2017 LEGISLATIVE CHANGES AND 2017 TAX CHANGES

LOUISIANA
DEPARTMENT of REVENUE

Michelle Galland
Assistant Director,
Policy Services Division
MY QUESTIONS
Total amount of food and beverage sales reported on NOEHA returns for the periods of September 2016 through September 2017

Divided total by the number of returns filed
to determine the average food and beverages sales per period

This average is then multiplied by 12 to determine projected yearly food and beverages sales which are used to determine the NOEHAHAT rate for the taxpayer.

Rates:
- Less than $200,000 – zero rate
- $200,000 to $499,999 – 0.005 rate
- $500,000 or more – 0.0075 rate
Rate for next calendar year is changed in early February.
If rate is zero, you must still report sales amount.
For future:
  ▪ New rate in our system and LaTAP to tell difference between those with sales less than $200,000 and those who are only reporting room occupancy tax.
  ▪ We are also looking at projecting off of the sales tax return, if no sales reported on NOEHA return.
Is there a schedule (form) for listing the property tax notices?

It is page one of Form R-10610 or R-10610-ITE

<table>
<thead>
<tr>
<th>R-10610</th>
<th>Schedule of Ad Valorem Tax Credit Claimed by Manufacturers, Distributors, and Retailers (For 2016 Tax Year)</th>
<th>01/01/2016 - 12/31/2016</th>
<th>Form R-10610</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-10610-ITE</td>
<td>Schedule of Ad Valorem Tax Credit claimed by ITEP Manufacturers and Related Parties (For 2016 Tax Year)</td>
<td>01/01/2016 - 12/31/2016</td>
<td>Form R-10610-ITE</td>
</tr>
</tbody>
</table>
Q-They can’t accept a corporate e-file with a negative number on some schedules. The federal does accept with negative numbers but the LA return gets disqualified.

A-Lines that we don’t accept negative values on:

- Line 1C1 Loss Carryforward Utilized
- Line 1D Fed Tax Deduction
- Line 5B Franchise Tax Apportionment Percentage
- Line 6 Real and Personal Property
- Lines 10-21, 27-30
- Total lines on credit schedules

Q-2016 return was rejected due to a negative value on Schedule 2016D, line 16

A- researching
What happens if a LA extension is submitted with an amount due but taxpayer chooses NOT to send an extension payment.

- Extension request is granted
- No bills are issued for the balance reported on the extension request.
- Once return is filed, might receive a bill if tax is due.

<table>
<thead>
<tr>
<th>For 2017 tax year</th>
<th>State Extensions</th>
<th>Federal Extensions</th>
<th>Software</th>
<th>Thru: LDR website</th>
<th>LaTAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Income</td>
<td>mandated electronically, except Fed.</td>
<td>Paper accepted with Form R-2867</td>
<td>YES</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Corporation Income</td>
<td>mandated electronically</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Fiduciary</td>
<td>Paper</td>
<td>will accept with IT-541</td>
<td>NO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Composite Partnership</td>
<td>mandated electronically</td>
<td>N/A</td>
<td>YES</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Partnership</td>
<td>will accept with IT-565</td>
<td>YES?</td>
<td>NO</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Act 150 of 2017 Regular Session
- Keeps current electronic filing and payment mandates
- Would allow LDR to mandate by promulgating rules instead of also amending the law.

Possible mandates in future:
- Partnership
- Fiduciary
- Telecommunications
- Tobacco
- Motor Fuels

