

WHAT'S NEW FOR LOUISIANA 2018 INDIVIDUAL INCOME TAX?

Consumer Use Tax – Lines 24A and 24B – Under La. R.S. 47:302(K), LDR is required to collect 9 percent tax on out-of-state purchases. Act 1 of the 2018 Third Extraordinary Legislative Session reduced the use tax to 8.45 percent tax on out-of-state purchases made on or after July 1, 2018.

Unidentified Preparer Penalty – Act 525 of the 2018 Regular Legislative Session imposes a penalty on paid preparers who fail to sign or provide the identification number required by R.S. 47:1679 when completing this return. The penalty is \$50 for each occurrence of failing to sign or failing to provide an identification number and cannot exceed \$25,000 during any calendar year.

SCHEDULE C – NONREFUNDABLE PRIORITY 1 CREDITS

Credit for Taxes Paid to Other States – Line 1 – Act 6 of the 2018 Second Extraordinary Legislative Session extended the limitations imposed by Act 109 of the 2015 Regular Legislative Session and limited the credit to 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 18-029. (R.S. 47:33)

Small Town Health Professionals – Code 115 – The Small Town Doctor/Dentist credit was renamed to Small Town Health Professionals credit per changes made in Act 342 of the 2017 Regular Legislative Session. The credit is for certified primary care physicians, dentists, or primary care nurse practitioners licensed to practice in certain areas of Louisiana. Taxpayers must apply to the Louisiana Department of Health (LDH) by November 30, 2018, for eligibility for 2018 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))

Conversion of Vehicle to Alternative Fuel – Code 185 – Act 325 of the 2017 Regular Legislative Session changed the credit to a nonrefundable credit. For purchases of new motor vehicles, the credit is equal to 10 percent of the cost of the qualified clean-burning motor vehicle or \$2,500, whichever is less. For conversions and fueling stations, the credit is equal to 30 percent of the cost of the qualified clean-burning motor vehicle fuel property. See Revenue Information Bulletin 17-016. (R.S. 47:6035) Use credit code 71F on Schedule F to report the Act 125 recovery amount.

SCHEDULE D – DONATION OF REFUND

Taxpayers can donate all or part of their refund to various organizations or funds. The following new organizations appear on Schedule D:

Line 19 – Louisiana Horse Rescue Association

Line 20 – Louisiana Coalition Against Domestic Violence

SCHEDULE E – ADJUSTMENTS TO INCOME

Add Back of Donation to School Tuition Organization Credit – Line 2B – Act 377 of the 2017 Regular Legislative Session 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 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:

- 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; and
- 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 18-029. (R.S. 47:6301(A)(1)(a))

Entity Level Taxes Paid to Other States – Code 23E – Act 6 of the 2018 Second Extraordinary Legislative Session 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 2018 and is limited to the extent that the proportionate share of the related income is or was taxed by Louisiana. See Revenue Information Bulletin 18-029. (R.S. 47:33)

SCHEDULE F – REFUNDABLE PRIORITY 2 CREDITS

School Readiness Child Care Directors and Staff – Code 66F – 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 2018 can be found at www.revenue.louisiana.gov/SchoolReadiness. For more information regarding this credit, contact the Louisiana Department of Education. (R.S. 47:6106)

SCHEDULE J – NONREFUNDABLE PRIORITY 3 CREDITS

Child Care Credit Carried Forward From 2013 through 2017 – 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 2018 tax year, credits from 2013 through 2017 can be applied on Line 3. Any remaining child care credit from 2012 cannot be applied to the 2018 tax liability. (R.S. 47:297.4)

School Readiness Credit Carried Forward From 2013 through 2017 – 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 2018 tax year, credits from 2013 through 2017 can be applied on Line 5. Any remaining credit from 2012 cannot be applied to the 2018 tax liability. (R.S. 47:6104)

Donation to School Tuition Organization – Code 213 – Act 377 of the 2017 Regular Legislative Session changed the School Tuition Organization (STO) rebate to a nonrefundable credit for donations made on or after January 1, 2018 to an STO that provides scholarships to qualified students to attend a qualified school. The credit is limited to tax and unused credits may be carried forward for a period not to exceed three years. The donor must be a taxpayer who is required to file a Louisiana income tax return and if the credit is claimed, no other Louisiana tax benefit is allowed for the same donation. See Revenue Information Bulletin 18-024. (R.S. 47:6301)

Owner of Accessible and Barrier-free Home – Code 221 – Act 270 of the 2017 Regular Legislative Session made changes to the credit for taxpayers who include accessible and barrier-free design elements in the construction of a new one or two family dwelling or the renovation of an existing dwelling of the taxpayer. The credit is for the lesser of \$5,000 or the cost of the construction or renovation, and is taken in the taxable year that the construction or renovation is completed. The total amount of credits granted in any calendar year is limited to \$500,000 and the credits will be granted on a first-come, first-serve basis. See Revenue Information Bulletin 18-027. (R.S. 47:297(P)) Use credit code 145 on Schedule C to report the Act 125 recovery amount.

