT- 620.

#### **SCHEDULE Q—COMPUTATION OF INCOME TAX APPORTIONMENT PERCENTAGE**

Except when separate accounting is permitted or required, net apportioned income or loss is computed by multiplying the total net apportionable income or loss by the Louisiana apportionment percent determined in accordance with the provisions of La. R.S. 47:287.95. The apportionment percentage is determined by the principal activity of the business. In computing the apportionment percentage, only items that are of an apportionable nature or that relate to the production of apportionable income should be included. When the denominator of any ratio is zero, the ratio is eliminated in the calculation of the arithmetical average of the ratios.

The apportionment percentages as provided in the law are as follows:

**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 La. 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 the arithmetical average of four ratios, which are the three ratios described above with the ratio of net sales described being counted twice.

This provision does not apply to the following:

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

**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.

**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.

**LOAN BUSINESS** – The Louisiana apportionment percent of any taxpayer whose net apportionable income is derived primarily from the business of making loans shall be the arithmetical average of two ratios, as follows:

1. The ratio of the amount of the loans made by the taxpayer in this state to the total amount of loans made by 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 salaries and wages paid by the taxpayer in connection with the production of the net apportionable income.

Property is not considered.

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

**INCOME TAX PROPERTY RATIO** – The value of immovable and corporeal movable property owned by the taxpayer and used in the production of net apportionable income is a factor in each formula except those provided for the loan businesses and certain service businesses. Where only a part of the property is used in the production of apportionable income, only the value of that portion so used shall be included in the property ratio. However, where the entire property is used in the production of both allocable and apportionable income, such as a railroad track owned by the taxpayer and used jointly with another, the value of the entire property shall be included in the property ratio. Idle property and property under construction, during such construction and prior to being placed in service, shall not be included in the property ratio. Property held as reserve or standby facilities, or property held as a reserve source of materials shall be considered used. 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. The value of property is cost to the taxpayer, less a reasonable reserve for depreciation, depletion, and obsolescence. Such reserves, reflected on the books of the taxpayer, shall be used in determining value, subject to the right of the Secretary to adjust the reserves when in his opinion such action is necessary to reflect the fair value of the property.

Refer to the corporate franchise tax instructions for Schedule M for additional information concerning the allocation of property to Louisiana in Columns 5 and 6 of Schedule M. Louisiana Administrative Code 61:1.1134 provides for specific allocation rules for rolling stock and other mobile equipment.

**INCOME TAX WAGE RATIO** – A member of an affiliated group that serves as a “common paymaster” must eliminate from its wage ratio all payrolls that were paid on behalf of an affiliate, charged to the affiliate, and which do not represent salary, wages, or other compensation of the common paymaster. In turn, these amounts must be reflected in the wage ratio of the affiliate.

# INSTRUCTIONS FOR FEDERAL INCOME TAX DEDUCTION WORKSHEET

**LINES 1B and 1C** – As provided in La. 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.

## FEDERAL INCOME TAX DEDUCTION WORKSHEET

1A. Louisiana net income (Line 1A Form CIFT-620) .....		\$	
1B. Loss carryforward (Line 1C Form CIFT-620) .....		\$	
1C. Loss carryback (Line 1D Form CIFT-620) .....		\$	
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 7 by Line 11.) .....		\$	

The amount of federal income tax to be deducted is that portion levied on the income derived from sources in this state. See La. 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.

## REGIONAL OFFICES

Tax assistance is available at these offices of the Department of Revenue:

### Physical addresses of regional offices

Alexandria  
900 Murray Street  
Room B-100  
Alexandria, LA 71301-7661

Monroe  
122 St. John Street  
Room 105  
Monroe, LA 71201-7338

Baton Rouge – Headquarters  
617 North Third Street  
Baton Rouge, LA 70802-5428

New Orleans  
1555 Poydras Street  
Suite 900  
New Orleans, LA 70112-3707

Baton Rouge  
8549 United Plaza Boulevard  
Suite 200  
Baton Rouge, LA 70809-0206

Shreveport  
1525 Fairfield Avenue  
Shreveport, LA 71101-4371

Lafayette  
825 Kaliste Saloom Road  
Brandywine III, Suite 150  
Lafayette, LA 70508-4237

Thibodaux  
1418 Tiger Drive  
Thibodaux, LA 70301-4337

Lake Charles  
One Lakeshore Drive  
Suite 1550  
Lake Charles, LA 70629-0001

### Mailing addresses of regional offices

Alexandria  
P. O. Box 1191  
Alexandria, LA 71309-1191

Monroe  
P. O. Box 1783  
Monroe, LA 71210-1783

Baton Rouge – Headquarters  
P. O. Box 201  
Baton Rouge, LA 70821-0201

New Orleans  
Suite 900  
1555 Poydras Street  
New Orleans, LA 70112-3707

Baton Rouge  
P. O. Box 80519  
Baton Rouge, LA 70898-0519

Shreveport  
P. O. Box 31706  
Shreveport, LA 71130-1706

Lafayette  
P. O. Box 81857  
Lafayette, LA 70598-1857

Thibodaux  
P. O. Box 1429  
Thibodaux, LA 70302-1429

Lake Charles  
P. O. Box 3702  
Lake Charles, LA 70602-3702

### Telephone numbers of regional offices

Alexandria ..... (318) 487-5333  
Baton Rouge-Headquarters ..... (225) 219-0067  
(TDD) ..... (225) 219-2114  
Baton Rouge ..... (225) 922-2300  
Lafayette ..... (337) 262-5455

Lake Charles ..... (337) 491-2504  
Monroe ..... (318) 362-3151  
New Orleans ..... (504) 568-5233  
Shreveport ..... (318) 676-7505  
Thibodaux ..... (985) 447-0976



State of Louisiana
Department of Revenue
P.O. Box 201
Baton Rouge, Louisiana 70821-0201

CE

Application For Automatic Extension Of Time To File
Corporation Income And Franchise Taxes Return

General Instructions

- This form should be used by a corporation to request an automatic extension of time to file its income and corporation franchise taxes return as authorized by R.S. 47:287.614(D).
Louisiana will recognize and accept the federal extension authorizing the same extended due date as the federal.
This is not an extension of time for payment of tax.
A late payment penalty of up to 25 percent may also be imposed.
Do not claim portions of the payment with this form as estimated franchise tax on the return.

Estimated Tax Due

Name(s) \_\_\_\_\_ La. Account Number \_\_\_\_\_
Address \_\_\_\_\_ FEIN \_\_\_\_\_
City, State, ZIP \_\_\_\_\_ Telephone ( ) \_\_\_\_\_

CE

An automatic extension of time to file the Louisiana corporation income tax return for the period ending \_\_\_\_\_
and the corporation franchise tax return for the period ending \_\_\_\_\_ is hereby requested until \_\_\_\_\_
(not to exceed 7 months)

- 1. Estimated amount of income and franchise taxes due ..... \$ ..... .00
2. Less all previously remitted estimated income and franchise tax payments ..... \$ ..... .00
3. Total estimated taxes due and remitted with this application (Subtract Line 2 from Line 1.) ..... \$ ..... .00

Make payment to: Louisiana Department of Revenue. Do not send cash.



2300