

## WHAT'S NEW FOR LOUISIANA 2020 INDIVIDUAL INCOME TAX?

**IMPORTANT!** For the Inventory Tax and Ad Valorem Natural Gas credits, see Revenue Information Bulletin 20-026 and Form R-10610 for information on the changes from the 2020 Second Extraordinary Legislative Session.

**Address** – New spaces have been provided for unit type and the unit number. For the unit type, use postal abbreviations such as APT, FL, STE, and RM. If you have a foreign address, enter the city name in the appropriate space. Follow the country's practice for entering the postal code and the name of the province, county, or state. Enter the foreign country name in the appropriate space. Don't abbreviate the country name.

**2015 Legislation Recovery** – Tax year 2019 was the last year eligible for the 2015 Legislation Recovery.

**Filing Status** – A new line has been provided for qualifying widow(er) to provide the name of the qualifying person if that person is not your dependent.

**Federal Income Tax Deduction – Line 9** – If a taxpayer claimed the foreign tax credit on their Federal Form 1040 or 1040-SR, they had the option to claim the Credit for Certain Federal Tax Credits or increase the federal income tax deduction by the amount of foreign tax credit claimed on their Federal Form. This option is no longer available because the credit had a December 31, 2019 sunset date.

**2020 Louisiana Refundable School Readiness Credit – Line 15** – Starting with 2020, you must attach a copy of Form R-10614, *Louisiana School Readiness Tax Credit*, to your return.

**Louisiana Citizen Insurance Credit** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019.

### SCHEDULE C – NONREFUNDABLE PRIORITY 1 CREDITS

**Credits no longer available because Act 403 of the 2017 Regular Legislative Session ended them effective December 31, 2019:**

- Credit for Certain Disabilities
- Credit for Contributions to Educational Institutions
- Credit for Certain Federal Tax Credits
- Commercial Fishing Credit
- Law Enforcement Education Credit
- First-Time Drug Offenders Credit
- Bulletproof Vest Credit
- Nonviolent Offenders Credit

**Small Town Health Professionals – Code 115** – Taxpayers must apply to the Louisiana Department of Health (LDH) during the application period of September 1, 2020, through October 31, 2020, and a copy of the certificate letter must be attached to the return. The credit amount is listed on the certificate letter and is limited to tax. For more information, see Revenue Information Bulletin 18-028 and Louisiana Administrative Code (LAC) 61:1.1915. (R.S. 47:297(H))

### SCHEDULE D – DONATIONS

**Dreams Come True, Inc. – Line 18** – Taxpayers may donate all or part of their refund to the Dreams Come True, Inc. for the purpose of fulfilling dreams of children with life-threatening illnesses. Visit [www.dctbrla.org](http://www.dctbrla.org) for more information on the organization. (R.S. 47:120.141)

### SCHEDULE E – ADJUSTMENTS TO INCOME

**COVID-19 Educational Expenses – Code 26E** – Act 13 of the 2020 Second Extraordinary Legislative Session provides a deduction for amounts paid from March 13, 2020, through December 31, 2020, for educational coaching services for an in-person facilitator of virtual education delivered by a public or approved nonpublic elementary or secondary school including any public elementary or secondary laboratory school operated by a public college or university. The dependent must be claimed on your 2020 return or must have been claimed on your 2019 return. To calculate the amount of the deduction, use Form R-540CEW, *2020 Louisiana COVID-19 Educational Expenses Deduction Worksheet*. Form R-540CEW is available on LDR's website and must be attached to the return.

### SCHEDULE F – REFUNDABLE PRIORITY 2 CREDITS

**Credit for Amounts Paid by Certain Military Servicemembers for Obtaining Louisiana Hunting and Fishing Licenses** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019.

**School Readiness Child Care Directors and Staff – Code 66F and Line 5A** – The credit is for eligible child care directors and eligible child care staff based on certain attained qualifications. 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 2020 can be found at [www.revenue.louisiana.gov/SchoolReadiness](http://www.revenue.louisiana.gov/SchoolReadiness). You must enter the facility license number from Form R-10615 on Line 5A and attach a copy of Form

R-10615 to your return. Failure to do so will result in processing delays. For more information regarding this credit, contact the Louisiana Department of Education. (R.S. 47:6106)

**COVID-19 Pandemic ATC License – Code 75F** – Act 60 of the 2020 Second Extraordinary Legislative Session allows a refundable credit for the amount of the 2020 annual state license and permit fees imposed by Alcohol and Tobacco Control ("ATC") paid by a business such as a bar that is licensed to sell or serve alcoholic beverages for consumption on their premises by paying customers. Complete a separate Form R-90001, *COVID-19 Pandemic ATC License Income Tax Credit worksheet*, for each location. This worksheet must be attached to each return claiming a share of the credit along with a schedule detailing each individual partner, member, or shareholder's proportionate share.

### SCHEDULE J – NONREFUNDABLE PRIORITY 3 CREDITS

**2020 Louisiana Nonrefundable Child Care Credit – Line 2** – Starting with 2020, you must attach the Nonrefundable Child Care Credit Worksheet to your return if completed.

**Child Care Credit Carried Forward From 2015 through 2019 – Line 3** – The child care tax credit for taxpayers whose federal adjusted gross income exceeds \$25,000 may not be refunded, and any unused credit amounts can be used over the next five years. For the 2020 tax year, credits from 2015 through 2019 can be applied on Line 3. Any remaining child care credit from 2014 cannot be applied to the 2020 tax liability. (R.S. 47:297.4)

**2020 Louisiana Nonrefundable School Readiness Credit – Line 4** – Starting with 2020, you must attach the Nonrefundable School Readiness Credit Worksheet to your return if completed.

**School Readiness Credit Carried Forward From 2015 through 2019 – Line 5** The school readiness credit for taxpayers whose federal adjusted gross income exceeds \$25,000 may not be refunded, and any unused credit amounts can be used over the next five years. For the 2020 tax year, credits from 2015 through 2019 can be applied on Line 5. Any remaining child care credit from 2014 cannot be applied to the 2020 tax liability. (R.S. 47:6104)

**Organ Donation – Code 202** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your ten (10) year carryover period.

**Household Expense for Physically and Mentally Incapable Persons – Code 204** This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your one (1) year carryover period.

**Owner of Accessible and Barrier-free Home – Code 221** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your five (5) year carryover period.

**New Jobs Credit – Code 224** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your five (5) year carryover period.

**Eligible Re-entrants – Code 228** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your five (5) year carryover period.

### VISIT THESE LDR WEBSITES:

- [www.revenue.louisiana.gov/taxforms](http://www.revenue.louisiana.gov/taxforms) for forms and instructions.
- [www.revenue.louisiana.gov/individuals](http://www.revenue.louisiana.gov/individuals) for tax information.
- [www.revenue.louisiana.gov/fileonline](http://www.revenue.louisiana.gov/fileonline) for free filing options.
- [www.revenue.louisiana.gov/latap](http://www.revenue.louisiana.gov/latap) for free payment options.

## Instructions for Preparing Your 2020 Louisiana Resident Income Tax Return Form (IT-540)

### ABOUT THIS FORM

The return has been designed for electronic scanning, which permits faster processing with fewer errors. In order to avoid unnecessary delays caused by manual processing, taxpayers should follow the guidelines listed below:

1. Enter amounts only on those lines that are applicable.
2. Use only a pen with **black ink**.
3. Because this form is read by a machine, enter your numbers **inside the boxes** like this:

0	1	2	3	4	5	6	7	8	9	X
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4. All numbers should be rounded to the nearest dollar. Numbers should NOT be entered over the pre-printed zeros, in the boxes on the far right, which are used to designate cents (.00).
5. To avoid any delay in processing, use this form for **2020** only.
6. If you are filing an amended return, mark an "X" in the "Amended Return" box on the face of the return.

**Nonresidents must use Form IT-540B to file their Louisiana return. Part-year residents have the option to file a resident or nonresident return, whichever is more beneficial. See Revenue Ruling 05-008 on LDR's website. Nonresident professional athletes must electronically file Form IT-540B-NRA.**

**NAME, ADDRESS, AND SOCIAL SECURITY NUMBER** – Enter your legal name, address, daytime telephone number, Social Security Number, and date of birth on your return. For the unit type, use postal abbreviations such as APT, FL, STE, and RM. If you have a foreign address, enter the city name in the appropriate space. Follow the country's practice for entering the postal code and the name of the province, county, or state. Enter the foreign country name in the appropriate space. Don't abbreviate the country name.

If there is a change in your name or address since last year's return (for example, new spouse), mark an "X" in the "Name Change" or "Address Change" box. LDR automatically updates your account when you change your address with the Post Office. A direct address change can be accomplished by marking the "Address Change" box when filing your return, or can be submitted by accessing your account at [www.revenue.louisiana.gov/latap](http://www.revenue.louisiana.gov/latap). If married, enter Social Security Numbers and date of birth for both you and your spouse. On a joint return, your names and Social Security Numbers must be listed in the same order that you listed them on your federal return.

**NOTE:** If you are not required to file a federal return, but had Louisiana income tax withheld in 2020, complete Lines 1 through 6D. In the appropriate boxes above Line 7, enter the total amount of wages and income and mark the box to the right. Skip to Line 13, enter zero "0" and complete the remainder of the return. You must enter the total amount of wages and income in the boxes above Line 7. Failure to do so will result in processing delays.

**Lines 1-5** – Filing status – You must use the same filing status on your Louisiana return as you did on your federal return. In the box on the left, enter the number corresponding to your filing status: "1" for Single, "2" for Married Filing Jointly, "3" for Married Filing Separately, "4" for Head of Household, and "5" for Qualifying Widow(er). Head of Household status is for unmarried people who paid over half the cost of keeping up a home for a qualifying person. If you file as Head of Household or Qualifying Widow(er), you must show the child's name if the qualifying person is a child but not your dependent.

**Lines 6A and 6B** – Exemptions – Mark an "X" in the appropriate boxes. You must use the same number of exemptions on your Louisiana return as you did on your federal return, unless: you are listed as a dependent on someone else's return, you are age 65 or over, you are blind, or your filing status is Qualifying Widow(er). You must claim an exemption for yourself on Line 6A, even if someone else claimed you on their federal tax return. This box has already been marked with an "X" for you.

**Line 6C** – Enter the names of the dependents claimed on your federal return. Complete the required information. If you have more than 6 depen-

dents, attach a statement to your return with the required information. In the box on Line 6C, enter the total number of dependents claimed.

**Line 6D** – Add Lines 6A, 6B, and 6C.

**Line 7** – Enter the amount of your Federal Adjusted Gross Income. This amount is taken from Federal Form 1040 or 1040-SR, Line 11. If your Federal Adjusted Gross Income is less than zero, enter "0."

If you have any exempt income or deductions other than what is reported on Line 8C or Line 9, you need to complete Schedule E to determine your Louisiana Adjusted Gross Income. In order to complete Schedule E, you may need to first compute your modified federal income tax deduction on Schedule H if you claimed federal disaster relief credits on your 2020 federal return. Mark an "X" in the box on Line 7 if the amount from Schedule E, Line 5C, is used.

**Lines 8A, 8B, and 8C** – If you did not itemize your deductions on your federal return, skip Lines 8A, 8B, and 8C and go to Line 9.

**Line 8A** – If you itemized your deductions on your federal return, enter the amount of your federal itemized deductions, shown on Federal Form 1040 or 1040-SR, Schedule A, Line 17.