Research and Development – Code 252 – Act 336 of the 2017 Regular Legislative Session provides that credits earned based on participation in the Small Business Technology Transfer Program or the Small Business Innovation Research Grant program may be sold or transferred to another taxpayer beginning with the 2018 tax year. (R.S. 47:6015)

OTHER

R-6311, Tax Incentives with Job Creation Components

Act 87 of the 2018 Regular Legislative Session requires additional annual reporting of tax credits that include a job creation component by LDR. These credits are: Employment of Certain First Time Drug Offenders, Employment of First Time Nonviolent Offenders, Employment of Previously Unemployed, Hiring Eligible Re-entrants, New Jobs, and Credit for Certain Federal Tax Credits - Federal Work Opportunity Credit. All taxpayers claiming these credits will need to report the number of employees hired qualifying for the credit and the number of those that had a Louisiana driver's license at the time that they were hired on Form R-6311. This form should be completed by the entity or person that earned the credit and must be attached to the return being filed by the taxpayer claiming the credit.

VISIT THESE LDR WEBSITES:

- www.revenue.louisiana.gov/taxforms for forms and instructions.
- www.revenue.louisiana.gov/individuals for tax information.
- www.revenue.louisiana.gov/fileonline for free filing options.
- www.revenue.louisiana.gov/latap for free payment options.

General Information for Filing Your 2018 Louisiana Resident Individual Income Tax Return



- Use black ink only.
- Free internet filing is available for most Louisiana taxpayers at www.revenue.louisiana.gov/fileonline.
- See the inside back cover for What's New for 2018.

WHO MUST FILE A RETURN

1. If you are a Louisiana resident who is required to file a federal individual income tax return, you must file a Louisiana income tax return reporting all income earned in 2018.
2. You must file a return to obtain a refund or credit if you overpaid your tax through withholding, declaration of estimated tax, credit carried forward, or by claiming a 2018 refundable child care credit, or a Louisiana earned income credit.
3. If you are **not required to file a federal return** but had Louisiana income tax withheld in 2018, **you must file a return to claim a refund of the amount withheld**. Refer to the IRS requirements for filing in order to determine if you must file a federal return. For additional information, see the NOTE on page 2.
4. Military – If you are military personnel whose home of record is Louisiana and you meet the filing requirements of 1 or 2 above, you must file a return and report all of your income, regardless of where you were stationed. If you are single, you should file Form IT-540, *Louisiana Resident Individual Income Tax Return*, reporting all of your income to Louisiana. If you are married and both you and your spouse are residents of Louisiana, you should file Form IT-540 reporting all of your income to Louisiana.

Any military personnel whose domicile is NOT Louisiana must report any non-military Louisiana sourced income on Form IT-540B, *Louisiana Nonresident Individual Income Tax Return*. The federal Military Spouses Residency Relief Act has extended certain residency protections to spouses of military members. Under this Act, a spouse's state of residence does not change when he or she moves to a new state to be with a servicemember who is under military orders to be in the new state. A spouse who is NOT a resident of Louisiana but is in Louisiana solely to be with a Louisiana stationed servicemember who is NOT a resident of Louisiana must report all Louisiana sourced income other than wages, interest, or dividends, on Form IT-540B. Income earned within or derived from Louisiana sources such as rents, royalties, estates, trusts, or partnerships is taxable to Louisiana. See Revenue Information Bulletin 10-005 for more information.

If you are married and one of you is not a resident of Louisiana, you may file as a resident (Form IT-540) or a nonresident (Form IT-540B), whichever is more beneficial to you and your spouse. Resident taxpayers are allowed a credit for income tax paid to another state on nonmilitary income or on income earned by your spouse if that income is included on the Louisiana return. Use Nonrefundable Priority 1 Credits, Schedule C, Line 1 to report taxes paid to another state.

Louisiana residents who are members of the armed services and were stationed out-of-state for 120 or more consecutive days on active duty may be entitled to an exemption of up to \$30,000 of military income. See the instructions for Schedule E, page 7, Code 10E.

5. Professional Athletes – Louisiana Administrative Code (LAC) 61:III.1527 requires all professional athletes that participate in athletic events within Louisiana to file all tax returns, including extension requests, electronically. Nonresident professional athletes must file Form IT-540B-NRA, *Louisiana Nonresident Professional Athlete Individual Income Tax Return*, electronically.
6. A temporary absence from Louisiana does not automatically change your domicile for income tax purposes. You must confirm your intention to change your domicile to another state by actions taken to establish a new domicile outside of Louisiana and by actions taken to abandon the Louisiana domicile and its privileges. Examples of establishing a domicile include registering to vote, registering and titling vehicles, obtaining a driver's license, changing children's school of attendance, obtaining a homestead exemption, or any other actions that show intent to establish a new domicile outside of Louisiana. These are intended as examples and do not necessarily indicate a change in domicile. You are considered to be a Louisiana resident if you continue to maintain a residence in Louisiana while working in another state. Use Nonrefundable Priority 1 Credits, Schedule C, Line 1 to report taxes paid to another state.
7. Surviving Spouses, Executors, Administrators, or Legal Representatives – A final return for a decedent must be filed if you are the surviving spouse, executor, administrator, or legal representative, and the decedent met the filing requirements at the date of death. If both conditions apply, mark the decedent box on the face of the return for the appropriate taxpayer and attach a copy of the death certificate. If a refund is due to the decedent's estate, survivor, etc., you must also complete and attach Form R-6642, *Statement of Claimant to Refund Due on Behalf of Deceased Taxpayer*.

FORMS

Forms and instructions are on the Louisiana Department of Revenue (LDR) website, www.revenue.louisiana.gov/taxforms.

