

**Revenue Information Bulletin No. 21-012**  
**May 12, 2021**  
**Income Tax**

**2020 Tax Season – Transferability of Credits and Pass-Through Entity Elections**

On March 18, 2021, the Louisiana Department of Revenue (“LDR”) extended all 2020 income and 2021 franchise tax deadlines from May 15, 2021 to June 15, 2021.<sup>1</sup> The purpose of this bulletin is to clarify that any filing extension granted by the LDR shall not serve as an extension for time to acquire a tax credit or execute a binding agreement to transfer a tax credit. Further, no extension for elections of the pass-through entity tax shall be granted absent reasonable cause.

Extension of Time to Transfer Credits

Title 47 provides a variety of tax credits to offset income and corporation franchise taxes. These credits may be either refundable or nonrefundable credits and may be either transferable or nontransferable credits. Taxpayers who earn a transferable credit may sell or exchange the credit to a taxpayer who can then utilize the credit on a Louisiana income or franchise tax return.

To utilize a transferred credit on a tax return, Louisiana law requires that (1) the effective date of the transfer of the tax credit or (2) the execution of a binding agreement to transfer the tax credit occur on or before the due date of the return, **without regard to any extension granted.**<sup>2</sup> In accordance with this provision of law, there is no extension of time for either the effective date of the transfer of a tax credit or the execution of a binding agreement to transfer the tax credit. As such, the deadline remains at May 17, 2021.

Late Filed Elections for Pass-Through Entity Tax

Act 442 of the 2019 Regular Session authorizes S corporations, and other entities taxed as a partnership for federal income tax purposes, to elect to pay income tax at the entity level<sup>3</sup>. For the 2020 tax year, Louisiana law requires that taxpayers file the election by April 15, 2021. While RIB 21-007 grants an extension of time to file the 2020 income and 2021 franchise tax returns, no extension is granted for the pass-through entity election. However, the Secretary may treat a late filed election as timely if there exists reasonable cause for the failure to make a timely election.<sup>4</sup> The applicant must provide adequate facts and circumstances to support a finding of reasonable cause.

For questions concerning a taxpayer’s return, please contact the Customer Contact Center at (855) 307-3893.

**Kimberly J. Lewis**  
**Secretary**

<sup>1</sup> See Revenue Information Bulletin 21-007

<sup>2</sup> LA R.S. 47:1675(H)(1)(e)

<sup>3</sup> LA R.S. 47:287.732.2(A)(1)

<sup>4</sup> LA R.S. 47:287.732.2(A)(2)