**Line 8B** – If you itemized your deductions on your federal return and your filing status is 1 or 3, enter \$12,400; 2 or 5, enter \$24,800; 4, enter \$18,650.

**Line 8C** – Subtract Line 8B from Line 8A. If less than zero, enter zero "0."

**Line 9** – If you claimed federal disaster relief credits on your federal return as a result of Hurricane Katrina or Hurricane Rita, you must complete Schedule H to determine your modified federal income tax deduction for Louisiana. The federal disaster relief credits claimed for this year and allowed by the IRS could be credits that are carried forward from previous years. However, the credits must be utilized on your federal return. Attach a copy of your federal return that indicates the amount of the credit, a copy of Federal Form 3800, and a copy of the appropriate IRS form to substantiate the amount of the credit.

If you **have not** claimed federal disaster relief credits, use the worksheet below to calculate your federal income tax deduction and enter the result on Line 9.

<b>Federal Income Tax Deduction Worksheet</b>	
1 Enter the tax from Federal Form 1040 or 1040-SR, Line 22.	\$ _____
2 Net Investment Income Tax. Enter the amount from Federal Form 8960, Line 17.	\$ _____
3 Federal Tax. Add lines 1 and 2.	\$ _____
4a Enter the amount from Form 4972, Line 30.	\$ _____
4b Enter the amount from Form 8962, Line 29.	\$ _____
5 Add lines 4a and 4b.	\$ _____
6 Subtract line 5 from line 3 and enter on line 9.	\$ _____
<b>If amount is negative, enter a zero.</b>	

**Line 10** – Subtract Line 8C and Line 9 from Line 7. If less than zero, enter zero "0."

**Line 11** – Use the tax table that corresponds with your filing status. Locate the amount of your tax table income from Line 10 in the first two columns of the tax table. Read across to the column numbered the same as the total number of exemptions claimed on Line 6D. The amount shown in that column is your Louisiana tax liability. Enter this amount on Line 11. If you have more than 8 exemptions, refer to the instructions at the top of the tax tables.

**Line 12** – Enter the amount of the Nonrefundable Priority 1 Credits from Form IT-540, Schedule C, Line 6.

**Line 13** – Subtract Line 12 from Line 11. If the result is less than zero or if you are not required to file a federal return, enter zero "0" and complete the remainder of the return.

**Line 14** – Enter the amount of your Louisiana Refundable Child Care

**Instructions for Preparing Your 2020 Louisiana Resident Income Tax Return ...Continued**

Credit from the 2020 Louisiana Refundable Child Care Credit Worksheet, Line 11. This worksheet must be attached to your return. **Your Federal Adjusted Gross Income must be \$25,000 or less to claim a credit on this line.** See the Louisiana Child Care Credit instructions.

**Line 14A** – Enter the amount from the 2020 Louisiana Refundable Child Care Credit Worksheet, Line 3.

**Line 14B** – Enter the amount from the 2020 Louisiana Refundable Child Care Credit Worksheet, Line 6.

**Line 15** – Enter the amount of your 2020 Louisiana Refundable School Readiness Credit. **Your Federal Adjusted Gross Income must be \$25,000 or less to claim a credit on this line.** The amount is determined from your Louisiana Refundable School Readiness Credit Worksheet. This worksheet must be attached to your return. In the boxes under Line 15, enter the number of your qualified dependents who attended the associated star rated facility or facilities.

**Line 16** – Enter the amount of your Louisiana Earned Income Credit (LA EIC). If you claimed a Federal Earned Income Credit (EIC), you are entitled to a LA EIC as provided under R.S. 47:297.8. The refundable credit is equal to 5 percent of your Federal EIC. The Louisiana Earned Income Credit Worksheet must be attached to your return.

**Line 17** – Enter the amount of the Other Refundable Priority 2 Credits from Form IT-540, Schedule F, Line 9.

**Line 18** – Add Lines 14, and 15 through 17. Do not include amounts on Lines 14A and 14B.

**Line 19** – If Line 13 is greater than Line 18, subtract Line 18 from Line 13. Also, enter a zero “0” on Line 20 and go to Line 21. Otherwise, enter a zero “0” on Line 19 and go to Line 20.

**Line 20** – If Line 18 is greater than Line 13, subtract Line 13 from Line 18.

**Line 21** – Enter the amount of the Nonrefundable Priority 3 Credits from Form IT-540, Schedule J, Line 16. These credits are limited to the tax liability calculated on Line 19.

**Name Boxes** – Enter the first 4 letters of the primary taxpayer’s last name in the boxes at the bottom of the second, third, and fourth pages.

**Line 22** – Subtract Line 21 from Line 19. If less than zero, enter zero “0.”

**Line 23** – During 2020, if you purchased goods for use in Louisiana from outside the state and were not charged Louisiana state sales tax, you are required to file and pay the tax directly to LDR. This includes purchases from catalogs, television, Internet, another state, or outside the U.S. If any of the items were alcoholic beverages or tobacco products, you are required to file Form R-5629. Use the Consumer Use Tax Worksheet below to calculate your use tax. Do not include any consumer use tax reported for 2020 on Form R-1035, *Consumer Use Tax Return*, or purchases made for your business. You must register your business with LDR and report the use tax for your business under that account. Mark an “X” in the box to indicate if no use tax is due or the amount is from the Consumer Use Tax Worksheet.

**Line 24** – Add Lines 22 and 23.

**Line 25** – Enter the amount from Line 20, if applicable.

**Line 26** – Enter the amount of the Refundable Priority 4 Credits from Form

IT-540, Schedule I, Line 6.

**Line 27** – Enter the amount of Louisiana income tax withheld in 2020. You must attach copies of all W-2 and 1099 forms that indicate tax was withheld.

**Line 28** – Enter the amount of any credit carried forward from 2019. This amount is shown on your 2019 Form IT-540, Line 38, or IT-540B, Line 39.

**Line 29** – Enter the total amount of estimated payments you made for the 2020 tax year.

**Line 30** – Enter the amount of the payment made with your 2020 extension request.

**Line 31** – Add Lines 25 through 30.

**Line 32 – Overpayment** – If Line 31 is greater than Line 24, subtract Line 24 from Line 31. **Your overpayment may be reduced by the Underpayment of Estimated Tax Penalty.** If Line 31 is equal to Line 24, enter a zero on Lines 32 through 39 and go to Line 40. If Line 31 is less than Line 24, enter a zero on Lines 32 through 38 and go to Line 39.

**Line 33** – See instructions for Underpayment Penalty.

**Line 34** – If Line 32 is greater than Line 33, subtract Line 33 from Line 32 and enter the balance on Line 34. If Line 33 is greater than Line 32, enter zero “0”, subtract Line 32 from Line 33, and enter the balance on Line 39.

**Line 35** – You may donate all or part of your overpayment (Line 34) to various organizations or funds listed on Schedule D, Lines 2 through 18. Enter the amount from Schedule D, Line 19. This amount cannot be greater than Line 34.

**Line 36** – Subtract Line 35 from Line 34. This amount of overpayment is available for credit or refund.

**Line 37** – Enter the amount of available overpayment shown on Line 36 that you wish to credit to 2021.

**Line 38** – Subtract Line 37 from Line 36. This amount is to be refunded. You must select how you want to receive your refund. If this is your first time filing, your refund cannot be directly deposited. Enter a “2” in the box if you want to receive your refund by paper check. Enter a “3” in the box if you want your refund directly deposited into your bank account. Carefully enter the information in the boxes to indicate the type of bank account, the routing number, and the account number. Your nine digit routing number appears under the memo line of your check; your bank account number will appear to the right of your routing number. **You are required to answer the question regarding the location of the bank account. If the information is unreadable or if you do not select a method to receive your refund, you will receive your refund by paper check.** Option 1 was omitted intentionally.

**Line 39** – If Line 24 is greater than Line 31, subtract Line 31 from Line 24. If you entered an amount from Line 34 as the result of an underpayment penalty exceeding an overpayment, complete Lines 40 through 42, enter zero “0” on Lines 43 through 46, and go to Line 47.

**Lines 40 through 42** – You may make a donation to the funds listed on Lines 40 through 42. You must include payment for the amount being donated with your return. The donation will not be made unless you make payment and the donation cannot be refunded at a later date.

**Consumer Use Tax Worksheet**

Under La. R.S. 47:302(K), LDR is required to collect a 8.45 percent tax on out-of-state purchases subject to use tax. This 8.45 percent rate (which includes 4 percent to be distributed by LDR to local governments) is in lieu of the actual rate in effect for your area, and is payable regardless of the actual combined state and local rate for your area.

This law ensures that Louisiana businesses are not at a competitive disadvantage with out-of-state businesses who are not required to collect sales tax.

1. Taxable purchases .....	\$	_____	.00	
Tax rate (8.45 percent) .....		_____	X .0845	
2. Total use tax due .....	\$	_____	.00	☛ Enter here and on Form IT-540, Line 23.



## Instructions for Preparing Your 2020 Louisiana Resident Income Tax Return ...Continued

**Line 43** – Interest is charged on all tax amounts not paid by the due date. Enter the amount from the Interest Calculation Worksheet, Line 5.

**Line 44** – If you fail to file your tax return by the due date – on or before May 15, 2021, for calendar year filers, on or before your fiscal year due date, or on or before your approved extension date, you may be charged a delinquent filing penalty. Enter the amount from the Delinquent Filing Penalty Calculation Worksheet, Line 7.

**Line 45** – If you fail to pay the tax due by the due date – on or before May 15, 2021, for calendar year filers, you may be charged a delinquent payment penalty. Enter the amount from the Delinquent Payment Penalty Calculation Worksheet, Line 7.

**Line 46** – See the instructions for Underpayment Penalty.

**Line 47** – Add Lines 39 through 46. You may make an electronic payment at [www.revenue.louisiana.gov/latap](http://www.revenue.louisiana.gov/latap). You may also make payment by check or money order. **DO NOT SEND CASH.** Make your check or money order payable to the **Louisiana Department of Revenue**. Print the last four digits of your Social Security Number on your check or money order and attach it to your return.

You can also pay your taxes by credit card over the internet or by telephone. Visit [www.revenue.louisiana.gov](http://www.revenue.louisiana.gov) for more information.



**Social Security Numbers** – Enter your social security number in boxes provided on each page of your return.

**Name Boxes** – Enter the first 4 letters of the primary taxpayer's **last name** in the boxes under the signature line.

**Filing** – **YOU MUST SIGN AND DATE YOUR RETURN.** If married filing jointly, both spouses must sign.

**Paid Preparer Instructions** – If your return was prepared by a paid preparer, that person must also sign in the appropriate space, complete the information in the "Paid Preparer Use Only" box and enter his or her identification number in the space provided under the box. If the paid preparer has a Preparer Tax Identification Number (PTIN), the PTIN must be entered in the space provided under the box; otherwise enter the Federal Employer Identification Number (FEIN) or LDR account number. If the paid preparer represents a firm, the firm's FEIN must be entered in the "Paid Preparer Use Only" box. The failure of a paid preparer to sign or provide an identification number will result in the assessment of the unidentified preparer penalty on the preparer. The penalty of \$50 is for each occurrence of failing to sign or failing to provide an identification number.