AMENDED RETURNS

If you file your income tax return and later become aware of any changes you must make to income, deductions, exemptions, or credits, you must file an amended (corrected) Louisiana return. You must use the correct form for the tax year being amended, mark an "X" in the "Amended Return" box on the face of the return, include an explanation of the change and a copy of the federal amended return, Federal Form 1040X, if one was filed. If you are amending your income tax return due to utilizing a Net Operating Loss (NOL) carryback, you must mark an "X" in the "Amended Return" box and also in the "NOL Carryback" box on the face of the return, include an explanation of the change and a copy of the federal amended return, Federal Form 1040X, if one was filed.

NOTE: Do not make any adjustments for refunds received or for payments made with the original return. This information is already on file.

FEDERAL TAX ADJUSTMENTS

Louisiana Revised Statute (R.S.) 47:103(C) requires taxpayers whose federal returns are adjusted to furnish a statement disclosing the nature and amounts of the adjustments within 60 days after the adjustments have been made and accepted. This statement must accompany the amended state return.

WHEN TO FILE

1. A 2018 calendar year return is due on or before May 15, 2019.
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.

WHERE TO FILE AND PAY TAX

Enter your legal name and Social Security Number on your return and any correspondence. **NOTE:** On a joint return, list the names and the Social Security Numbers on Form IT-540 in the same order that you listed them on your federal return.

A return for which a payment is due must be mailed to P.O. Box 3550, Baton Rouge, LA 70821-3550. **Print the last four digits of your Social Security Number on your check or money order. DO NOT SEND CASH. An electronic payment option is available on the LDR website at www.revenue.louisiana.gov/latap.**

You can also pay your taxes by credit card over the internet or by telephone. Visit www.officialpayments.com or call 1.888.2PAY TAX (1.888.272.9829).



All other individual income tax returns must be mailed to P.O. Box 3440, Baton Rouge, LA 70821-3440.

EXTENSION OF TIME FOR FILING A RETURN

The Secretary of the Louisiana Department of Revenue may grant an extension of time for filing returns not to exceed six months from the date the Louisiana income tax return is due. **State extensions must be filed electronically before the due date of the return.** An extension can be requested on the LDR website at www.revenue.louisiana.gov/fileonline. See page 13 for more options.

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.

INSTALLMENT REQUEST

If you are unable to pay the balance in full by the due date, you may submit an installment request using Form R-19026, *Installment Request for Individual Income*, which is available on LDR website. You may also submit the request by accessing your account at www.revenue.louisiana.gov/latap. There is a fee of \$105 to establish a standard installment payment agreement.

INTEREST AND PENALTIES

See Interest and Penalty Calculation Worksheet on page 13.

KEEP YOUR RECORDS

You should keep copies of federal and state tax returns and W-2 statements for four years. In most cases, you do not have to submit a copy of your federal return with your state return unless requested by LDR. If you have completed Schedule H to claim federal disaster relief credits, submit the specified forms as indicated in the instructions.

CONSUMER EXCISE TAX RETURN

Louisiana imposes an excise tax on tobacco products and alcoholic beverages. If you purchased any of these products on the internet or through the mail, you are required to pay the excise tax on those products. You must use Form R-5629, *Consumer Excise Tax Return*, to report and pay the tax due on these products.

Instructions for Preparing Your 2018 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 **2018** 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. 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. 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.

2015 LEGISLATION RECOVERY – Mark an "X" in the box if you are claiming any of the recoveries allowed under Acts 109 and 125 of the 2015 Regular Legislative Session. See the instructions for Schedules C, F, and J and Revenue Information Bulletin 17-018 for more information.

NOTE: If you are not required to file a federal return, but had Louisiana income tax withheld in 2018, 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, you must show the name of the qualifying person in the space provided, if the person is not a dependent. If you file as Qualifying Widow(er), you must show the name of the qualifying child in the space on Line 4, if the child is not a 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 dependents, 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, Line 7. If your Federal Adjusted Gross Income is less than zero, enter "0."

The following residents should use Schedule E to determine their Louisiana Adjusted Gross Income:

1. Residents with exempt income such as interest on U.S. government obligations and public employee retirement systems.
2. Residents with recapture of START contributions.
3. Residents with interest income from obligations of other states and their political subdivisions.
4. Residents age 65 years or older with annual retirement income taxable to Louisiana.
5. Residents who are active duty military and have served 120 or more consecutive days out-of-state during the calendar year.
6. Residents who have paid school tuition, home-schooled educational expenses, or public school educational expenses for qualified dependents.

Mark an "X" in the box on Line 7 if the amount from Schedule E, Line 5C, is used. 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 2018 federal return.

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, Schedule A, Line 17.

Line 8B – If you itemized your deductions on your federal return and your filing status is 1 or 3, enter \$12,000; 2 or 5, enter \$24,000; 4, enter \$18,000.

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.

Optional Deduction – The federal income tax deduction calculated on the worksheet may be increased by the amount of foreign tax credit claimed on Federal Form 1040, Schedule 3, Line 48. If taking the deduction, add the foreign tax credit amount from Federal Form 1040, Schedule 3, Line 48 to the tax from Federal Form 1040, Line 13 and enter on Line 1 below. Mark an "X" in box 1 on Line 9 to indicate the additional deduction is claimed. However, no special allowable credit may be claimed on Louisiana Nonrefundable Priority 1 Credits, Schedule C, Line 4.

Federal Income Tax Deduction Worksheet	
1 Enter the tax from Federal Form 1040, Line 13.	\$ _____
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.	\$ _____
If amount is negative, enter a zero.	

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 9.

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 Credit from the 2018 Louisiana Refundable Child Care Credit Worksheet, page 17, 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 instructions on page 14.