Hardship?
<table>
<thead>
<tr>
<th><strong>Tax/report:</strong></th>
<th><strong>Who:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile Rental (Form R-1329)</td>
<td>All tax returns</td>
</tr>
<tr>
<td>Beer- State &amp; P/M (R-5621)</td>
<td>All tax returns</td>
</tr>
<tr>
<td>Composite Partnership (R-6922)</td>
<td>All returns and extensions</td>
</tr>
<tr>
<td>Individual Income (IT-540 series)</td>
<td>prepares that prepares 100 or more Ind returns must electronically file 90 % of these returns</td>
</tr>
<tr>
<td>Individual Income (IT-540B-NRA and IT-540)</td>
<td>All professional athletes</td>
</tr>
<tr>
<td>New Orleans Hotel/Motel (R-1029DS)</td>
<td>All tax returns</td>
</tr>
<tr>
<td>NOEHA Additional Room Occupancy Tax &amp; Food/Beverage (R-1325)</td>
<td>All tax returns</td>
</tr>
<tr>
<td>Prepaid 911 Service Fee (R-1140)</td>
<td>All returns</td>
</tr>
<tr>
<td>Sales Tax (R-1029)</td>
<td>Taxpayers located in a TIF</td>
</tr>
<tr>
<td>Sales Tax (R-1029)</td>
<td>Lessor of motor vehicles</td>
</tr>
<tr>
<td>Severance Oil &amp; Gas</td>
<td>All tax returns</td>
</tr>
<tr>
<td>Statewide Hotel/Motel (R-1029H/M)</td>
<td>All tax returns</td>
</tr>
<tr>
<td>Withholding (L-1)</td>
<td>Anyone on semi-monthly paying frequency must pay and file electronically</td>
</tr>
<tr>
<td>Withholding (L-3)</td>
<td>Employers that file 50 or more employee withholding statements</td>
</tr>
<tr>
<td>Withholding (L-3)</td>
<td>Businesses required to withhold and to submit income taxes on gaming winnings</td>
</tr>
<tr>
<td>Business tax payment</td>
<td>If tax reported average more than $5,000 per period</td>
</tr>
<tr>
<td>Withholding tax payment</td>
<td>If filing for others and payments averaged more than $5,000 per month for all</td>
</tr>
<tr>
<td>Claims for refunds</td>
<td>All schedules and invoices for claims of $25,000 or more or claims made by a tax preparer on behalf of the taxpayer, regardless of the amount of the refund requested.</td>
</tr>
<tr>
<td>Annual Reporting Requirement by Certain Nonprofit Entities (R-1090)</td>
<td>All returns</td>
</tr>
<tr>
<td>Remote Retailer Annual Statement (R-1116)</td>
<td>Remote retailers with annual sales in Louisiana in excess of $100,000</td>
</tr>
</tbody>
</table>
Original return was timely filed. If tax due on amended, taxpayer will owe interest and late payment penalty.
OFFSETS

- Office of Debt Recovery
- LDR
  - R.S. 47:299.11- Ranking and Priority of Claims
  - Agency order
    - DCFS – Child Support
    - AG/Dept Of Justice Student Loans
      - AG submits three files for: Education, Medicaid Fraud – Medicaid and Other Agency Debt - This file will include consolidated debt from other agencies.
  - LOSFA – La Office of Student Financial Assistance
  - DCFS – Social Service
  - LWC
  - Courts –also includes Clerk of Court offices
  - DPS
  - ODR and Other Agency Debt
  - Municipalities or Parishes
  - Board of Ethics
2017
INCOME AND FRANCHISE TAX CHANGES
- 2015 Legislation Recovery
- Individual Income Tax
- Corporation Income & Franchise Tax
  - Net Operating Losses
- Tax Credits
  - Inventory Tax credit
2015 LEGISLATION RECOVERY

- **Tax Credits**
  - IT-540, IT-540B, IT-540B-NRA, CIFT 620, IT-541 and R-6922
  - Acts 109 and 125 of the 2015 Regular Legislative Session reduced certain income tax credits.
  - Section 3(C) of Act 109 and Section 7 of Act 125 allow a recovery of the credit amount reduced by the Acts if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to July 1, 2015.
  - Recovery must be taken over 3 years.
  - One-third to be taken in tax year beginning in 2017, 2018 and 2019.
2015 LEGISLATION RECOVERY

- Mark the “2015 Legislation Recovery” box to indicate taxpayer is claiming the recovery amounts.

- Must attach Form:
  - R-6410, 2015 Legislation Recovery Worksheet

- See Revenue Information Bulletin 17-018 for more information. (To be issued)
  - No recover for Request for Refund of Louisiana Citizens Property Insurance Corporation Assessment standalone form
## SCHEDULE C – NONREFUNDABLE PRIORITY 1 CREDITS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Credit for Taxes Paid to Other States</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Credit for Taxes Paid to NH &amp; TN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Credit for Certain Disabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Credit for Contributions to Educational Institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Credit for Certain Federal Credits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Additional Nonrefundable Credits from Schedule C

For each credit, enter the associated code, along with the dollar amounts. See instructions.

| 6.   |                                              |                                |                                |                                |                                |                                |
| 7.   |                                              |                                |                                |                                |                                |                                |
| 8.   |                                              |                                |                                |                                |                                |                                |
| 9.   |                                              |                                |                                |                                |                                |                                |
| 10.  |                                              |                                |                                |                                |                                |                                |
Certain Exclusions and Deductions

- CIFT 620

Act 123 of the 2015 Regular Legislative Session reduced certain exclusions and deductions from income. Section 5 of Act 123 allows a recovery of the exclusion or deduction amounts reduced by the Act if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to July 1, 2015.

- Mark the “2015 Legislation Recovery” box to indicate taxpayer is claiming the recovery amounts.