**DO NOT SUBMIT A PHOTOCOPY OF THE RETURN. Only submit an original return.**

### General Information Regarding Tax Credits

If a schedule is required in the instructions below, you must attach a separate schedule for each credit claimed. The schedule should clearly identify the credit, your name, and your Social Security Number. If documentation is required, you must submit the documentation with your return. For faster processing, you can upload all required information when you file your return electronically. Revenue Information Bulletins are posted on [www.revenue.louisiana.gov/policies](http://www.revenue.louisiana.gov/policies) under Policy Documents.

**Note:** If you are claiming a credit that is recorded in the Tax Credit Registry, you must attach completed Form R-6140, *Credit Utilization Form*, (Section 2) and a copy of Form R-6135, *Credit Registration Form*, to the tax return. See Revenue Information Bulletin 14-005 for information on the Tax Credit Registry and Revenue Information Bulletin 17-008 for claiming a purchased transferable tax credit.

**Pass-through Entity Tax Election:** If you are a shareholder, member, or partner of an entity that has made the pass-through entity tax election to pay Louisiana income tax at the entity level, any credits earned by the entity for 2020 cannot be used on the individual income tax return. Credits earned in the year the election was made or after the election was made are tax items of the entity and the credit and its future carryforward must be reported on the entity's return. Tax credits earned in tax years prior to the election that have previously passed through to the owners are tax items of the owners and any credit carryforward remaining can only be used on the individual income tax return. See Revenue Information Bulletin 19-019 and LAC 61:1.1001(C)(6) for more information.

### Instructions for Nonrefundable Priority 1 Credits, Schedule C

**Line 1** – If you are a resident of Louisiana, you are allowed a credit for income taxes paid to other states for income reported on your Louisiana return (R.S.47:33). Note that you may not claim the tax withheld; you must file a return with the other state and claim the tax actually paid. You may not claim credit for taxes paid to cities or foreign countries. See Revenue Ruling 02-013 for information on taxes paid to the District of Columbia.

The credit is allowed **ONLY** if the other state does not allow a nonresident credit against the income taxes imposed by that state for taxes paid or payable to the state of resident. The credit is limited to the amount of Louisiana income tax that would have been imposed if the income earned in the other state had been earned in Louisiana.

The credit is equal to the lesser of the amount of taxes paid to the other state or the amount determined by multiplying the taxpayer's Louisiana income tax liability by a fraction, the numerator of which is the taxpayer's Louisiana tax table income attributable to the other state to which net income taxes were paid, and the denominator of which is total Louisiana tax table income. See Revenue Information Bulletin 16-052 for information on qualifying states. A copy of the returns filed with the other states and Form R-10606, *Supplemental Worksheet for Credit for Taxes Paid to Other States*, must be attached to your return.

**Line 1A** – Enter the total from Form R-10606, Column 8, Line 15.

**Line 1B** – Enter the total from Form R-10606, Column 9, Line 15.

**Additional Nonrefundable Priority 1 Credits, Lines 2 through 5** Additional nonrefundable credits available for the tax year ending December 31, 2020, are referenced individually by a three-digit code. Please enter the credit description, identifying code, and the dollar amount

claimed in the appropriate spaces on Lines 2 through 5.

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

Example:

Credit Description	Code	Amount of Credit Claimed
Small Town Health Professionals	1 1 5	5 0 0 . 00

**Line 6** – Add Lines 1B, and 2 through 5. Also, enter the amount on Form IT-540, Line 12.

CODE	CREDIT DESCRIPTION
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<b>100</b>	<b>Premium Tax</b> – R.S. 47:227 provides a credit for premium taxes paid during the preceding 12 months by an insurance company authorized to do business in Louisiana. The credit may be passed through to individuals who are shareholders or members of certain legal entities. A schedule must be attached listing the entities that paid the premium tax and generated the credit on behalf of the individual.
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<b>115</b>	<b>Small Town Health Professionals</b> – R.S. 47:297(H) provides a credit for certified primary care physicians, primary care physician assistants, dentists, optometrists, or primary care nurse practitioners licensed to practice in certain areas of Louisiana. Taxpayers must apply to the Louisiana Department of Health
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**Instructions for Nonrefundable Priority 1 Credits, Schedule C ...Continued**

<b>CODE</b>	<b>EXEMPTION DESCRIPTION</b>	<b>CODE</b>	<b>EXEMPTION DESCRIPTION</b>
	(LDH) during the application period of September 1, 2020, through October 31, 2020, and a copy of the certificate letter must be attached to the return. The credit amount is listed on the certificate letter and is limited to tax. For more information, see Revenue Information Bulletin 18-028 and Louisiana Administrative Code (LAC) 61:I.1915.		goods, or services donated. For more information on this credit, see Revenue Ruling 02-020.
<b>120</b>	<b>Bone Marrow</b> – R.S. 47:287.758 provides a credit to employers authorized to do business in the state who incur bone marrow donor expense by developing a bone marrow donation program, educating employees related to bone marrow donations, making payments to a health care provider for determining tissue types of potential donors, and paying wages to an employee for time related to tissue typing and bone marrow donation. If the wage expense is used to obtain the credit, it cannot be deducted as an expense for income tax purposes. The credit can only be passed through to individuals who are shareholders or members of certain legal entities. The amount of the credit is equal to 18 percent of the bone marrow donor expense paid or incurred by the employer during the tax year.	<b>155</b>	<b>Debt Issuance</b> – R.S. 47:6017 provides a credit for 72 percent of the amount of the filing fee paid to the Louisiana State Bond Commission, which is incurred by an economic development corporation in the preparation and issuance of bonds.
<b>150</b>	<b>Qualified Playgrounds</b> – R.S. 47:6008 provides a credit for donations to assist qualified playgrounds. The credit is for the lesser of \$720 or 36 percent of the value of the cash, equipment,	<b>185</b>	<b>Conversion of Vehicle to Alternative Fuel</b> – R.S. 47:6035 provides a credit for the purchase of or conversion of a vehicle designed to run on an alternative fuel. The credit for the purchase of a qualifying new vehicle is equal to 10 percent of the cost of the qualified vehicle or \$2,500, whichever is less. The credit for vehicle conversions or building of fueling stations is equal to 30 percent of the cost of the qualified clean-burning motor vehicle fuel property. See Revenue Information Bulletin 13-023 for definition of alternative fuel and Revenue Information Bulletin 17-016 for more information. You must attach documentation verifying the conversion or purchase of the vehicle and the vehicle's registration with the Louisiana Department of Public Safety.
		<b>199</b>	<b>Other</b> – Reserved for future credits.

**Instructions for Donations, Schedule D**

<b>Line 1</b> – Enter the amount of adjusted overpayment from Form IT-540, Line 34.	American Red Cross. For more information, visit <a href="http://www.redcross.org">www.redcross.org</a> .
<b>Line 2</b> – You may donate all or part of your adjusted overpayment to The Military Family Assistance Fund. This fund provides assistance to family members of active Louisiana military personnel.	<b>Line 12</b> – You may donate all or part of your adjusted overpayment to the Honor Guard for Military Funerals Fund. This fund provides for military funeral honors for members of Louisiana's military forces.
<b>Line 3</b> – You may donate all or part of your adjusted overpayment to the Coastal Protection and Restoration Fund for the purposes of coastal restoration, conservation, and hurricane protection. For more information, visit <a href="http://www.coastal.louisiana.gov">www.coastal.louisiana.gov</a> .	<b>Line 13</b> – You may donate all or part of your adjusted overpayment to the Louisiana State Troopers Charities, Inc. to assist in educational and community oriented programs that promote or improve the standing of the Louisiana State Police in the communities of this State.
<b>Line 4</b> – You may contribute an amount of your adjusted overpayment to the Louisiana Student Tuition Assistance and Revenue Trust (START) Savings Program. Contributions are not allowed to a START K12 account. IMPORTANT: If filing a joint return, you or your spouse must be a registered account owner in the START Savings Program in order to contribute all or part of your overpayment. If you do not have an account, you may contact the Louisiana Office of Student Financial Assistance at 1-800-259-5626, or go to <a href="http://www.startsaving.la.gov">www.startsaving.la.gov</a> to enroll. All contributions of your overpayment will be equally distributed among the account holder's beneficiaries.	<b>Line 14</b> – You may donate all or part of your adjusted overpayment to the Friends of Palmetto Island State Park, Inc. for the purpose of supporting and enhancing the Palmetto Island State Park.
<b>Line 5</b> – You may donate all or part of your adjusted overpayment to the Wildlife Habitat and Natural Heritage Trust Fund. This fund provides for the acquisition and management of lands used for state parks, state forests, and wildlife and fishery management areas.	<b>Line 15</b> – You may donate all or part of your adjusted overpayment to the Children's Therapeutic Services at the Emerge Center. This organization provides for optimizing independent communication and social interaction skills. For more information, visit <a href="http://www.emergela.org">www.emergela.org</a> .
<b>Line 6</b> – You may donate all or part of your adjusted overpayment to the Louisiana Cancer and Lung Trust Fund Board (LCLTFB). This fund provides for resources to reduce the incidence, morbidity, mortality, and economic impact of all forms of cancer through education, prevention, research, and early detection.	<b>Line 16</b> – You may donate all or part of your adjusted overpayment to the Louisiana Horse Rescue Association. The purpose of this association is to provide sanctuary for abused or abandoned horses of racing breeds until caring homes are found for them. For more information, visit <a href="http://www.louisianahorserescue.com">www.louisianahorserescue.com</a>
<b>Line 7</b> – You may donate all or part of your adjusted overpayment to the Louisiana Pet Overpopulation Advisory Council for the purpose of promoting the proper treatment and well-being of animals. For more information, visit <a href="http://www.louisianapetoverpopulation.org">www.louisianapetoverpopulation.org</a> .	<b>Line 17</b> – You may donate all or part of your adjusted overpayment to the Louisiana Coalition Against Domestic Violence (LCADV) fund. The purpose of this fund is to provide resources to educate women who are victims of domestic violence. For more information, visit <a href="http://www.lcadv.org">www.lcadv.org</a> .
<b>Line 8</b> – You may donate all or part of your adjusted overpayment to promote unity among member food banks in Louisiana in support of their common mission to feed the hungry. For more information, visit <a href="http://www.feedinglouisiana.org">www.feedinglouisiana.org</a> .	<b>Line 18</b> – You may donate all or part of your adjusted overpayment to the Dreams Come True, Inc. for the purpose of fulfilling dreams of children with life-threatening illnesses. For more information, visit <a href="http://www.dctofla.com">www.dctofla.com</a> .
<b>Line 9</b> – You may donate all or part of your adjusted overpayment to the Make-A-Wish Foundation of the Texas Gulf Coast & Louisiana. For more information, visit <a href="http://www.texgulf.wish.org">www.texgulf.wish.org</a> .	<b>Line 19</b> – Add Lines 2 through 18. This amount cannot be more than Line 1. Also, enter this amount on Form IT-540, Line 35.
<b>Line 10</b> – You may donate all or part of your adjusted overpayment to the Louisiana Association of United Ways/LA 2-1-1 for the purpose of the 2-1-1 helpline. For more information, visit <a href="http://www.louisiana211.org">www.louisiana211.org</a> .	
<b>Line 11</b> – You may donate all or part of your adjusted overpayment to the	

## Instructions for Adjustments to Income, Schedule E

**Line 1** – Enter the amount of your Federal Adjusted Gross Income. This amount is shown on your Federal Form 1040 or 1040-SR, Line 11. If the amount is less than zero, mark the box on Line 1. Do not use a negative sign with the amount. For example, if your Federal AGI is a \$10,000 loss, mark the box on Line 1 and enter 10,000.