Line 14A – Enter the amount from the 2018 Louisiana Refundable Child Care Credit Worksheet, page 17, Line 3.

Line 14B – Enter the amount from the 2018 Louisiana Refundable Child Care Credit Worksheet, page 17, Line 6.

Line 15 – Enter the amount of your 2018 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 on page 18. 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 3.5 percent of your Federal EIC. See the Louisiana Earned Income Credit Worksheet, page 18.

Line 17 – Enter the amount of the Louisiana Citizens Property Insurance assessment that was included in your homeowner’s insurance premium on Line 17A. Multiply the amount by 25 percent (.25) and enter the result on Line 17. A copy of the declaration page from your premium notice must be attached to your return. For additional information regarding this credit, visit www.revenue.louisiana.gov/citizens.

Mark an “X” in the “2015 Legislation Recovery” box on the face of the return if you are claiming the recovery allowed under Act 125 of the 2015 Regular Legislative Session. Section 7 of Act 125 allows a recovery of the credit amount reduced by the Act if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to May 15, 2015. You must attach Form R-6410, *2015 Legislation Recovery Worksheet*, to your return to show the calculation of the recovery. Include the 2018 recovery amount in the amount claimed on Line 17.

Line 18 – Enter the amount of the Other Refundable Priority 2 Credits from Form IT-540, Schedule F, Line 10.

Line 19 – Add Lines 14, and 15 through 18. Do not include amounts on Lines 14A, 14B, and 17A.

Line 20 – If Line 13 is greater than Line 19, subtract Line 19 from Line 13. Also, enter a zero “0” on Line 21 and go to Line 22. Otherwise, enter a zero “0” on Line 20 and go to Line 21.

Line 21 – If Line 19 is greater than Line 13, subtract Line 13 from Line 19.

Line 22 – 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 20.

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 23 – Subtract Line 22 from Line 20. If less than zero, enter zero “0”.

Lines 24A and 24B – During 2018, 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 2018 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 25 – Add Lines 23, 24A, and 24B.

Line 26 – Enter the amount from Line 21, if applicable.

Line 27 – Enter the amount of the Refundable Priority 4 Credits from Form IT-540, Schedule I, Line 6.

Line 28 – Enter the amount of Louisiana income tax withheld in 2018. You must attach copies of all W-2 and 1099 forms that indicate tax was withheld.

Line 29 – Enter the amount of any credit carried forward from 2017. This amount is shown on your 2017 Form IT-540, Line 38, or IT-540B, Line 39.

Line 30 – Enter the total amount of estimated payments you made for the 2018 tax year.

Line 31 – Enter the amount of the payment made with your 2018 extension request.

Line 32 – Add Lines 26 through 31.

Line 33 – Overpayment – If Line 32 is greater than Line 25, subtract Line 25 from Line 32. **Your overpayment may be reduced by the Underpayment of Estimated Tax Penalty.** If Line 32 is equal to Line 25, enter a zero on Lines 33 through 40 and go to Line 41. If Line 32 is less than Line 25, enter a zero on Lines 33 through 39 and go to Line 40.

Line 34 – See instructions for Underpayment Penalty, page 13.

Line 35 – If Line 33 is greater than Line 34, subtract Line 34 from Line 33 and enter the balance on Line 35. If Line 34 is greater than Line 33, enter zero “0”, subtract Line 33 from Line 34, and enter the balance on Line 40.

Line 36 – You may donate all or part of your overpayment (Line 35) to various organizations or funds listed on Schedule D, Lines 2 through 20. Enter the amount from Schedule D, Line 21. This amount cannot be greater than Line 35.

Line 37 – Subtract Line 36 from Line 35. This amount of overpayment is available for credit or refund.

Line 38 – Enter the amount of available overpayment shown on Line 37 that you wish to credit to 2019.

Line 39 – Subtract Line 38 from Line 37. 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.

Consumer Use Tax Worksheet

Under La. R.S. 47:302(K), LDR is required to collect a 9 percent tax on out-of-state purchases made before July 1, 2018, and 8.45 percent tax on out-of-state purchases made on or after July 1, 2018. These rates (which includes 4 percent to be distributed by LDR to local governments) are 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.

Purchases made before July 1, 2018		Purchases made on or after July 1, 2018	
1	Taxable Purchases	4	Taxable Purchases
2	Tax Rate	5	Tax Rate
			.0845
3	Total use tax due – Multiply Line 1 by Line 2 and enter result on Form IT-540, Line 24A.	6	Total use tax due – Multiply Line 4 by Line 5 and enter result on Form IT-540, Line 24B.

Instructions for Preparing Your 2018 Louisiana Resident Income Tax Return ...Continued

Line 40 – If Line 25 is greater than Line 32, subtract Line 32 from Line 25. If you entered an amount from Line 35 as the result of an underpayment penalty exceeding an overpayment, complete Lines 41 through 43, enter zero “0” on Lines 44 through 47, and go to Line 48.

Lines 41 through 43 – You may make a donation to the funds listed on Lines 41 through 43. 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.

Line 44 – Interest is charged on all tax amounts not paid by the due date. Enter the amount from the Interest Calculation Worksheet, page 13, Line 5.

Line 45 – If you fail to file your tax return by the due date – on or before May 15, 2019, 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, page 13, Line 7.

Line 46 – If you fail to pay the tax due by the due date – on or before May 15, 2019, for calendar year filers, you may be charged a delinquent payment penalty. Enter the amount from the Delinquent Payment Penalty Calculation Worksheet, page 13, Line 7.