- Attach a schedule listing each deduction or exclusion disallowed, the total amount before reduction, the reduction amount, and the 1/3 amount being recovered on the return.

- See Revenue Information Bulletin 17-018 for more information.
2017 INDIVIDUAL INCOME TAX

- **Federal Income Tax Deduction**
  - A new box was added to the line.
  - Check box 1 if your federal tax deduction has been increased by the amount of foreign tax credit claimed on Federal Form 1040, Line 48.
  - Check box 2 if your federal tax deduction has been increased by federal disaster relief credits granted for Hurricane Katrina or Hurricane Rita on Schedule H.

- **Education Credit**
  - Act 375 of the 2017 Regular Legislative Session sunsets the credit. The credit is no longer available to be claimed on the 2017 resident tax return and thus, has been removed. (R.S. 47:297(D))
Credit for Certain Federal Credits – Line 4
- The credit was reduced to 7 percent of certain federal credits, limited to $18, by Act 400 of the 2017 Regular Legislative Session. (R.S. 47:297(B))

Education Credit – Code 099 –
- Use this credit code to report one-third of the education credit reduced on your 2014 return.
- Attach Form R-6410, 2015 Legislation Recovery Worksheet.

Small Town Doctor/Dentist – Code 115 –
- Act 342 of the 2017 Regular Legislative Session imposed a $1.5 million per calendar year credit cap on credits claimed on or after January 1, 2018. (R.S. 47:297(H))
SCHEDULE D – DONATION OF REFUND

- Louisiana Pet Overpopulation Advisory Council – Line 7 –
  - Act 422 of the 2017 Regular Legislative Session renamed the fund from Louisiana Animal Welfare Commission to the Louisiana Pet Overpopulation Advisory Council. (R.S. 47:120.71)
SCHEDULE E – ADJUSTMENTS TO INCOME

- S Bank Shareholder Income Exclusion – Code 22E –
  - A new code has been provided to report the S Bank Shareholder Income Exclusion instead of using Code 49E. (R.S. 47:297.3)
SCHEDULE F – REFUNDABLE PRIORITY 2 CREDITS

- **Historic Residential** – Code 60F – Act 400 of the 2017 Regular Legislative Session changed the percentage of the credit based on when the application for the credit was first filed. (R.S. 47:297.6)

- **School Readiness Child Care Directors and Staff** – Code 66F –
  - The amount of the credit is adjusted each year if there is an increase in the Consumer Price Index Urban (CPI-U).
  - The credit amount for 2017 can be found at www.revenue.louisiana.gov/SchoolReadiness. (R.S. 47:6106)
SCHEDULE J – NONREFUNDABLE PRIORITY 3 CREDITS

- **Child Care Credit Carried Forward From 2013 through 2016 – Line 3** – For the 2017 tax year, credits from 2013 through 2016 can be applied on Line 3. Any remaining child care credit from 2012 cannot be applied to the 2017 tax liability. (R.S. 47:297.4)

- **School Readiness Credit Carried Forward From 2013 through 2016 – Line 5** – For the 2017 tax year, credits from 2013 through 2016 can be applied on Line 5. Any remaining credit from 2012 cannot be applied to the 2017 tax liability. (R.S. 47:6104)
Nonresident Return

- "MSRA" box – Check the box to indicate your qualification under the Military Spouses Residency Relief Act. See instructions on page 1 and Revenue Information Bulletin 10-005 for more information.
New check boxes added to the return:

- **Calendar year** – Mark the box if the return is for a calendar year.
- **Entity is not required to file income tax** – Mark the box if exempt from income tax.
- **Federal form filed** – Line M - Enter the code for the federal form filed.
- **Type of entity code** – Line N - Enter the code for the type of entity.
2017 CORPORATION INCOME & 2018 FRANCHISE TAX

- **Income tax exemption reason code** – Line 2 – A new box has been added to the line. If exempt from income tax, enter the code for the reason for exemption.

- **Franchise tax exemption reason code** – Line 7 – A new box has been added to the line. If exempt from franchise tax, enter the code for the reason for exemption.
SCHEDULE F – RECONCILIATION OF FEDERAL AND LOUISIANA NET INCOME

- **LINE 3a – BANK DIVIDENDS** – R.S. 47:287.71 provides a deduction from federal net income for dividend income from banking corporations organized under the laws of Louisiana, from national banking corporations doing business in Louisiana, and from capital stock associations whose stock is subject to ad valorem taxation. Act 1 of the 2016 First Extraordinary Session of the Louisiana Legislature restored this deduction to 100% of these dividends.