**Line 2A** – Tax-exempt interest and dividend income reported on your federal return are taxable to Louisiana if ALL of the following conditions are met:

- a. You are filing as a resident of Louisiana.
- b. The interest or dividend income is received from obligations of a state or political subdivision of a state other than Louisiana. Obligations of the State of Louisiana, its political subdivisions, or public corporations created by them and their constituted authorities are exempt from Louisiana taxes.
- c. The obligations were purchased on or after January 1, 1980.

Enter the **TOTAL** taxable interest and dividends. Do not list interest and dividends separately. See Revenue Ruling 11-001 if you have any Build America Bonds.

**Line 2B** – Enter any previously exempted Louisiana Student Tuition Assistance and Revenue Trust (START) contributions that were refunded to you during 2020 by the Louisiana Office of Student Financial Aid.

**Line 2C** – R.S. 47:6301(A)(1)(a) provides for a prohibition on double state benefits for a donation to a school tuition organization. If you claimed the credit for a donation to a school tuition organization on Form IT-540, Schedule J, you must add back certain deductions taken at the federal level otherwise deductible for state income tax purposes if the following conditions are met:

- a. Your federal itemized deductions allowed by Internal Revenue Code Section 170 included the donation made to the school tuition organization as a charitable contribution on Schedule A attached to Federal Form 1040 or 1040-SR; and
- b. You claimed the excess federal itemized personal deduction on Form IT-540, Line 8C for the tax year in which the donation was made.

The amount required to be added back is the difference between the amount reported on Form IT-540, Line 8C and the recalculated excess federal itemized personal deduction after removing the donation from the individual's federal itemized personal deduction for the tax year in which the donation was made. The addition is limited to the amount of the credit claimed. See Revenue Information Bulletin 18-024 for more information. Attach a copy of Federal Form Schedule A and a schedule of the charitable contributions reported on Schedule A as documentation for the amount added-back.

**Line 2D** – R.S. 47:297.14 provides for an exclusion for an individual who is a shareholder, member, or partner of an entity that made the pass-through entity tax election under R.S. 47:287.732.2. This election allows S corporations, and other entities taxed as partnerships for federal income tax purposes, to pay Louisiana income tax at the entity level. The entity must have received LDR's approval of the election. The add-back amount is the Louisiana net operating loss that was reported at the entity level for this tax year that is included on Federal Form 1040 or 1040-SR. You must also include any net operating loss carried forward from a tax year in which the election was made and utilized in this tax year.

This amount should be included in the amount on Schedule E, Line 1. Do not include income not taxed at the entity level such as interest and dividend income. See Revenue Information Bulletin 19-019 and LAC 61:1.1001(C)(4) for more information.

**Line 3** – Add Lines 1, 2A, 2B, 2C, and 2D. If the amount is less than zero, enter zero "0." **This line may not be less than zero.**

### EXEMPT INCOME LINES 4A THROUGH 4G

Income items that are considered exempt by Louisiana law to arrive at Louisiana taxable income are referenced individually by a three-digit code. Enter the description, identifying code, and dollar amount in the appropriate spaces on Lines 4A through 4G.

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

Example:

Exemption Description	Code	Amount
START Savings Program	09E	700.00

CODE	EXEMPTION DESCRIPTION
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**01E – Interest and Dividends on U.S. Government Obligations** – Enter the amount of interest and dividends received from U.S. government obligations that are included in the amount on Line 1 of Schedule E. Include amounts received from mutual funds, which are identified as income from investments in U.S. government obligations. If the amount is not identified specifically, it is taxable and cannot be excluded.

**02E – Louisiana State Employees' Retirement Benefits** – Enter the amount of retirement benefits received from the Louisiana State Employees' Retirement System. This amount should be included in the amount on Schedule E, Line 1. Indicate the date that you or your spouse retired on the appropriate line.

**03E – Louisiana State Teachers' Retirement Benefits** – Enter the amount of retirement benefits received from the Louisiana State Teachers' Retirement System. This amount should be included in the amount on Schedule E, Line 1. Indicate the date that you or your spouse retired on the appropriate line.

**04E – Federal Retirement Benefits** – Enter the amount of retirement benefits received from a Federal Retirement System. This amount should be included in the amount on Schedule E, Line 1. Indicate the date that you or your spouse retired on the appropriate line.

**05E – Other Retirement Benefits** – Enter the amount of retirement benefits received from any retirement systems whose benefits are specifically exempted by law from Louisiana income tax. In the space provided, enter the name of the retirement system or the statutory citation exempting these benefits from Louisiana income tax. A list of the eligible retirement systems and their statutory citations can be found at [www.revenue.louisiana.gov/FAQ/Details/1216](http://www.revenue.louisiana.gov/FAQ/Details/1216).

**06E – Annual Retirement Income Exemption for Taxpayers 65 Years of Age or Older** – Up to \$6,000 of your annual retirement income may be exempted from state taxation if your filing status is single, head of household, married filing separately, or qualifying widow(er), and you are 65 years of age or older. If your filing status is **married filing jointly**, both you and your spouse are age 65 years or older, and each of you received annual retirement income, up to \$6,000 of the annual retirement income that **each** taxpayer receives may be exempt from state taxation. "Annual retirement income" that is taxable to Louisiana is any distributions from a pension, an annuity, or an individual retirement arrangement (IRA) that you receive and report on Federal Form 1040 or 1040-SR, Lines 4b and 5b. Do not include retirement benefits that are coded as 02E, 03E, 04E, or 05E. Enter the name of the payor on the line provided.

If your filing status is single, head of household, married filing separately, or qualifying widow(er), determine the exempt amount that should be entered for code 06E by completing the FIRST COLUMN of the worksheet provided on the next page.

If your filing status is married filing jointly, determine the exempt amount that should be entered for code 06E by completing BOTH COLUMNS of the worksheet provided on the next page.



**Instructions for Adjustments to Income, Schedule E ...Continued**

CODE	EXEMPTION DESCRIPTION	
<b>Worksheet for Code 06E</b>		
	Taxpayer	Spouse
1. Enter retirement income you received and reported on Federal Form 1040 or 1040-SR, Lines 4b and 5b. Enter taxpayer's amount on Line 1(a) and enter spouse's amount on Line 1(b).	a.	b.
2. Enter retirement income you received and reported as codes 02E, 03E, 04E, and 05E of Schedule E. Enter taxpayer's amount on Line 2(a) and enter spouse's amount on Line 2(b).		
3. Subtract Line 2 from Line 1.		
4. Maximum exemption for individuals 65 or older.	\$6,000	\$6,000
5. For each taxpayer 65 or older, enter the amount from Line 3, or Line 4, whichever is less.		
6. If your filing status is single, head of household, married filing separately, or qualifying widow(er), enter the amount from Line 5(a) above on Schedule E and code as 06E. If your filing status is married filing jointly, add the amounts on Lines 5(a) and 5(b) above and enter the result on Schedule E and code as 06E.		

**07E – Taxable Amount of Social Security** – Social Security benefits that are taxed on your federal return are exempt from Louisiana tax. Enter the amount shown on your Federal Form 1040 or 1040-SR, Line 6b.

**08E – Native American Income** – Louisiana Administrative Code 61:I.1303 provides that income derived from sources **on the reservation** that have been earned or received by an enrolled member of a federally recognized Indian tribe who resides on that tribe's reservation shall be exempted from Louisiana individual income tax. The income derived from sources **outside of the reservation, including sources outside of Louisiana**, that have been earned or received by an enrolled member of a federally recognized Indian tribe residing on that tribe's reservation is taxable for Louisiana individual income tax purposes. Income earned by a member of a federally recognized tribe residing off of the tribe's reservation in Louisiana is taxable regardless of the income source. Additionally, an enrolled member of a federally recognized Indian tribe who resides on the reservation for a portion of the year and resides off the reservation for a portion of the year is taxed based on where the enrolled member resided when the income was earned.

**09E – START Savings Program Contributions** – R.S. 47:293(9)(a)(vi) provides that any Louisiana Student Tuition Assistance and Revenue Trust (START) account holders with a filing status of single, married filing separately, head of household, and qualifying widow(er) can exempt up to \$2,400 per beneficiary from Louisiana taxable income. Account holders with a filing status of married filing jointly can each exempt up to \$4,800 per beneficiary from Louisiana taxable income. In certain situations, the exemption amount can be doubled. See Revenue Information Bulletin 06-003 on LDR's website. The exemption is not allowed for amounts contributed to a START K12 account.

**10E – Military Pay Exclusion** – R.S. 47:293(9)(e) provides an exclusion to Louisiana residents who were on active duty in the U.S. armed forces for 120 or more consecutive days. The exempt portion is the compensation earned outside of Louisiana during and after 120 plus consecutive days of active duty, up to \$30,000. Example: If on January 15, 2020, you went on active duty and continuously remained on active duty at least through May 13, 2020, (120 days) during which you served 40 days in Louisiana and the remainder outside of Louisiana, income from the 41st day forward is exempt, up to \$30,000, once you have served more than 120 consecutive days. Retain a copy of your official orders, including endorsements

CODE	EXEMPTION DESCRIPTION
	that establish your 120 plus consecutive days of active duty with your 2020 return. If filing electronically, bring a copy of your orders including endorsements to your tax preparer.
<b>11E – Road Home</b>	– R.S. 47:293(9)(a)(i) provides that any grant, loan, or other benefit directly or indirectly provided to a taxpayer by the Disaster Recovery Unit of the Office of Community Development shall be excluded if the income was included in the taxpayer's Federal Adjusted Gross Income. Benefits may include payments from Restore Louisiana for recovery from the Great Flood of 2016. This amount should be included in the amount on Schedule E, Line 1.
<b>13E – Recreation Volunteer</b>	– R.S. 47:293(9)(a)(xii) provides an exclusion of \$500 per tax year for individuals who volunteer for recreation departments. To qualify for this exclusion, the taxpayer must serve as a volunteer for 30 or more hours during the taxable year and must be registered as a volunteer with a recreation department operated by the state of Louisiana or a political subdivision of the state. The recreation department must certify that the taxpayer served as a volunteer and was not compensated for their services.
<b>14E – Volunteer Firefighter</b>	– R.S. 47:293(9)(a)(xii) provides an exclusion of \$500 per tax year for individuals who serve as volunteer firefighters. To qualify for this exclusion, the taxpayer must complete 24 hours of continuing education and be an active member of the Louisiana State Fireman's Association or on the departmental personnel roster for the State Fire Marshal's Volunteer Fireman's Insurance Program. To substantiate the exclusion, a taxpayer should retain either a membership card with the taxpayer's name and the applicable tax year, a lifetime membership card, or a copy of the departmental personnel roster for the State Fire Marshal's Volunteer Fireman's Insurance Program and a certificate or other document provided to the taxpayer noting the date of the training, the topic covered, the duration of the training, and name and contact information of the person providing the training to support the continuing education requirements.
<b>16E – Voluntary Retrofit Residential Structure</b>	– R.S. 47:293(9)(a)(xiii) provides an exclusion for a taxpayer who voluntarily retrofits an existing residential structure on which the homestead exemption is claimed for ad valorem tax purposes, and the structure is not rental property. The exclusion is for 50 percent of the cost paid or incurred on or after January 1, 2007, less the value of any other state, municipal, or federally sponsored financial incentives and is limited to \$5,000 per retrofitted residential structure. To qualify, the voluntary retrofitting must not be a construction, reconstruction, alteration, or repair of an existing residential structure and must comply with the State Uniform Construction Code. See Revenue Information Bulletin 09-007 for more information.
<b>17E – Elementary and Secondary School Tuition</b>	– R.S. 47:297.10 provides a deduction for expenses paid for your qualified dependent's enrollment in a nonpublic elementary or secondary school or any public elementary or secondary laboratory school operated by a public college or university. The dependent must be claimed on your 2020 return or must have been claimed on your 2019 return. To calculate the amount of the deduction, use the 2020 Louisiana School Expense Deduction Worksheet on the back of Schedule E.
<b>18E – Educational Expenses for Home-Schooled Children</b>	– R.S. 47:297.11 provides a deduction for expenses paid for home-schooling your qualified dependent. The dependent must be claimed on your 2020 return or must have been claimed on your 2019 return. To calculate the amount of the deduction, use the 2020 Louisiana School Expense Deduction Worksheet on the back of Schedule E.
<b>19E – Educational Expenses for a Quality Public Education</b>	– R.S. 47:297.12 provides a deduction for expenses paid for a quality