Line 47 – See instructions for Underpayment Penalty, page 13.

Line 48 – Add Lines 40 through 47. You may make an electronic payment at 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.officialpayments.com or call 1-888-2PAY-TAX (1-888-272-9829).



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 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.

Instructions for Nonrefundable Priority 1 Credits, Schedule C

2015 LEGISLATION RECOVERY – Mark an “X” in the “2015 Legislation Recovery” box on the face of the return if you are claiming any of the recoveries allowed under Acts 109 and 125 of the 2015 Regular Legislative Session. Section 3(C) of Act 109 and Section 7 of Act 125 allow a recovery of the credit amount reduced by the Acts if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to May 15, 2015.

You must attach Form R-6410 to your return to show the calculation of the recoveries. Include the 2018 recovery amount in the amount claimed on Schedule C for the appropriate credit. This amount could be in addition to any credits earned for the 2018 tax year.

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 both of the following conditions are met:

- The other state provides a similar credit for Louisiana income taxes paid on income derived from property located in, or from services rendered in, or from business transacted in Louisiana.
- The other state does not allow a nonresident a credit against the income taxes imposed by that state for taxes paid or payable to the state of residence.

Act 6 of the 2018 2nd Extraordinary Session limited the credit to 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, whichever is less. See Revenue Information Bulletin 16-052 for information on qualifying states and Revenue Information Bulletin 18-029 for information on how to determine the amount of the credit. A copy of the returns filed with the other states must be attached to your return.

Line 1A – Enter the total from Form R-10606, *Supplemental Worksheet for Credit for Taxes Paid to Other States*, Column 8, Line 15.

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

Line 2 – A credit of \$72 is allowed for the taxpayer, spouse, or dependent who is deaf, has lost the use of a limb, is mentally incapacitated, or is blind (R.S. 47:297(A)). Only one credit is allowed per person. The disability must exist at the end of the taxable year or, if death occurred during the taxable year, at the date of death. If you are claiming this credit for the first time, a physician’s statement is required certifying the disability. For purposes of this credit:

- DEAF** is defined as one who cannot understand speech through auditory means alone (even with the use of amplified sound) and must either use visual means or rely on other means of communication.
- LOSS OF LIMB** is defined as one who has lost one or both hands, at or above the wrist, or one or both feet, at or above the ankle. This credit also applies if use of the limb or limbs has been lost permanently.
- MENTALLY INCAPACITATED** is defined as one who is incapable of caring for himself, or of performing routine daily health requirements, due to his condition.
- BLIND** is defined as one who is totally blind or whose central field of acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is limited to a field no greater than 20 degrees.

The names of the qualifying dependents must be entered on Line 2C. On Line 2D, enter the total number of qualifying individuals. Multiply Line 2D by \$72 and enter the result on Line 2E.

Line 3 – Taxpayers who donate a computer or other technological equipment to educational institutions in Louisiana are allowed a credit of 29 percent of the value of the property donated (R.S. 47:37). The recipient certifies the donation of property by using Form R-3400, *Certification of Donation or Contribution of Property of a Sophisticated and Technological Nature*, available on LDR’s website. You must attach the completed certification form to your return. On Line 3A, enter the value of the property donated to an educational institution in Louisiana. Multiply

the amount on Line 3A by 29 percent and enter the result on Line 3B. Round to the nearest dollar.

Line 4 – Taxpayers are allowed a credit of 7 percent of the following federal credits: a credit for the elderly computed on Federal Schedule R; a foreign tax credit found on Federal Form 1040, Schedule 3, Line 48; a residential energy credit found on Federal Form 1040, Schedule 3, Line 53; plus 7 percent of any investment tax credit or jobs credit computed on Federal Form 3800 (R.S. 47:297(B)). If the credit was not used on the federal return because of the alternative minimum tax, you must reduce this amount by the portion of the credit that was not used. Enter the total federal credit on Line 4A. Multiply Line 4A by 7 percent and enter the result or \$18, whichever is less, on Line 4B.

Additional Nonrefundable Priority 1 Credits, Lines 5 through 8
Additional nonrefundable credits available for the tax year ending December 31, 2018, 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 5 through 8.

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
Bone Marrow	120	500.00

Line 9 – Add Lines 1B, 2E, 3B, 4B, and 5 through 8. Also, enter the amount on Form IT-540, Line 12.

CODE	CREDIT DESCRIPTION
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- 099 – Education Credit Act 125 Recovery** – Section 7 of Act 125 of the 2015 Regular Legislative Session provides a recovery of the credit amount reduced by the Act if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to May 15, 2015. Use this credit code to report one-third of the education credit reduced on your 2014 return. Attach Form R-6410 to your return. See Revenue Information Bulletin 17-018 for more information.
- 100 – Premium Tax** – 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 to individuals through certain legal entities such as partnerships. A schedule must be attached listing the entities that paid the premium tax and generated the credit on behalf of the individual.
- 105 – Commercial Fishing** – R.S. 47:297(C) provides a credit for 72 percent of the gasoline and special fuels taxes paid for operating or propelling any commercial fishing boat. Attach a schedule listing all invoices and taxes paid. Do not claim the credit if you have already received a fuel tax refund.
- 110 – Family Responsibility** – R.S. 47:297(F) provides a credit for the amount contributed in a family responsibility program under the provisions of R.S. 46:449. The amount of this credit is equal to 24 percent of the contribution, not to exceed \$144.
- 115 – Small Town Health Professionals** – R.S. 47:297(H) provides a credit for certified primary care physicians, dentists, or primary care nurse practitioners licensed to practice in certain areas of Louisiana. Taxpayers must apply to the Louisiana Department of Health (LDH) by November 30, 2018, for eligibility for 2018 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:l.1915.
- 120 – Bone Marrow** – R.S. 47:297(I) 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 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.