- **LINE 3h – ACT 123 RECOVERY** – Section 5 of Act 123 of the 2015 Regular Legislative Session provides that if a return was filed after July 1, 2015 for which a valid extension was allowed prior to July 1, 2015, then 1/3 of any portion of an exclusion or deduction that was disallowed by the Act, is allowed as a deduction in the return for each of the taxable years beginning during 2017, 2018, and 2019. If this applies, enter 1/3 of the total of the portions of exclusions or deductions that were disallowed by Act 123 on that return. Attach a schedule listing each deduction or exclusion disallowed, the total amount before reduction, the reduction amount, and the 1/3 amount being recovered on this return.
2017 CORPORATION INCOME & 2018 FRANCHISE TAX

- **SCHEDULE J – CALCULATION OF INCOME TAX**
  - A new box was added to Schedule J to indicate a short period filing. Mark the box if the income tax return is for a part of a year, other than the initial or final year.

- **SCHEDULE L – CALCULATION OF FRANCHISE TAX**
  - A new box was added to Schedule L to indicate a short period filing. Mark the box if the franchise tax return is for a part of a year, other than the initial or final year.
<table>
<thead>
<tr>
<th></th>
<th>Partnership</th>
<th>Subchapter S</th>
<th>Subchapter C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2015 and prior tax years</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Corporation Income</strong></td>
<td>Not subject to CIT</td>
<td>Subject to CIT; takes exclusion</td>
<td>Subject to Corporation Income Tax</td>
</tr>
<tr>
<td><strong>Franchise</strong></td>
<td>Not subject to Franchise Tax</td>
<td>Not subject to Franchise Tax</td>
<td>Not subject to Franchise Tax</td>
</tr>
<tr>
<td><strong>2016 and forward</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td>Not subject to CIT</td>
<td>Subject to CIT; takes exclusion</td>
<td>Subject to Corporation Income Tax</td>
</tr>
<tr>
<td><strong>Franchise</strong></td>
<td>Not subject to Franchise Tax</td>
<td>Not subject to Franchise Tax</td>
<td>Subject to Franchise Tax</td>
</tr>
</tbody>
</table>
EXTRAS

- Corporation Income and Franchise
  - The version printed by software will have a 2D barcode

- Partnership Return
  - Starting with the 2017 return, electronic filing of the Louisiana return will be available through software
  - Return will be redesigned for ease of electronic filing.
  - Will have a schedule for partners share items, similar to what Composite Partnership has.
NET OPERATING LOSS
NET OPERATING LOSS

- NOLs cannot be carried back. NOL carry forward is now 20 years. (Acts 103 and 123 of 2015 Regular Session).

- NOL’s is limited to 72% of the available NOL’s, limited to 72% of LA Net Income
  - Act 6 of 2016 1st Extraordinary Session; R.S. 47:287.86
  - Applies to any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. Act 2 of 2016 2nd Extraordinary Session clarifies that Act 6 of 2016 1st ES didn’t apply to amended return where NOL deduction was claimed on original.
2015 & 2016 return-
- On Line 1C, enter the total amount of net operating loss carryforward available.
- On Line 1C1, enter the amount of Line 1C that is being used to reduce Louisiana net income. Act 123 of the 2015 Regular Legislative Session reduced the amount that actually offset net income by 28 percent.
  - If Line 1C is equal to or greater than Line 1A, Line 1C1 is equal to 72 percent of Line 1A.
  - If Line 1C is less than Line 1A, Line 1C1 is equal to 72 percent of 1C.

For 2014 and prior years, attach Form R-620GIW.
NET OPERATING LOSS

New for 2017 return - Line 1C2

- Act 123 loss utilization recovery – A new line has been added for the recovery of 1/3 of the net operating loss deduction reduced by Act 123 of the 2015 Regular Legislative Session on a return filed after July 1, 2015, for which an extension was requested prior to July 1, 2015. (RIB 17-018)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1C. Loss carryforward [$ .00] less federal tax refund applicable to loss [$ .00] Attach schedule.</td>
<td></td>
</tr>
<tr>
<td>1C1. Loss carryforward utilized.</td>
<td></td>
</tr>
<tr>
<td>1C2. Act 123 loss utilization recovery</td>
<td></td>
</tr>
<tr>
<td>tax year</td>
<td>2014</td>
</tr>
<tr>
<td>---------------</td>
<td>------------</td>
</tr>
<tr>
<td>filed on</td>
<td>8/16/2015*</td>
</tr>
<tr>
<td>valid extension</td>
<td>yes</td>
</tr>
<tr>
<td>Net Income</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>NOL available from 2011</td>
<td>$ (45,000.00)</td>
</tr>
<tr>
<td>NOL available from 2012</td>
<td>$ (15,000.00)</td>
</tr>
<tr>
<td>NOL available from 2013</td>
<td>$ (20,000.00)</td>
</tr>
<tr>
<td>1/3 from Act 123</td>
<td>n/a</td>
</tr>
<tr>
<td>Total NOL available</td>
<td>$ (80,000.00)</td>
</tr>
<tr>
<td>NOL that can be used</td>
<td>$7,200.00</td>
</tr>
<tr>
<td>NOL that can be used</td>
<td>$7,200.00</td>
</tr>
<tr>
<td>total NOL that can be used</td>
<td>$7,200.00</td>
</tr>
<tr>
<td>28% reduction that can be CF</td>
<td>$2,800.00</td>
</tr>
</tbody>
</table>
TAX CREDITS
TAX CREDITS