**Instructions for Adjustments to Income, Schedule E ...Continued**

**CODE EXEMPTION DESCRIPTION**

- education for your qualified dependent's enrollment in a public elementary or secondary school. The dependent must be claimed on your 2020 return or must have been claimed on your 2019 return. To calculate the amount of the deduction, use the 2020 Louisiana School Expense Deduction Worksheet on the back of Schedule E.
- 20E – Capital Gain from Sale of Louisiana Business** – R.S. 47:293(9)(a)(xvii) provides a deduction for net capital gains resulting from the sale or exchange of an equity interest; or from the sale or exchange of substantially all of the assets of a nonpublicly traded corporation, partnership, limited liability company, or other organization commercially domiciled in Louisiana. To qualify for the deduction, the taxpayer must have held the business for a minimum of five years immediately prior to the sale or exchange. Attach a copy of your federal return and supporting forms and Form R-6180, *Net Capital Gains Deduction Worksheet*, showing the calculation of the deduction and all tiers of any flow-thru amounts. See Revenue Information Bulletins 10-017 and 16-039 for more information.
- 21E – Employment of Certain Qualified Disabled Individuals** – R.S. 47:297.13 provides a deduction for a taxpayer who provides continuous employment to a qualified individual with a disability within this state. Form R-10605, *Application for Deduction for Employment of Certain Qualified Disabled Individuals*, must be attached to your return.
- 22E – S Bank Shareholder Income Exclusion** – R.S. 47:297.3 provides an exclusion for an S Bank shareholder for the portion of the income reported by an S Bank on Federal Form 1120S, Schedule K-1, or the portion of the income reported by an S Bank on an equivalent document, which is attributable to the net earnings used to compute the S Bank's shares tax as provided in R.S. 47:1967. Attach a copy of Schedule K-1 as documentation for the amount excluded. The exclusion is only allowed if the entity did not make the pass-through entity tax election. This amount should be included in the amount on Schedule E, Line 1.
- 23E – Entity Level Taxes Paid to Other States** – R.S. 47:33(A)(7) provides a deduction for an individual partner, member, or shareholder's proportionate share of an entity-level tax paid to other states that is based solely upon net income included in the entity's federal taxable income without any capital component. The deduction is for the taxpayer's share of the tax paid during 2020 and is limited to the extent that the proportionate share of the related income is or was taxed by Louisiana. The deduction is only allowed if the entity did not make the pass-through entity tax election. Proof of payment to the other state and copy of the returns filed with the other states must be attached to your return.
- 24E – Pass-Through Entity Exclusion** – R.S. 47:297.14 provides for an exclusion for an individual who is a shareholder, member, or partner of an entity that made the pass-through entity tax election under R.S. 47:287.732.2. This election allows S corporations, and other entities taxed as partnerships for federal income tax purposes, to pay Louisiana income tax at the entity level. The entity must have received LDR's approval of the election. The excluded amount is the income that was taxed at the entity level that is included on Federal Form 1040 or 1040-SR. This amount should be included in the amount on Schedule E, Line 1. Do not include income not taxed at the entity level such as interest and dividend income. See Revenue Information Bulletin 19-019 and LAC 61:1.1001(C)(4) for more information. Form 6981, *Louisiana Statement of Owner's Share of Entity Level Tax Items*, must be attached to your return.
- 26E – COVID-19 Educational Expenses** – Act 13 of the 2020 Second Extraordinary Legislative Session provides a deduction for amounts paid from March 13, 2020, through December 31, 2020, for educational coaching services for an in-person facilitator of virtual education delivered by a public or approved nonpublic elementary or secondary school including any public elementary or secondary laboratory school operated by a public college or

**CODE EXEMPTION DESCRIPTION**

- university. The dependent must be claimed on your 2020 return or must have been claimed on your 2019 return. To calculate the amount of the deduction, use Form R-540CEW, *2020 Louisiana COVID-19 Educational Expenses Deduction Worksheet*. Form R-540CEW is available on LDR's website and must be attached to the return.
- 49E – Other** – On a separate schedule, list the source and amount of other income included in Schedule E, Line 1, which Louisiana cannot tax. You must attach copies of supporting documentation in order to verify the exemption claimed on this line. Do not list income earned in another state. Residents of Louisiana are taxed on all income, regardless of where the income was earned. Credit for taxes paid to other states may be deducted on Nonrefundable Priority 1 Credits, Schedule C, Line 1. Nonresidents must use Form IT-540B to determine their Louisiana tax. Part-year residents have the option to file a resident or nonresident return, whichever is more beneficial. Nonresident professional athletes must file Form IT-540B-NRA electronically. Disabled individuals claiming an exemption under R.S. 47:59.1 for making adaptations to their home should use this code to deduct the expenses from their gross income. Persons receiving disability income (R.S. 47:44.1(B)) for a permanent, total disability may exclude up to \$6,000 of annual disability income from their taxable income. See Revenue Ruling 11-001 if you have any Build America Bonds.
- Note:** *Depletion deduction is limited to the amount of federal depletion. Louisiana does not have a provision that allows excess depletion on individual income tax.*
- Line 4H** – Add Lines 4A through 4G.
- Line 4I** – Enter the amount of federal tax applicable to the exempt income shown on Line 4H. If Line 9 on Form IT-540 is greater than zero, complete both options and use the option that results in the **lower** federal tax. You may need to first compute your modified federal income tax deduction for Louisiana purposes if you have taken certain federal credits as a result of Hurricanes Katrina or Rita. See instructions for Line 9.
- Option 1:**
- | If Line 4H is:      | Then enter on Line 4I:                        |
|---------------------|---|
| Less than \$15,000  | -0-   |
| \$15,000 - \$50,000 | 25% of the amount over \$15,000               |
| More than \$50,000  | \$8,750, plus 40% of the amount over \$50,000 |
- Option 2:** Divide Line 4H by Line 1. Carry out two decimal places in the percentage. For example, 48.32 percent. **DO NOT ROUND UP.** The percentage cannot exceed 100 percent. Multiply your total federal tax from Form IT-540, Line 9, by the ratio obtained. If there is no applicable federal tax, enter zero "0."
- Line 4J** – Subtract Line 4I from Line 4H.
- Line 5A** – Subtract Line 4J from Line 3.
- Line 5B** – Enter the amount of your IRC 280C expense adjustment. See Revenue Information Bulletin 06-017 for further details. To substantiate the credit, provide LDR with a copy of Federal Form 3800 that indicates the credit plus the appropriate form for the credit. A shareholder of an S corporation or other pass-through entity should attach a copy of the Schedule K-1 to substantiate the credit if the entity did not make the pass-through entity tax election.
- Line 5C** – Subtract Line 5B from Line 5A. Enter the result here and on Form IT-540, Line 7. Mark an "X" in the box on Form IT-540, Line 7, indicating that Schedule E was used. If the amount is less than zero, enter zero "0."



## Instructions for Refundable Priority 2 Credits, Schedule F

### Refundable Priority 2 Credits, Lines 1 through 5

Refundable credits available for the tax year ending December 31, 2020, are referenced individually by a three-digit code. Please enter the credit description, identifying code and the dollar amount claimed in the appropriate spaces on Lines 1 through 5.

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

Example:

Credit Description	Code	Amount of Credit Claimed
Historic Residential	6 0 F	4 0 0 . 00

**Line 5A** – If you are claiming the School Readiness Child Care Directors and Staff credit (credit code 66F), you must enter the facility license number from Form R-10615, *Louisiana School Readiness Tax Credit For Child Care Director and Staff Member*, on Line 5A. Failure to do so will result in processing delays.

**Transferable, Refundable Priority 2 Credits, Lines 6 through 8**  
Complete Lines 6 through 8 if you are claiming the Musical and Theatrical Production credit. For Lines 6A, 7A, and 8A, enter the LDR State Certification Number from Form R-6135, for the credit claimed on Lines 6, 7, and 8 respectively. See Revenue Information Bulletin 17-008 for claiming a purchased transferable tax credit.

**Line 9** – Add Lines 1 through 8. Also, enter the amount on Form IT-540, Line 17.

CODE	CREDIT DESCRIPTION
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|--|--|
| <p><b>52F</b> – <b>Ad Valorem Offshore Vessels</b> – R.S. 47:6006.1 allows a refundable credit for 100 percent of the ad valorem taxes paid on vessels in Outer Continental Shelf Lands Act Waters. Copies of the tax assessment, the canceled check in payment of the tax, and a completed Form LAT 11A from the Louisiana Tax Commission must be attached to the return. Act 56 of the 2020 Second Extraordinary Legislative Session allows taxpayers who make payment of ad valorem taxes after December 31, 2020 and before April 16, 2021, to elect to treat these payments as having been made on December 31, 2020, for purposes of the credit. Taxpayers making this election must submit a schedule showing the ad valorem tax payments, the actual payment date of each payment and a statement that they elect these taxes to be treated as paid on December 31, 2020.</p>  |  |
| <p><b>54F</b> – <b>Telephone Company Property</b> – R.S. 47:6014 allows a refundable credit for up to 40 percent of the ad valorem taxes paid to Louisiana political subdivisions by a telephone company with respect to that company's public service properties located in Louisiana. The credit may be passed through to individuals who are shareholders or members of certain legal entities. See the Pass-Through Entity Tax Election note under General Information Regarding Tax Credits. See Revenue Information Bulletin 01-004 on LDR's website. A schedule must be attached stating which entity paid the tax and obtained the credit on the individual's behalf. Act 56 of the 2020 Second Extraordinary Legislative Session allows taxpayers who make payment of ad valorem taxes after December 31, 2020 and before April 16, 2021, to elect to treat these payments as having been made on December 31, 2020, for purposes of the credit. Taxpayers making this election must submit a schedule showing the ad valorem tax payments, the actual payment date of each payment and a statement that they elect these taxes to be treated as paid on December 31, 2020.</p> |  |
| <p><b>55F</b> – <b>Prison Industry Enhancement</b> – R.S. 47:6018 allows a refundable credit for 72 percent of the state sales and use tax paid by a taxpayer on purchases of specialty apparel items from a private sector Prison Industry Enhancement (PIE) contractor. Contact LDR for further information regarding this credit.</p>   |  |
| <p><b>57F</b> – <b>Mentor-Protégé</b> – R.S. 47:6027 allows a refundable credit for a mentor business that fulfills the terms of a Mentor-Protégé Agreement as approved by the Louisiana Department of Economic</p>  |  |