CODE	CREDIT DESCRIPTION
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- 125 – Law Enforcement Education** – R.S. 47:297(J) provides a credit for certain law enforcement officers and specified employees of the Louisiana Departments of Public Safety or Corrections for 72 percent of specific post-secondary educational expenses incurred in the pursuit of an undergraduate degree related to law enforcement. The credit is limited to \$540.
- 130 – First Time Drug Offenders** – R.S. 47:297(K) provides a credit for a taxpayer who provides full-time employment to an individual who has been convicted of a first time drug offense, who is less than 25 years of age at the time of initial employment, has completed a court-ordered program certified by the employee's probation officer, and has worked 180 days. The credit is equal to \$144 per eligible employee. A statement signed by both the employer and employee certifying the employee's full-time work status for the year and Form R-6311, *Tax Incentives with Job Creation Components*, must be attached to the return.
- 135 – Bulletproof Vest** – R.S. 47:297(L) provides a credit for the purchase of a bulletproof vest for certain law enforcement personnel. The amount of this credit is equal to 72 percent of the purchase price, not to exceed \$72.
- 140 – Nonviolent Offenders** – R.S. 47:297(O) provides a credit for a taxpayer who provides full-time employment to an individual who has been convicted of a first-time nonviolent offense, has completed a court-ordered program certified by the employee's probation officer, and has worked 180 days. A statement signed by both the employer and employee certifying the employee's full-time work status for the year and Form R-6311 must be attached to the return.
- 145 – Owner of Newly Constructed Accessible Home Act 125 Recovery** – Section 7 of Act 125 of the 2015 Regular Legislative Session provides a recovery of the credit amount reduced by the Act if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to May 15, 2015. Use this credit code to report one-third of the owner of newly constructed accessible home credit reduced on your 2014 return. Attach Form R-6410 to your return. See Revenue Information Bulletin 17-018 for more information. To claim a current year credit, use credit code 221 on Schedule J.
- 150 – Qualified Playgrounds** – 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, goods, or services donated. For more information on this credit, see Revenue Ruling 02-020 posted on LDR's website.
- 155 – Debt Issuance** – 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.
- 175 – Donations of Materials, Equipment, Advisors, or Instructors Act 125 Recovery** – Section 7 of Act 125 of the 2015 Regular Legislative Session provides a recovery of the credit amount reduced by the Act if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to May 15, 2015. Use this credit code to report one-third of the donations of materials, equipment, advisors, or instructors credit reduced on your 2014 return. Attach Form R-6410 to your return. See Revenue Information Bulletin 17-018 for more information.
- 185 – Conversion of Vehicle to Alternative Fuel** – 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.
- 199 – Other** – Reserved for future credits.

Instructions for Donations, Schedule D

Line 1 – Enter the amount of adjusted overpayment from Form IT-540, Line 35.

Line 2 – 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.

Line 3 – 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 www.coastal.louisiana.gov.

Line 4 – 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 www.startsavings.la.gov to enroll. All contributions of your overpayment will be equally distributed among the account holder's beneficiaries.

Line 5 – 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.

Line 6 – You may donate all or part of your adjusted overpayment to the Louisiana Cancer and Lung Trust Fund (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.

Line 7 – 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 www.louisianapetoverpopulation.org.

Line 8 – 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 www.lafba.org.

Line 9 – 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 www.texgulf.wish.org.

Line 10 – 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 www.louisiana211.org.

Line 11 – You may donate all or part of your adjusted overpayment to the American Red Cross. For more information, visit www.redcross.org.

Line 12 – 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.

Line 13 – 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.

Line 14 – 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.

Line 15 – You may donate all or part of your adjusted overpayment to the American Rose Society. For more information, visit www.rose.org.

Line 16 – You may donate all or part of your adjusted overpayment to the Extra Mile, Southeast Louisiana, Inc. to enhance and enrich the quality of life for all persons served by human service agencies. For more information, visit www.temsela.org.

Line 17 – You may donate all or part of your adjusted overpayment to the Louisiana Naval War Memorial Commission. This commission is responsible for the operation and upkeep of the U.S.S. KIDD Veterans Memorial.

Line 18 – 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 www.emergela.org.

Line 19 – 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 www.louisianahorserescue.com

Line 20 – 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 www.lcadv.org.

Line 21 – Add Lines 2 through 20. This amount cannot be more than Line 1. Also, enter this amount on Form IT-540, Line 36.

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, Line 7. 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 2 – 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 2A – Enter any previously exempted Louisiana Student Tuition Assistance and Revenue Trust (START) contributions that were refunded to you during 2018 by the Louisiana Office of Student Financial Aid.

Line 2B – 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 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; 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 on for more information.

Line 3 – Add Lines 1, 2, 2A, and 2B. 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 of Credit Claimed
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. |

CODE EXEMPTION DESCRIPTION

- 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.
- 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.
- 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.
- 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, Line 4b. 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 below.

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 below.

