



Practitioner & LDR Annual Liaison Meeting

Tuesday, November 28, 2017

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Income Taxes**



Agenda Items

- Solar Energy Tax Credits
- Motion Picture Credits
- Act 661 of 2016 Regular Session
- Correspondence from LDR
- Attachments to Paper Returns
- Attachments to E-Filed Returns
- Credits that Flow Thru
- Amended Returns
- Requesting Copies of W-2s



Solar Energy Tax Credit Update

Act 413 of 2017 Regular Session provided additional funding for qualifying solar energy credits installed prior to 12/31/15. Eligible taxpayers will be paid in three equal installments over three fiscal years, beginning with fiscal year 2017-2018.

- Funding is limited to \$5 million per fiscal year.
 - If the total amount of eligible claims exceeds the \$5 million per fiscal year limit, qualifying taxpayers will receive their pro rata share of the \$5 million limit for each of the three fiscal years. The remainder of any outstanding credit due will be issued in fiscal year 2020-2021.
- All filing deadlines have passed.
- \$14,202,459 approved for 1,279 taxpayers as of 11/21/17
- The payment schedule is as follows:
 - Installment refund 1: December 2017 – January 2018
 - Installment refund 2: August 2018 - September 2018
 - Installment refund 3: August 2019 - September 2019
 - Installment refund 4: (Should not need a 4th payout date)



Motion Picture Credits

Credits Claimed After Cap is Met:

- Credits claimed after the cap is met have priority for the subsequent fiscal year credit cap.
- This works like a reservation. LDR will “reserve” credits in the subsequent fiscal year. (not subsequent tax period)
- Sample notification to the taxpayer:
“Your credit of \$X has priority for fiscal year end 2019. This means your credit will be allowed on your original tax return filed in fiscal year end 2019 or applied as a payment as requested on form R-6170 submitted in fiscal year end 2019.”
- The credits must be claimed July 1, 2018 – June 30th 2019 on an ORIGINAL return or form R-6170.



Act 661 of 2016 Regular Session Agreement to Transfer Credits

R-6111 Agreement to Transfer Tax Credits

- Act 661 of 2016 Regular Session provides that taxpayers must transfer or execute a binding agreement to purchase transferrable tax credits before the due date of the return on which they will be claimed. (May 15th)
- Taxpayer must purchase credits BEFORE filing the return.
- If a return is submitted with R-6111 for credits that will be purchased in the future the credits will be disallowed on the return and billing will start.



Correspondence from LDR

- Return acknowledgment letter (90-day letter)
- Request for additional information
 - Letter typically asks for a response within 30 days
 - Billing starts as early as 8 weeks later
- Notice of Adjustment to Return
- Certified Refund Reduction/Denial
 - Taxpayer has 60 days to file with BTA
- Liability Cancellation Letter
- Credit Carry Forward Reduction Letter



Correspondence from LDR

- **Notification of Issue Resolution**

- If a taxpayer responds to a request for documentation, the LDR employee should follow-up with a phone call IF the documentation provided is not sufficient to make a determination.
- If a determination can be made with the new documentation the account will be adjusted. The taxpayer will receive notification of resolution by receipt of the appropriate **refund** or **bill**.
- If the additional information results in the reversal of a previously issued bill the LDR employee should issue a **Liability Cancellation Letter** to the taxpayer.

LaTAP now offers practitioner access which will allow practitioners to view account balances and correspondence.

Attachments to Paper Returns

Question: Staple or clip?

Answer: Yes.

- LDR's return processing center doesn't have a preference. Returns and attachments are NOT separated for scanning.





Attachments to E-Filed Returns

- Does LDR receive them?
 - Yes.
- Can LDR review their process to ensure they are capable of receiving attached .pdfs?
 - If you have an sample return that was submitted with attachments and LDR did not receive the attachments you can send the example return to me and I will troubleshoot between LDR and the vendor.



Flow Thru Credits

A detailed K-1 showing the allocation of credits to the partner/shareholder is generally acceptable, however supporting documents are required for some credits, for example:

- **Transferrable Credits.**
- **School Readiness Donation Credits.**
- **Inventory Tax Credits.**
 - Supporting documents are reviewed to determine affiliates, ITEP and verify the calculation of the credit prior to the flow-thru.
 - If the supporting documents are submitted with the S-Corp return showing the allocation of credits to shareholders the K-1 can list the credit and refer us to the LDR account number that has the credit documentation.



Amended Returns

- File as if no return was ever filed on the period and check the “Amended Return” box.
- The amended return replaces the original return in our system. The amended return should reflect any amount of overpayment to carry forward to the next period.
- Notes attached to amended returns that reconcile the balance due or refund expected are useful to LDR personnel, but they are not read by the system.
- We do understand this is different than the way the IRS handles amended returns. It’s unlikely that LDR will implement a summary-type amended return or IT-540X due to reporting requirements and resource limitations.



Requesting Copies of W-2s

Submit Form R-7004 ***“Tax Information Disclosure Authorization”*** to request copies of W-2s or returns.

- \$15 research fee for each tax period requested.
- \$25 research fee for each tax period if requesting a certified copy.
- Fees must be paid when you submit the Form R-7004 by check or money order payable to the Louisiana Department of Revenue.



The End

- Questions?