- |   |   |
|---|---|
| <p><b>58F</b> – <b>Milk Producers</b> – R.S. 47:6032 allows a refundable credit for a resident taxpayer engaged in the business of producing milk for sale. Those milk producers that have obtained permits under the Louisiana Administrative Code, Title 51, and have met the requirements of the Food and Drug Administration, shall be certified by the Louisiana Department of Health to receive the credit. Revenue Information Bulletin 08-014 provides information regarding the credit.</p>  | <p>Development. A copy of the certification of the credit must be attached to the return.</p> |
| <p><b>59F</b> – <b>Technology Commercialization</b> – R.S. 51:2351 et seq. allows a refundable credit for a qualifying individual or business that invests in the commercialization of Louisiana technology. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.</p>   |   |
| <p><b>60F</b> – <b>Historic Residential</b> – R.S. 47:297.6 allows a refundable credit for the amount of eligible costs and expenses incurred during the rehabilitation of an owner-occupied residential or owner-occupied mixed use structure located in a National Register Historic District, a cultural district, a local historic district, a Main Street District, or a downtown development district. The tax credit is limited to one credit per rehabilitated structure and cannot exceed \$18,500 per structure. Taxpayers must apply to the Louisiana Department of Culture, Recreation, and Tourism, Division of Historic Preservation for certification. A copy of the certification of the credit must be attached to the return.</p> |   |
| <p><b>62F</b> – <b>Musical and Theatrical Production</b> – R.S. 47:6034 allows a refundable credit for the production expenses, transportation costs, employment of college and vocational-technical students, employment of residents, and for the construction, repair, or renovation of facilities related to the live performance industry. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. This credit can only be claimed on Lines 6 through 8.</p>  |   |
| <p><b>65F</b> – <b>School Readiness Child Care Provider</b> – R.S. 47:6105 allows a refundable credit for a child care provider who operates a facility or facilities where care is given to foster children in the custody of the Louisiana Department of Children and Family Services or to children who participate in the Child Care Assistance Program administered by the Louisiana Department of Education (LDE). The credit is based on the average monthly number of children who attended the facility multiplied by an amount based on the quality rating of the child care facility. For more information regarding this credit, contact LDE.</p>   |   |
| <p><b>66F</b> – <b>School Readiness Child Care Directors and Staff</b> – R.S. 47:6106 allows a refundable credit for eligible child care directors and eligible child care staff. You must enter the facility license number from Form R-10615 on Line 5A and attach a copy of Form R-10615 to your return. Failure to do so will result in processing delays. The tax credit is based on certain attained qualifications for directors and staff members. The credit amount is variable and the 2020 amount is posted at <a href="http://www.revenue.louisiana.gov/SchoolReadiness">www.revenue.louisiana.gov/SchoolReadiness</a>. For more information regarding this credit, contact the Louisiana Department of Education.</p>                  |   |
| <p><b>67F</b> – <b>School Readiness Business-Supported Child Care</b> – R.S. 47:6107 allows a refundable credit for a taxpayer who incurs eligible business-supported child care expenses. The percentage of eligible expenses allowed for the credit depends on the quality rating of the child care facility to which the expenses are related or the quality rating of the child care facility that the child attends. Copies of canceled checks and other documentation to support the amount of eligible expenses must be maintained and provided upon request. For more information regarding this credit, contact the Louisiana Department of Education.</p>   |   |
| <p><b>68F</b> – <b>School Readiness Fees and Grants to Resource and Referral Agencies</b> – R.S. 47:6107 allows a refundable credit for a taxpayer whose business pays fees and grants to child care resource and referral agencies. The credit cannot exceed \$5,000 per</p>   |   |

**Instructions for Refundable Priority 2 Credits, Schedule F ...Continued**

CODE	EXEMPTION DESCRIPTION	CODE	EXEMPTION DESCRIPTION
	tax year. For more information regarding this credit, contact the Louisiana Department of Education.		Information Bulletin 12-017 on LDR's website.
<b>70F</b>	<b>Retention and Modernization</b> – R.S. 51:2399.1 et seq. allows a refundable credit for an employer who incurs qualified expenditures to modernize existing operations in Louisiana to retain the business in the state. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.	<b>75F</b>	<b>COVID-19 Pandemic ATC License</b> – Act 60 of the 2020 Second Extraordinary Legislative Session allows a refundable credit for the amount of the 2020 annual state license and permit fees imposed by Alcohol and Tobacco Control (“ATC”) paid by a business such as a bar that is licensed to sell or serve alcoholic beverages for consumption on their premises by paying customers. Complete a separate Form R-90001, <i>COVID-19 Pandemic ATC License Income Tax Credit worksheet</i> , for each location. This worksheet must be attached to each return claiming a share of the credit along with a schedule detailing each individual partner, member, or shareholder's proportionate share.
<b>73F</b>	<b>Digital Interactive Media &amp; Software</b> – R.S. 47:6022 allows a refundable credit to individuals for the investment in businesses specializing in digital interactive media and software. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. See Revenue	<b>80F</b>	<b>Other Refundable Credit</b> – Reserved for future credits.

**General Information about Disaster Relief Credits for Hurricane Katrina or Hurricane Rita**

**Federal Disaster Relief Credits**

Louisiana provides a deduction for federal income taxes paid on Louisiana income. Generally, when the federal income tax liability is decreased by federal credits, the amount of the Louisiana income tax liability increases. R.S. 47:293(4)(b) expands the relief granted to Louisiana taxpayers who claimed certain disaster credits granted for **Hurricane Katrina or Hurricane Rita**. To avoid paying additional income tax, Louisiana taxpayers who received these federal credits may increase the amount of their Louisiana federal income tax deduction by the amount of certain disaster relief credits claimed on the 2020 federal income tax form. Louisiana Administrative Code (LAC) 61:1.601 designated the following federal credits which were earned pursuant to either the Katrina Emergency Tax Relief Act of 2005 or the Gulf Opportunity Zone Act of 2005 as disaster relief credits:

1. Employee Retention Credit
2. Work Opportunity Credit
3. Rehabilitation Tax Credit
4. Employer-Provided Housing Credit
5. Low Income Housing Credit
6. New Markets Tax Credit

For complete information about disaster relief credits, see LAC 61:1.601 on [www.revenue.louisiana.gov/policies](http://www.revenue.louisiana.gov/policies).

Consult your tax advisor or the IRS for information concerning the federal credits. If you claimed federal disaster relief credits on your federal return, complete Schedule H and attach a copy of the appropriate federal forms to your return to substantiate your modified Louisiana federal income tax deduction.

**Instructions for Modified Federal Income Tax Deduction, Schedule H**

**Line 1** – Enter the amount of your federal income tax liability from the Federal Income Tax Deduction worksheet in the instructions.

**Line 2** – Enter the amount of federal disaster relief credits claimed on your federal return. The federal disaster relief credits claimed for this year and allowed by the IRS could be credits that are carried forward from previous years. Attach a copy of your federal return that indicates the amount of the

credit, a copy of Federal Form 3800, and a copy of the appropriate IRS form in order to substantiate the amount of the credit.

**Line 3** – Add the amounts from Lines 1 and 2 and enter the result on Line 3 and on Form IT-540, Line 9. Mark an “X” in the box on Form IT-540, Line 9 to indicate that your income tax deduction has been increased by the amount of federal disaster credits.

**Instructions for Refundable Priority 4 Credits, Schedule I**

**Refundable Priority 4 Credits, Lines 1 through 5**

Additional refundable credits available for the tax year ending December 31, 2020, are referenced individually by a three-digit code. Please enter the credit description, identifying code and the dollar amount claimed in the appropriate spaces on Lines 1 through 5.

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

Example:

Credit Description	Code	Amount of Credit Claimed
Inventory Tax	5 0 F	5 0 0 . 00

**Line 6** – Add Lines 1 through 5. Also, enter the amount on Form IT-540, Line 26.

CODE	CREDIT DESCRIPTION
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**50F** – **Inventory Tax** – You must attach Form R-10610, *Schedule of Ad Valorem Tax Credit Claimed by Manufacturers, Distributors, and Retailers*, to your return. R.S. 47:6006 allows a credit for ad valorem taxes paid to political subdivisions in Louisiana on inventory held by manufacturers, distributors, or retailers. For purposes of the limitations on refundability, members included in a consolidated federal tax return will be treated as one taxpayer. If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable. For businesses formed or first registered to do business in

CODE	CREDIT DESCRIPTION
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Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts of \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable. The inventory tax credit is nonrefundable for taxes paid on inventory by any manufacturer who claimed the property tax exemption under the Industrial Tax Exemption program (ITEP) during the same year the inventory taxes were paid. See Revenue Information Bulletin 20-026 and Form R-10610 for more information on the changes from the 2020 Second Extraordinary Legislative Session.

**51F** – **Ad Valorem Natural Gas** – You must attach Form R-10610 to your return. R.S. 47:6006 allows a credit for ad valorem taxes paid to political subdivisions in Louisiana on natural gas held, used or consumed in providing natural gas storage services or operating natural gas storage facilities. For purposes of the limitations on refundability, members included in a consolidated federal tax return will be treated as one taxpayer. If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable. For businesses formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts of \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable. See Revenue Information Bulletin 20-026 and Form R-10610 for more information on the changes from the 2020 Second Extraordinary Legislative Session.

**Instructions for Nonrefundable Priority 3 Credits, Schedule J**

**Line 1** – If you have claimed a Federal Child Care Credit on Federal Form 1040 or 1040-SR, Schedule 3, Line 2, enter the amount.

**Line 2** – Enter the amount of your 2020 Louisiana Nonrefundable Child Care Credit from the Louisiana Nonrefundable Child Care Credit Worksheet. This worksheet must be attached to your return. **Your Federal Adjusted Gross Income must be greater than \$25,000 to claim this credit.** See the Louisiana Child Care Credit instructions.

**Line 3** – Enter the amount of your Louisiana Nonrefundable Child Care Credit carried forward from 2015 through 2019. The amount of your 2014 Nonrefundable Child Care Credit Carryforward cannot be included in this amount. To determine the carry forward amount, use the Louisiana Nonrefundable Child Care Credit Worksheet.

**Line 4** – Enter the amount of your Louisiana Nonrefundable School Readiness Credit. **Your Federal Adjusted Gross Income must be greater than \$25,000 to claim this credit.** The amount is determined from your Nonrefundable School Readiness Credit Worksheet. This worksheet must be attached to your return. In the boxes under Line 4, enter the number of your qualified dependents who attended the associated star rated facility or facilities.

**Line 5** – Enter the amount of your Louisiana Nonrefundable School Readiness Credit carried forward from 2015 through 2019. The amount of your 2014 Nonrefundable School Readiness Credit Carryforward cannot be included in this amount. To determine the carry forward amount, use the Louisiana Nonrefundable School Readiness Credit Worksheet.

**Additional Nonrefundable Priority 3 Credits, Lines 6 through 11** Additional nonrefundable credits available for the tax year ending December 31, 2020, are referenced individually by a three-digit code. Please enter the credit description, identifying code and the dollar amount claimed in the appropriate spaces on Lines 6 through 11.