Worksheet for Code 06E	Taxpayer	Spouse
1. Enter retirement income you received and reported on Federal Form 1040, Line 4b. 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, Line 5b.
- 08E – Native American Income** – Louisiana Administrative Code 61:1.1303 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 indi-

CODE EXEMPTION DESCRIPTION

- vidual 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, 2018, you went on active duty and continuously remained on active duty at least through May 14, 2018, (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 that establish your 120 plus consecutive days of active duty with your 2018 return. If filing electronically, bring a copy of your orders including endorsements to your tax preparer.
- 11E – Road Home** – 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.
- 13E – Recreation Volunteer** – 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.
- 14E – Volunteer Firefighter** – 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.

CODE EXEMPTION DESCRIPTION

- 16E – Voluntary Retrofit Residential Structure** – 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.
- 17E – Elementary and Secondary School Tuition** – 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 2018 return or must have been claimed on your 2017 return. To calculate the amount of the deduction, use the 2018 Louisiana School Expense Deduction Worksheet on the back of Schedule E.
- 18E – Educational Expenses for Home-Schooled Children** – R.S. 47:297.11 provides a deduction for expenses paid for home-schooling your qualified dependent. The dependent must be claimed on your 2018 return or must have been claimed on your 2017 return. To calculate the amount of the deduction, use the 2018 Louisiana School Expense Deduction Worksheet on the back of Schedule E.
- 19E – Educational Expenses for a Quality Public Education** – R.S. 47:297.12 provides a deduction for expenses paid for a quality education for your qualified dependent's enrollment in a public elementary or secondary school. The dependent must be claimed on your 2018 return or must have been claimed on your 2017 return. To calculate the amount of the deduction, use the 2018 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. 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

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- 2018 and is limited to the extent that the proportionate share of the related income is or was taxed by Louisiana. See Revenue Information Bulletin 18-029 for more information and the documentation required to be attached to your 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 on page 2.
- 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 entities should attach a copy of Schedule K-1 to substantiate the credit.
- 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

2015 LEGISLATION RECOVERY – Mark an “X” in the “2015 Legislation Recovery” box on the face of the return if you are claiming any of the recoveries allowed under Act 125 of the 2015 Regular Legislative Session. Section 7 of Act 125 allows a recovery of the credit amount reduced by the Act if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to May 15, 2015.

You must attach Form R-6410 to your return to show the calculation of the recoveries. Include the 2018 recovery amount in the amount claimed on Schedule F for the appropriate credit. This amount could be in addition to any credits earned for the 2018 tax year.

Line 1 – R.S. 47:297.9 allows a refundable credit for 72 percent of the amount paid by an active or reserve military servicemember, the spouse of an active or reserve military servicemember, or the dependent of such servicemember for obtaining a Louisiana noncommercial hunting or fishing license. A copy of the noncommercial hunting and/or fishing license must be submitted to LDR in order to claim the credit. Complete all information requested in Lines 1A through 1C. Multiply the amount paid by 72 percent (.72) and enter on Line 1D. The credit for the license is valid only during the time the servicemember is on active duty and does not apply to purchases of lifetime licenses. Please contact LDR for more information concerning this credit.

Additional Refundable Priority 2 Credits, Lines 2 through 6
Additional refundable credits available for the tax year ending December 31, 2018, 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 6.

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	400.00

Transferable, Refundable Priority 2 Credits, Lines 7 through 9
Complete Lines 7 through 9 if you are claiming the Musical and Theatrical Productions credit. For Lines 7A, 8A, and 9A, enter the LDR State Certification Number from Form R-6135, for the credit claimed on Lines 7, 8, and 9 respectively. See Revenue Information Bulletin 17-008 for claiming a purchased transferable tax credit.

Line 10 – Add Lines 1D, and 2 through 9. Also, enter the amount on Form IT-540, Line 18.

CODE CREDIT DESCRIPTION

- 52F – Ad Valorem Offshore Vessels** – 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.
- 54F – Telephone Company Property** – 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 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.
- 55F – Prison Industry Enhancement** – 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.
- 57F – Mentor-Protégé** – 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 Development. A copy of the certification of the credit must be attached to the return.
- 58F – Milk Producers** – 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

CODE CREDIT DESCRIPTION

- to receive the credit. Revenue Information Bulletin 08-014 provides information regarding the credit.
- 59F – Technology Commercialization** – 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.
- 60F – Historic Residential** – 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.
- 62F – Musical and Theatrical Productions** – 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.
- 65F – School Readiness Child Care Provider** – 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.
- 66F – School Readiness Child Care Directors and Staff** – R.S. 47:6106 allows a refundable credit for eligible child care directors and eligible child care staff. The tax credit is based on certain attained qualifications for directors and staff members. The credit amount is variable and the 2018 amount is posted at www.revenue.louisiana.gov/SchoolReadiness. For more information regarding this credit, contact the Louisiana Department of Education.
- 67F – School Readiness Business-Supported Child Care** – 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.
- 68F – School Readiness Fees and Grants to Resource and Referral Agencies** – 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 tax year. For more information regarding this credit, contact the Louisiana Department of Education.
- 70F – Retention and Modernization** – 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.
- 71F – Conversion of Vehicle to Alternative Fuel Act 125 Recovery**
Section 7 of Act 125 of the 2015 Regular Legislative Session provides a recovery of the credit amount reduced by the Act if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to May 15, 2015. Use this credit code to report one-third of the conversion of vehicle to alternative fuel credit reduced on your 2014 return. Attach Form R-6410 to your return. See Revenue Information Bulletin 17-018 for more information. To claim a current year credit, use credit code 185 on Schedule C.