- Act 400 of the 2017 Regular Legislative Session removes the June 30, 2018 sunset provision to make permanent the reductions to certain income tax credits by Act 125 of the 2015 Regular Legislative Session. Act 400 also rounds certain credit values from percentages to whole numbers. See instructions for each credit for specific changes and Revenue Information Bulletin 15-021 as revised.

NONREFUNDABLE PRIORITY 1 CREDITS

- **Premium Tax** – Code 100 – Acts 400 and 403 of the 2017 Regular Legislative Session increased the credit from 72 percent of the premium taxes paid to 100 percent of the premium taxes paid. (R.S. 47:227)
Ad Valorem Offshore Vessels – Code 52F – Act 418 of the 2017 Regular Legislative Session removed the limitation on claiming the tax credit when the ad valorem tax is paid under protest. Taxpayers who pay the ad valorem tax under protest are now required to notify LDR within five business days of the date that the lawsuit is filed. (R.S. 47:6006.1)
Alternative Fuel Credit – Code 71F – Acts 325 and 403 of the 2017 Regular Legislative Session made several changes to the credit. (R.S. 47:6035) See Revenue Information Bulletin 17-016 for details of the changes including the calculation as explained below.

Credit for the purchase of a qualifying new vehicle:
- If purchased prior to June 22, 2017, the credit is 36 percent of the cost of the qualified clean-burning motor vehicle fuel property that is installed. If the taxpayer is unable to determine the exact cost attributable to the qualified clean-burning property, the credit is equal to 7.2 percent of the cost of the vehicle or $1,500, whichever is less.
- If purchased on or after June 22, 2017 but before June 26, 2017, the credit is equal to 7.2 percent of the cost of the qualified vehicle or $1,500, whichever is less.
- If purchased on or after June 26, 2017, the credit is equal to 10 percent of the cost of the qualified vehicle or $2,500, whichever is less.

Credit for vehicle conversions or building of fueling stations: If the purchase and installation was completed prior to June 22, 2017, the credit is 36 percent of the cost of the qualified clean-burning motor vehicle fuel property. If it was completed after June 21, 2017, the credit is 30 percent.
Angel Investor – The five-year period to claim the refundable Angel Investor credit for third party investments made in certified Louisiana entrepreneurial businesses between January 1, 2005, and December 31, 2009 has ended. The credit is no longer available to be claimed on the 2017 tax return and thus, has been removed. (R.S. 47:6020)
Recycling Credit – Code 210 – The credit was reduced to 14 percent of the qualifying costs by Act 400 of the 2017 Regular Legislative Session. (R.S. 47:6005)

Motion Picture Investment and Infrastructure Credits – Codes 251 and 261 – Act 309 of the 2017 Regular Legislative Session makes permanent the $180 million per fiscal year credit cap originally established by Act 134 of the 2015 Regular Session of the Louisiana Legislature. See Revenue Information Bulletin 17-019 and www.revenue.louisiana.gov/CreditCaps for more information.

Motion Picture Employment of Resident – Code 256 – Act 323 of the 2017 Regular Legislative Session repealed this credit. The credit is no longer available to be claimed on the 2017 return and thus, has been removed.
Registration of Legacy Motion Picture Credit (R-6175)

- Owners of Motion Picture credits certified prior to January 1, 2014 desiring to register their credit in the Tax Credit Registry must submit this form and the required supporting documentation.

- Legacy credits certified by LED on or after January 1, 2014, have already been recorded in the Tax Credit Registry and therefore should NOT use this form.

- Legacy credits recorded in the Louisiana Tax Credit Registry before January 1, 2018, are eligible to participate in the credit-buyback program. This allows the credit owner to transfer credits to LDR for 85 percent of the face value of the credit subject to certain limitations.