**Transferable, Nonrefundable Priority 3 Credits, Lines 12 through 15** Complete Lines 12 through 15 if you are claiming a transferable credit. For Lines 12A, 13A, 14A, and 15A, enter the State Certification Number from Form R-6135 for credits claimed on Lines 12 through 15 respectively. See Revenue Information Bulletin 17-008 for claiming a purchased transferable tax credit.

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

Example:

Credit Description	Code	Amount of Credit Claimed
Inventory Tax Credit Carried Forward	2 1 8	5 0 0 . 00

**Line 16** – Add Lines 2 through 15. Also, enter the amount on Form IT-540, Line 21.

**CODE CREDIT DESCRIPTION**

**200 – Atchafalaya Trace** – R.S. 25:1226.4 provides a credit to certain heritage-based cottage industries that have entered into a contract with the State Board of Commerce and Industry. A copy of the contract must be attached to the return.

**202 – Organ Donation** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your ten (10) year carryover period.

**204 – Household Expense for Physically and Mentally Incapable Persons** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your one (1) year carryover period.

**208 – Previously Unemployed** – This credit was repealed by Act 202 of the 2019 Regular Legislative Session effective December 31, 2018. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your five (5) year carryover period.

**CODE CREDIT DESCRIPTION**

**210 – Recycling Credit** – R.S. 47:6005 provides a credit for the purchase of certain equipment or service contracts related to recycling. The credit must be certified by the Louisiana Department of Environmental Quality and a copy of the certification must be attached to the return.

**212 – Basic Skills Training** – This credit was repealed by Act 202 of the 2019 Regular Legislative Session effective December 31, 2018. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your two (2) year carryover period.

**213 – Donation to School Tuition Organization** – R.S. 47:6301 provides a credit for donations made to a school tuition organization that provides scholarships to qualified students to attend a qualified school. Attach Form R-10604, *Receipt of Donation for Louisiana Tuition Donation Tax Credit*, to your return. See Revenue Information Bulletin 18-024 for more information.

**218 – Inventory Tax Credit Carried Forward and ITEP** – R.S. 47:6006 provides a credit for ad valorem taxes paid to political subdivisions in Louisiana on inventory held by manufacturers, distributors, or retailers. Manufacturers, distributors, or retailers should use this code for the carryforward of unused nonrefundable credits (not current year credit) from 2015 through 2019. Manufacturers who claimed the property tax exemption under the Industrial Tax Exemption program (ITEP) during the same year the inventory taxes were paid and members of their federal consolidated group, should use this code for the carryforward of unused nonrefundable credits from 2015 through 2019 and the current year credit calculated on the 2020 Form R-10610-ITE, *Schedule of Ad Valorem Tax Credit Claimed by ITEP Manufacturers for Ad Valorem Tax Paid on Inventory*, which must be attached to the return. See Revenue Information Bulletin 20-026 and Form R-10610 for more information on the changes from the 2020 Second Extraordinary Legislative Session.

**219 – Ad Valorem Natural Gas Credit Carried Forward** – R.S. 47:6006 provides a credit for ad valorem taxes paid to political subdivisions in Louisiana on natural gas held, used or consumed in providing natural gas storage services or operating natural gas storage facilities. Use this code for the carryforward of unused nonrefundable credits (not current year credit) from 2015 through 2019. See Revenue Information Bulletin 20-026 and Form R-10610 for more information on the changes from the 2020 Second Extraordinary Legislative Session.

**221 – Owner of Accessible and Barrier-free Home** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your five (5) year carryover period.

**223 – QMC Music Job Creation Credit** – R.S. 47:6023 provides a credit to a Qualifying Music Company (QMC) that is a music publisher, sound recording studio, booking agent, or artist management that is engaged directly or indirectly in the production, distribution, and promotion of music. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. The credit is limited to 50 percent of the taxpayer's tax liability.

**224 – New Jobs Credit** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your five (5) year carryover period.

**226 – Refund by Utilities** – R.S. 47:287.664 provides a credit for certain court ordered refunds made by utilities to its customers.

**228 – Eligible Re-entrants** – This credit is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover



**Instructions for Nonrefundable Priority 3 Credits, Schedule J ...Continued**

<b>CODE</b>	<b>CREDIT DESCRIPTION</b>	<b>CODE</b>	<b>CREDIT DESCRIPTION</b>
	amount, use this code to utilize the carryover amount for any years you have remaining in your five (5) year carryover period.		Development to receive certification. A copy of the certification of the credit must be attached to the return. See Revenue Information Bulletin 12-017 on LDR's website. This credit can only be claimed on Lines 12 through 15.
<b>230</b>	<b>Neighborhood Assistance</b> – R.S. 47:35 and R.S. 47:287.753 provide a credit for an entity engaged in the activities of providing neighborhood assistance, job training, education for individuals, community services, or crime prevention in Louisiana. The credit is equal to 50 percent of the amount contributed and cannot exceed \$180,000.	<b>257</b>	<b>Capital Company</b> – R.S. 51:1924 provides a credit for any person who invests in a certified Louisiana Capital Company. This credit must be approved by the Commissioner of the Louisiana Office of Financial Institutions. A copy of the certification must be attached to the return. This credit can only be claimed on Lines 12 through 15.
<b>231</b>	<b>Research and Development</b> – R.S. 47:6015(K) provides a credit for any taxpayer who claims a federal income tax credit under 26 U.S.C. §41(a) for increasing research activities or for a taxpayer who employs fewer than 50 employees and who meets the requirements of R.S. 47:6015(B)(3)(i). Beginning with the 2018 tax year, credits earned based upon participation in the Small Business Technology Transfer program or the Small Business Innovative Research Grant program should be claimed using credit code 252. The credit is obtained through the Louisiana Department of Economic Development and documentation from that agency must be attached to the return. See Revenue Information Bulletin 15-019 on LDR's website.	<b>258</b>	<b>LA Community Development Financial Institution (LCDFI)</b> – R.S. 51:3085 et seq. provides a credit for certain investments in an LCDFI to encourage the expansion of businesses in economically distressed areas. The Louisiana Office of Financial Institutions administers this program. This credit can only be claimed on Lines 12 through 15.
<b>232</b>	<b>Cane River Heritage</b> – R.S. 47:6026 provides a credit for a heritage-based cottage industry located or to be located in the Cane River Heritage Area Development Zone. The taxpayer must enter into a contract with the Louisiana Department of Culture, Recreation, and Tourism, and a copy of the contract must be attached to the return.	<b>259</b>	<b>New Markets</b> – R.S. 47:6016 provides a credit if the taxpayer makes certain qualified low-income community investments, as defined in Section 45D of the Internal Revenue Code. The taxpayer must be certified by the Louisiana Department of Economic Development and approved by LDR. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your carryover period. This credit can only be claimed on Lines 12 through 15.
<b>236</b>	<b>Apprenticeship</b> – R.S. 47:6033 provides a credit to employers for one dollar for each hour of employment of an eligible apprentice, limited to 1,000 hours for each eligible apprentice. An eligible apprentice is a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program or who is enrolled in a training program accredited by the National Center for Construction Education and Research. For more information regarding this credit, contact the Louisiana Workforce Commission.	<b>260</b>	<b>Brownfields Investor Credit</b> – R.S. 47:6021 provides a credit to individuals to encourage the cleanup, redevelopment, and productive reuse of brownfields sites in the state. The credit is obtained through the Louisiana Department of Economic Development and the Louisiana Department of Environmental Quality. This credit can only be claimed on Lines 12 through 15.
<b>238</b>	<b>Ports of Louisiana Investor</b> – R.S. 47:6036(C) provides a credit to individuals to encourage investment in state port facilities in Louisiana. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.	<b>261</b>	<b>Motion Picture Infrastructure</b> – R.S. 47:6007(C)(2) provides a credit for an approved state-certified infrastructure project for a film, video, television, or digital production or postproduction facility. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. See <a href="http://www.revenue.louisiana.gov/CreditCaps">www.revenue.louisiana.gov/CreditCaps</a> for more information. This credit can only be claimed on Lines 12 through 15.
<b>240</b>	<b>Ports of Louisiana Import Export Cargo</b> – R.S. 47:6036(I) provides a credit to individuals to encourage the use of state port facilities in Louisiana. The credit is based on the number of tons of qualified cargo imported and exported from or to manufacturing, fabrication, assembly, distribution, processing, or warehousing facilities located in the state. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.	<b>262</b>	<b>Angel Investor</b> – R.S. 47:6020 provides a credit for taxpayers who make third party investments in certified Louisiana entrepreneurial businesses on or after January 1, 2011. To earn the Angel Investor Credit, taxpayers must file an application with the Louisiana Department of Economic Development. See Revenue Information Bulletin 12-009 on LDR's website. This credit can only be claimed on Lines 12 through 15.
<b>251</b>	<b>Motion Picture Investment</b> – R.S. 47:6007(C)(1) provides a credit for an individual taxpayer residing in Louisiana who invests in a state-certified, motion picture production. Taxpayers taking this credit may attach Form R-10611, <i>Motion Picture Investment Tax Credit Schedule</i> , as documentation for this credit. See <a href="http://www.revenue.louisiana.gov/CreditCaps">www.revenue.louisiana.gov/CreditCaps</a> for more information. This credit can only be claimed on Lines 12 through 15.	<b>299</b>	<b>Other</b> – Reserved for future credits.
<b>252</b>	<b>Research and Development</b> – R.S. 47:6015 provides a credit for any taxpayer who earned the credit based on participation in the Small Business Technology Transfer or the Small Business Innovation Research Grant program. This credit can only be claimed on Lines 12 through 15.	<b>300</b>	<b>Biomed/University Research</b> – R.S. 17:3389 provides a credit to persons who establish research activities either in a Biomedical or a University Research and Development Park. The taxpayer must enter into a contract with the Louisiana Department of Economic Development, and a copy of the contract showing the credit granted must be attached to the return.
<b>253</b>	<b>Historic Structures</b> – R.S. 47:6019 provides a credit if the taxpayer incurs certain expenses during the rehabilitation of a historic structure that is located in a Downtown Development District or cultural district. Refer to Revenue Information Bulletins 14-007 and 14-007A on LDR's website. This credit can only be claimed on Lines 12 through 15.	<b>305</b>	<b>Tax Equalization</b> – R.S. 47:3201 et seq. provides a credit for tax equalization for certain businesses locating in Louisiana. The taxpayer must enter into a contract with the Louisiana Department of Economic Development, and a copy of the contract showing the credit granted must be attached to the return.
<b>254</b>	<b>Digital Interactive Media</b> – R.S. 47:6022 provides a credit to individuals for the investment in businesses specializing in digital interactive media. Use this code for Digital Interactive Media credits earned for expenditures made prior to January 1, 2012. Taxpayers must apply to the Louisiana Department of Economic	<b>310</b>	<b>Manufacturing Establishments</b> – R.S. 47:4301 et seq. provides a credit to certain manufacturing establishments that have entered into a contract with the Louisiana Department of Economic Development. A copy of the contract showing the credit granted must be attached to the return.
		<b>315</b>	<b>Enterprise Zone</b> – R.S. 51:1781 et seq. provides a credit for private sector investments in certain areas that are designated as "Enterprise Zones." The taxpayer must enter into a contract with the Louisiana Department of Economic Development, and a copy of the contract showing the credit granted must be attached to the return.
		<b>399</b>	<b>Other</b> – Reserved for future credits.