- Available on our website
Act 661 of the 2016 Regular Session

R.S. 47:1675(H)(1)(e) now provides that a taxpayer may only claim a tax credit on a tax return by performing one of two actions on or before the due date of the return, without regard to the granting of any extension:

- Purchase tax credits with an effective date of transfer on or before the due date of the return without regard to the granting of any extension; or
- Execute Form R-6111, which evidences a binding agreement to transfer a tax credit, on or before the due date of the return, without regard to the granting of any extension.
  - Credit needs to be transferred prior to filing return.
INVENTORY TAX & AD VALOREM NATURAL GAS CREDITS
To determine what rules apply and what form to use, you need to know the Date when the 1st return with credit was filed, regardless of whether it was on the original return or amended.

<table>
<thead>
<tr>
<th>Date of when 1st return with credit was filed:</th>
<th>2014 and prior</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>prior to 7/1/15</td>
<td>page 1 of R-10610</td>
<td>n/a</td>
<td>N/a</td>
<td>N/a</td>
</tr>
<tr>
<td>7/1/15 to 6/30/16</td>
<td>R-620CRW R-540-CRW</td>
<td>R-10610 (1/16)</td>
<td>N/a</td>
<td>N/a</td>
</tr>
<tr>
<td>7/1/16 to 6/30/17</td>
<td>R-10610(7/16) and/or R-10610ITE (7/16)</td>
<td>R-10610(7/16) and/or R-10610ITE (7/16)</td>
<td>R-10610(1/17) and/or R-10610ITE (1/17)</td>
<td>N/a</td>
</tr>
<tr>
<td>on or after 7/1/17</td>
<td>R-10610(1/18) and/or R-10610ITE (1/18)</td>
<td>R-10610(1/18) and/or R-10610ITE (1/18)</td>
<td>R-10610(1/18) and/or R-10610ITE (1/18)</td>
<td>R-10610(1/18) and/or R-10610ITE (1/18)</td>
</tr>
</tbody>
</table>
Any return filed July 1, 2015 to June 30, 2016, regardless of the taxable year to which the return relates:

- Act 133 of 2015 and RIB 15-019
  - Credit <$10K, refundable, otherwise 75% of credit in excess of tax is refunded, 25% CF for 5 years
- Use Form R-10610 to calculate credit
Any return filed July 1, 2016 to June 30, 2017, regardless of the taxable year to which the return relates:

- Acts 4 and 5 of 2016 2nd Extraordinary Session
- R-10610(7/16) - use to calculate the credit
  - ITEP provisions apply to manufacturer with contract, not whole consolidated group. (Form R-10610-ITE)
  - New business provisions apply to new business only, not whole consolidated group.
- 2016 Return filed prior to 6/30/17 would use R-10610(1/17) and/or R-10610-ITE (1/17)
Any return filed July 1, 2016, regardless of the taxable year to which the return relates:
- 7/1/17- def of consolidated changed

<table>
<thead>
<tr>
<th>ad valorem tax paid by consolidate group, or by TP if no consolidated</th>
<th>ongoing business</th>
<th>new business as of 4/15/16</th>
<th>ITEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $10,000</td>
<td>100% excess refunded</td>
<td>100% excess refunded</td>
<td></td>
</tr>
<tr>
<td>&gt; $10,000 but &lt; $500,000</td>
<td>100% excess refunded</td>
<td>75% of excess refunded; bal of excess carried forward</td>
<td></td>
</tr>
<tr>
<td>&gt; $500,000 but &lt; $1m</td>
<td>75% of excess refunded; balance of excess carried forward</td>
<td>75% of excess refunded; balance of excess carried forward</td>
<td>credit is limited to tax; excess CF</td>
</tr>
<tr>
<td>&gt;$1m</td>
<td>excess: 75% of first $1m is refunded; balance of excess is CF</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Any return filed after July 1, 2017, regardless of the taxable year to which the return relates:

- Act 385 of 2017 and RIB 17-017 (to be released)
  - Calculation is the same.
  - All taxpayers included in a consolidated federal income tax return will be considered to be one taxpayer for the purposes of calculating the refundability of the credit.