**Interest and Penalty Calculation Worksheets**

You will be charged interest and penalties if you do not pay all amounts due on or before the due date.

1. A 2020 calendar year return is due on or before May 15, 2021.
2. Returns for fiscal years are due on or before the 15th day of the fifth month after the close of the taxable year.
3. If the due date falls on a weekend or legal state holiday, the return is due the next business day.

**Important: An extension does not relieve you of your obligation to pay all tax amounts due by the original due date.**

**Interest** – If your income tax is not paid by the due date, you will be charged interest on the unpaid tax until the balance is paid in full. The interest rate is variable and the 2021 interest rate is posted on LDR’s website on Form R-1111, *Interest Rate Schedule - Collected on Unpaid Taxes*. To compute the DAILY INTEREST RATE, multiply the 2021 monthly interest rate by 12 then divide the result by 365 and carry out to seven places to the right of the decimal. Example: Assume the 2021 monthly interest rate is 0.5833 percent, multiply 0.00583 by 12 then divide the result by 365 to get the daily interest rate of 0.0001917.

Interest Calculation Worksheet		
1	Number of days late from the due date	
2	Daily interest rate (See instructions above.)	0. _____
3	Interest rate (Multiply Line 1 by Line 2.)	
4	Amount you owe (Form IT-540, Line 39)	.00
5	Total interest due (Multiply Line 4 by Line 3, and enter the result on Form IT-540, Line 43.)	.00

**Delinquent Filing Penalty** – A delinquent filing penalty will be charged for failure to file a return on or before your due date, or your approved extension date. The penalty is five percent of the tax for each 30 days or fraction thereof during which the failure to file continues. The maximum delinquent filing penalty that can be imposed is 25 percent of the tax due.

Delinquent Filing Penalty Calculation Worksheet		
1	Number of days late from your due date, or your approved extension date	
2	Divide Line 1 by 30 days.	÷30
3	Number of 30-day periods (If fraction of days remain, increase the amount to the nearest whole number.)	
4	30-day penalty percentage	.05
5	Total penalty percentage (Multiply Line 3 by Line 4. The result cannot exceed 25 percent.)	
6	Amount you owe (Form IT-540, Line 39)	.00
7	Total amount of delinquent filing penalty due (Multiply Line 6 by Line 5 and enter the result on Form IT-540, Line 44.)	.00

**Important Notice:** The sum of both the delinquent filing and delinquent payment penalties cannot exceed 25 percent of the tax due. Thirty-day increments are used for the calculation of the delinquent filing and delinquent payment penalties. These penalties are based on the date LDR receives the return or payment. In addition to the delinquent penalties, you may also incur a negligence penalty under R.S. 47:1604.1 if circumstances indicate willful negligence or intentional disregard of rules and regulations.

**Delinquent Payment Penalty** – If you fail to pay the tax due by the due date, a delinquent payment penalty of 0.5 percent of the tax not paid by the due date will accrue for each 30 days, or fraction thereof, during which the failure to pay continues. This penalty cannot exceed 25 percent of the tax due. Use the worksheet below to calculate that penalty.

Delinquent Payment Penalty Calculation Worksheet		
1	Number of days late from the due date	
2	Divide Line 1 by 30 days.	÷30
3	Number of 30-day periods (If fraction of days remain, increase the amount to the nearest whole number.)	
4	30-day penalty percentage	.005
5	Total penalty percentage (Multiply Line 3 by Line 4. The result cannot exceed 25 percent.)	
6	Amount you owe (Form IT-540, Line 39)	.00
7	Total amount of delinquent payment penalty (Multiply Line 6 by Line 5 and enter the result on Form IT-540, Line 45.)	.00

**Underpayment Penalty** – Louisiana imposes an underpayment penalty on an individual’s failure to sufficiently pay income tax throughout the year by withholding or declaration payments. In order to determine if an underpayment penalty is due and to compute the amount of the underpayment penalty, you must complete Form R-210R, *Underpayment of Individual Income Tax Penalty Computation*, and attach the completed form to your return. See Revenue Information Bulletin 04-004 for the definition of farmer for purposes of applying underpayment penalty.

**Line 33** – Although you may have an overpayment, if you failed to sufficiently pay income tax throughout the year, in accordance with R.S. 47:117.1, you may be subject to the underpayment penalty. Complete the 2020 Form R-210R available on LDR’s website and enter the amount from Line 19 on Line 33. Attach the completed Form R-210R to your return. If you are a farmer, mark the box on Line 33.

**Line 46** – If you have a tax deficiency, you may be charged an underpayment penalty. Complete the 2020 Form R-210R and enter the amount from Line 19 on Line 46. Attach the completed Form R-210R to your return. If you are a farmer, mark the box on Line 46.

## Extension of Time for Filing a Return

The Secretary of LDR may grant an extension of time for filing returns not to exceed six months from the date the Louisiana income tax return is due. **Extensions must be filed before the due date of the return.** All extension requests filed by a tax preparer subject to the electronic filing mandate under LAC 61:III.1501 is mandated to be filed electronically under LAC 61:III.2501.

The four options for requesting an extension are as follows:

1. Filing an extension request electronically via LDR's website at [www.revenue.louisiana.gov/fileonline](http://www.revenue.louisiana.gov/fileonline) or [www.revenue.louisiana.gov/extensions](http://www.revenue.louisiana.gov/extensions);
2. Filing an extension request electronically via LDR's IVR phone system by calling 225-922-3270 or 888-829-3071. For an extension

request, select option #3, then select option #1. Taxpayers will need the social security number of the primary account holder to request the extension;

3. Submitting a state extension to LDR by "checking the state extension box" included in the tax preparation software for an electronically-filed return; or
4. Mailing Form R-2868, *Application for Extension of Time to File Louisiana Individual Income Tax Return*, to LDR.

**By requesting an extension, you are only requesting additional time to file your tax return. An extension does not extend the time to pay the tax. Payments received after the due date will be charged interest and penalties.**

## 2020 Louisiana Child Care Credit Instructions

R.S. 47:297.4 allows a state tax credit for child and dependent care expenses allowed by Internal Revenue Code Section 21. The credit is refundable for taxpayers whose Federal Adjusted Gross Income is \$25,000 or less and is nonrefundable for taxpayers whose Federal Adjusted Gross Income is more than \$25,000. Retain copies of canceled checks, receipts and other documentation in order to support the amount of qualifying expenses.

### INCOME EQUAL TO OR LESS THAN \$25,000

Taxpayers whose Federal Adjusted Gross Income is \$25,000 or less are allowed a refundable credit whether or not a federal child care credit has been claimed. In order to claim the Louisiana Refundable Child Care Credit, the taxpayer must comply with the same law and rules of Internal Revenue Code Section 21 that governs the federal child care credit for the 2020 taxable year. Use Lines 1 through 11 of the Louisiana Refundable Child Care Credit Worksheet to compute your refundable credit. See instructions for the worksheet below.

### INCOME GREATER THAN \$25,000

Taxpayers whose Federal Adjusted Gross Income is greater than \$25,000 are allowed a credit against their Louisiana income tax liability for a certain percentage of their federal child care credit. If you are unable to claim the credit in the year in which it is earned, the unused portion of the credit can be used over the next five years. Use Lines 1 through 15 of the 2020 Louisiana Nonrefundable Child Care Credit Worksheet to compute your 2020 nonrefundable credit, and to appropriately claim any carry forward you may have from previous years.

### REFUNDABLE CHILD CARE CREDIT INSTRUCTIONS

1. Your Federal Adjusted Gross Income must be \$25,000 or less to claim a Louisiana refundable child care credit. If you did not file and claim a federal child care credit, you may still file for, and receive, a refundable Louisiana Child Care Credit, if you meet certain criteria. In order to qualify for the Louisiana credit, you must meet the **same tests** for earned income, qualifying dependents, and qualifying expenses as required by the IRS for the federal child care credit.
2. In order to claim your Louisiana Child Care Credit, you must meet the following requirements:
  - A. Your filing status must be single, head of household, qualifying widow(er), or married filing jointly. See item number 3 below for information on married filing separately.
  - B. The care was provided to your dependent child to allow you, and your spouse if married filing jointly, to work or look for work. If you did not find a job and have no earned income for the year, you cannot claim the credit.
  - C. The qualifying child must be under age 13.
  - D. The person who provided the care cannot be your spouse, the parent of the qualifying child, or a person whom you can claim as a depen-

dent. If your child provided the care, he cannot be your dependent and must be age 19 or older by the end of 2020.

3. If your filing status is married filing separately, you will be considered single for purposes of calculating the credit if all of the following apply:
  - A. You lived apart from your spouse during the last 6 months of 2020.
  - B. Your qualifying dependent child lived in your home for more than half of 2020.
  - C. You provided over half the cost of keeping up your home.

If you meet all these requirements and meet the requirements of 2(B), 2(C), and 2(D), you are eligible for the credit.

### DEFINITIONS

**Qualifying Child** – A child under age 13 who can be claimed as a dependent by the taxpayer. If the child turned 13 during the year, the child qualifies for the part of the year he was under age 13.

**Qualified Expenses** – Amounts paid for household services and care of the qualifying person while the taxpayer worked or looked for work. Child support payments are not qualified expenses. Also, expenses reimbursed by a state social service agency are not qualified expenses unless the reimbursement was included in the taxpayer's income. Prepaid expenses are treated as paid in the year the care was provided. Do not include the following as qualified expenses for 2020:

1. Expenses incurred in 2019 but did not pay until 2020.
2. Expenses incurred in 2020 but did not pay until 2021.
3. Expenses prepaid in 2020 for care to be provided in 2021.

**Dependent Care Benefits** – These include amounts your employer paid directly to either you or your care provider for the care of your qualifying child while you worked. Also, dependent care benefits include the fair market value of care in a daycare facility provided or sponsored by your employer and any pre-tax contributions you made under a dependent care flexible spending arrangement (FSA). Your salary may have been reduced to pay for these benefits. If you received dependent care benefits, they should be shown on your 2020 Forms W-2 in box 10.

**Earned Income** – Earned income includes wages, salaries, tips, other taxable employee compensation, and net earnings from self employment. A net loss from self employment reduces earned income. Earned income also includes strike benefits, any disability pay you report as wages, and other taxable compensation. You can elect to include nontaxable combat pay in earned income. Earned income does not include: pensions and annuities, social security payments, workers' compensation, interest, dividends, or unemployment compensation, scholarship or fellowship grants, nontaxable workfare payment, or any amount received for work while an inmate in a penal institution.

For additional definitions, details, and information, see the Internal Revenue Service's Publication 503.



## 2020 Louisiana Nonrefundable School Readiness Credit Worksheet Instructions

R.S. 47:6104 provides a School Readiness Credit in addition to the credit for child care expenses as provided under R.S. 47:297.4. To qualify for this credit, the taxpayer must have Federal Adjusted Gross Income GREATER THAN \$25,000, must have claimed a Louisiana Nonrefundable Child Care Credit, and must have incurred child care expenses for a qualified dependent under age six who attended a child care facility that is participating in the Quality Start Rating program administered by the *Louisiana*

*Department of Education*. The qualifying child care facility must have provided the taxpayer with Form R-10614, *Louisiana School Readiness Tax Credit*, which verifies the facility's name, the facility license number, the LA Revenue Account number, the Quality Rating, and the rating award date. Retain copies of canceled checks, receipts and other documentation in order to support the amount of qualifying expenses.