- If one member has ITEP contract, credit is nonrefundable for all in consolidated group

- Use Form R-10610(1/18) or R-10610-ITEP (1/18) to calculate credit.
New definition of inventory by Act 338 of 2017 Regular Session

- Changed the definition of “inventory” to include any item of tangible personal property owned by a retailer that is available for short-term rental that will subsequently or ultimately be sold by the retailer.
- The term “short-term rental” was defined to mean the rental of an item of tangible personal property for a period of less than 365 days, for an undefined period, or under an open-ended agreement.
- Retailer is now defined to include a person engaged in the short-term rental of tangible personal property classified under code numbers 532412 and 532310 of the North American Industry Classification System (NAICS) that is registered with the Department of Revenue as a retailer.
- The definitional changes brought about by Act 338 apply retroactively to tax periods beginning on and after January 1, 2016.
SALES TAX RETURN
Effective July 1, 2017, two new codes have been added to the sales tax exemption code list and can be used for sales tax return reporting beginning with the July 2017 period. They are:

- **Exemption code 5010**—This code has been added to report sales of gasoline that are not subject to motor fuels excise tax.
  - Currently, the sales of gasoline that are not subject to motor fuels excise tax are subject to 4% state sales tax.
  - Schedule A-2, Transactions subject to 4% tax.

- **Exemption code 1121**—Act 279 of the 2017 Regular Legislative Session excludes the surface preparation, coating and painting of certain military or transport aircraft with an out-of-state FAA registration address from state sales tax.
  - This transaction is taxed at 0% state sales tax.
  - Schedule A-1, Transactions subject to 0% tax.
In addition, the tax rate on two exemption codes has changed which required moving these exemption codes to another schedule.

- **Exemption code 5027**—Act 426 of the 2017 Regular Legislative Session exempts the sales or use of medical devices that are used by a patient in the treatment of any disease under the supervision of a physician or administered by a physician, nurse or other health care professional from state sales tax.
  - Prior to July 1, 2017, this transaction was subject to 3% state sales tax and was reported on Schedule A-3.
  - These transactions are now subject to 0% state sales tax.

- **Exemption code 5096**—Act 424 of the 2017 Regular Legislative Session exempts the sales, purchases, lease or repair of certain capital equipment and computer software for qualifying radiation therapy treatment centers.
  - The qualifying treatment centers are the Biomedical Research Foundation, Mary Byrd Perkins Cancer Center, Oncologics, Inc. and Willis-Knighton Health System.
  - Prior to July 1, 2017, this exemption was subject to 3% state sales tax and was reported on Schedule A-3.
  - This exemption is now subject to 0% state sales tax.

Schedule A-1, Transactions Subject to 0% tax.
The following codes have been deleted from the sales tax exemption code list and cannot be used to report transactions. Any attempt to use these codes will result in an error message. The deleted codes are:

- **Exemption code 1058** (Sch. A-4, Transactions subject to 4% tax)---purchases of food items for school lunch or breakfast programs by nonpublic elementary or secondary schools that participate in certain national programs. Taxpayer should report these transactions under exemption code 5030.

- **Exemption code 5080** (Sch. A-1, Transactions subject to 0% tax)---purchases of trucks, tandem trucks, tractors, and truck-trailers with a gross weight of 26,000 pounds or more and trailers and semi-trailers as defined in RS 47:451 that are used at least 80% of the time in interstate commerce. Purchase, use or lease of qualifying trucks over 80,000 pounds and trailers for use with a qualifying truck. The transactions are reported to the Office of Motor Vehicles and should not be included on the Louisiana General Sales Tax Return.

- **Exemption code 1053** (Sch. A-3, Transactions subject to 3% tax)---Sales of butane, propane and liquefied petroleum gases for nonresidential use. Act 424 of the 2017 Regular Legislative Session has limited the exemption for the sale or purchase by a consumer of butane, propane and liquefied petroleum gases to those purchases for residential use only. Exemption code 5069 (Schedule A-1, Transactions subject to 0% tax) should be used to report sales of butane, propane and liquefied petroleum gases for residential consumption.
The following code descriptions have changed:

- exemption code **1043** (Sch. A-3, Transactions subject to 3%),
- exemption code **5052** (Sch. A-1, Transactions subject to 0% tax) and
- exemption code **1028** (Sch. A-1, Transactions subject to 0% tax).

The code descriptions have changed to provide more clarity to the types of transactions that qualify for the sales tax exemption.
The tax rate on three exemption codes has changed which required moving these exemption codes to another schedule.

- **Exemption code 5095** --- Sale of polyroll tubing used for commercial farm irrigation
  - Prior to Oct 1, 2017, this transaction was subject to 3% state sales tax and was reported on Schedule A-3.
  - These transactions are now subject to 0% state sales tax.
  - Schedule A-1, Transactions Subject to 0% tax.

- **Exemption code 5028** --- Sales or use of restorative materials or dental devices used by dentists.
  - Prior to Oct 1, 2017, this exemption was subject to 3% state sales tax and was reported on Schedule A-3.
  - This exemption is now subject to 0% state sales tax.
  - Schedule A-1, Transactions subject to 0% tax.
Exemption code 1083---Qualifying sales of platinum, gold or silver numismatic coins or platinum, gold or silver bullion.

- Prior to Oct 1, 2017, this transaction was subject to 3% state sales tax and was reported on Schedule A-3.
- These transactions are now subject to 0% state sales tax
- Schedule A-1, Transactions Subject to 0% tax.
SALES TAX

- Act 209 of 2017 Regular Session
  - Revised Statute 47:305.11, for Contracts Prior To and Within 90 Days of Tax Levy
  - Effective for additional state sales and use tax enacted on or after July 1, 2017.
  - adds “fixed fee and guaranteed maximum price construction contracts” to the existing sales tax exclusion for sales of materials or services involved in lump sum or unit price construction contracts.
SALES TAX

- Act 378 of 2017 Regular Session
  - Effective January 1, 2018.
  - Defines “commercial farmer”
  - Creates a registration process for farmers seeking an exemption certificate to avail themselves of the sales tax exemption for seeds used in the planting of crops, pesticides used for agricultural purposes, diesel fuel, butane, propane, or other liquefied petroleum gases used for farm purposes, and commercial farm irrigation equipment.
  - All existing exemption certificates issued to farmers will be honored until July 1, 2019.
REMOTE RETAILER ANNUAL STATEMENTS

- Act 569 of 2016 Regular Session
  - Requires the annual reporting of sales delivered to Louisiana on which no Louisiana sales and use tax was collected or paid
  - Due by March 1 of each year.
  - Remote retailers with annual sales in Louisiana in excess of $100,000 are required to file electronically.
  - R-1116, Remote retailer annual statement

- Act also requires a notification to the Louisiana purchaser of possible use tax liability at the time of sale. This notification should also include a statement that the use tax liability can be paid annually on the Louisiana individual income tax return or the Louisiana Consumer Use Tax form (R-1035).
Act 569 of 2016 Regular Session

Remote retailers are required to send each Louisiana purchaser who has purchased property or services from the retailer in the immediately preceding calendar year, an annual notice of purchases made that year.

The notification must be done by January 31st

The annual notice should include:

- A listing of the dates and amounts of purchasers, if available;
- The total amount paid by the purchaser;
- Whether the property or service is exempt from Louisiana sales and use taxes, if known by the retailer;
- The name of the retailer; and
- A statement that Louisiana use tax may be due on the purchases made from the retailer and that Louisiana law requires the payment of an individual’s use tax liability on the individual income tax return or through or the Louisiana Consumer Use Tax form (R-1035).
Act 590 of 2016 Regular Session;
- R.S. 33:9109.1 through 9109.2
- Return is mandated to be filed electronically. Available in LaTAP.
- Effective 1/1/2017
  - Seller’s compensation decreased back to 2%.
  - The fee is reported quarterly, and the quarter beginning 1/1/2017 is not due until 4/20/2017.
Act 273 of 2017 Regular session
- Effective on 10/1/17 for the 4th Quarter
- Decreased rate to 4.5 cents per month but increased base to include each wireless phone number.
- See Revenue Ruling 17-001- sets rate per quarter

<table>
<thead>
<tr>
<th>Calendar Quarter</th>
<th>Months</th>
<th>Tax Rate Per Quarter</th>
<th>Filing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fourth Quarter</td>
<td>October, November, and December</td>
<td>4 cents per month</td>
<td>January 30</td>
</tr>
<tr>
<td>First Quarter</td>
<td>January, February, and March</td>
<td>4 cents per month</td>
<td>April 30</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>April, May, and June</td>
<td>5 cents per month</td>
<td>July 30</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>July, August, and September</td>
<td>5 cents per month</td>
<td>October 30</td>
</tr>
</tbody>
</table>

- Sent letters to wireless providers and landline providers informing them of the change.
- R-5702 has been revised
  - Filed quarterly -12/2017 due 1/30/17
OILFIELD SITE RESTORATION FEE

- **Act 411 of the 2017 Regular Legislative Session**
  - Effective July 1, 2017
  - The fee is assessed on gross production

- **Act 421 of the 2017 Regular Legislative Session**
  - Provides for reduced inactive or orphan well severance tax rate
  - Effective 8/1/17 but can’t apply for reduced rate until 7/1/18
  - Also impacts Severance oil and gas returns.
AVIATION FUEL DEALER

- Act 145 of 2017 Regular Session
  - Effective July 1, 2017
  - Changed the definition of aviation gasoline
OTHER ITEMS
2017- L-3 revised to capture some of the W-2 information

*If attaching 50 or more W-2’s must file electronically
QUESTIONS?

Contact Information

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Barbara.Reeves@LA.gov