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

CODE	CREDIT DESCRIPTION	CODE	CREDIT DESCRIPTION
73F	Digital Interactive Media & Software – 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 Information Bulletin 12-017 on LDR’s website.
		80F	Other Refundable Credit – 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 2018 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.

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 on page 2.

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 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 box 2 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, 2018, 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	50F	500.00

Line 6 – Add Lines 1 through 5. Also, enter the amount on Form IT-540, Line 27.

CODE CREDIT DESCRIPTION

50F – Inventory Tax – You must use Form R-10610, *Schedule of Ad Valorem Tax Credit Claimed by Manufacturers, Distributors, and Retailers*, to calculate the amount of credit you can claim. 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

CODE CREDIT DESCRIPTION

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. 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.

51F – Ad Valorem Natural Gas – You must use Form R-10610 to calculate the amount of credit you can claim. 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 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.

Instructions for Nonrefundable Priority 3 Credits, Schedule J

2015 LEGISLATION RECOVERY – Mark an “X” in the “2015 Legislation Recovery” box on the face of the return if you are claiming any of the recoveries allowed under Act 125 of the 2015 Regular Legislative Session. Section 7 of Act 125 allows a recovery of the credit amount reduced by the Act if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to May 15, 2015.

You must attach Form R-6410 to your return to show the calculation of the recoveries. Include the 2018 recovery amount in the amount claimed on Schedule J for the appropriate credit. This amount could be in addition to any credits earned for the 2018 tax year or carry forwards being

utilized this year.

Line 1 – If you have claimed a Federal Child Care Credit on Federal Form 1040, Schedule 3, Line 49, enter the amount.

Line 2 – Enter the amount of your 2018 Louisiana Nonrefundable Child Care Credit from the Louisiana Nonrefundable Child Care Credit Worksheet on page 15. **Your Federal Adjusted Gross Income must be greater than \$25,000 to claim this credit.** See instructions on page 14.

Line 3 – Enter the amount of your Louisiana Nonrefundable Child Care Credit carried forward from 2013 through 2017. The amount of your 2012 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 on page 15.

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 on page 16. 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 2013 through 2017. The amount of your 2012 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 on page 16.

Additional Nonrefundable Priority 3 Credits, Lines 6 through 11 Additional nonrefundable credits available for the tax year ending December 31, 2018, 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
New Jobs Credit	224	500.00

Line 16 – Add Lines 2 through 15. Also, enter the amount on Form IT-540, Line 22.

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 – R.S. 47:297(N) provides a credit to offset certain expenses incurred by an individual or spouse for a living organ donation.
204	Household Expense for Physically and Mentally Incapable Persons – R.S. 47:297.2 provides a credit for a person who maintains a household that includes one or more dependents who are physically or mentally incapable of caring for themselves. The credit is for the applicable percentage of employment related expenses allowable pursuant to Section 21 of the Internal Revenue Code.
208	Previously Unemployed – R.S. 47:6004 provides a credit for hiring a previously unemployed person who participates in the Family Independence Work Program in a newly created full-time job. A notarized statement from qualifying employee(s) certifying that they meet the qualifications for the credit and Form R-6311 must be attached to the return.
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 – R.S. 47:6009 provides a credit for employers who pay for training to bring employees' reading, writing, or mathematical skills to at least the 12th grade level. The credit cannot exceed \$180 per participating employee and cannot exceed \$21,600 for the tax year.
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

CODE	CREDIT DESCRIPTION
	a qualified school. Attach Form R-10604, <i>Receipt of Donation for Louisiana Tuition Donation Tax Credit</i> , 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 2014 through 2017. 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 2014 through 2017 and the current year credit calculated on the 2018 Form R-10610-ITE, <i>Schedule of Ad Valorem Tax Credit Claimed by ITEP Manufacturers for Ad Valorem Tax Paid on Inventory</i> .
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 2014 through 2017.
221	Owner of Accessible and Barrier-free Home – R.S. 47:297(P) provides a credit for a taxpayer who includes accessible and barrier-free design elements in the construction of a new one or two family dwelling or in the renovation of an existing dwelling of the taxpayer. The credit is for the lesser of \$5,000 or the cost of the construction or renovation, and is taken in the taxable year that the construction or renovation is completed. Form R-1089, <i>Owner of Accessible and Barrier-Free Home Tax Credit for Individuals</i> , must be attached to your return as documentation for this credit. See Revenue Information Bulletin 18-027 on LDR's website.
224	New Jobs Credit – R.S. 47:34 and R.S. 47:287.749 provide a credit to employers who establish or expand a business in the state. You must attach Form R-6311 and a schedule that includes the calculation of the credit; the name, address, and Social Security Number of each new employee; highest number of full-time and qualified part-time employees during the previous year; highest number of full-time and part-time employees during the current year; number of new employees hired for new jobs created during this taxable year; and amount of credit carried forward from the previous year.
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 – R.S. 47:287.748 provides a credit to a taxpayer who employs an eligible re-entrant in Louisiana. An eligible re-entrant is defined as a person who has been convicted of a felony and who has successfully completed the Intensive Incarceration Program, as provided in R.S. 15:574.4. A list of eligible re-entrants and documentation to verify they have completed the Intensive Incarceration Program along with Form R-6311 must be attached to the return.
230	Neighborhood Assistance – 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.
231	Research and Development – 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.

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

CODE	CREDIT DESCRIPTION	CODE	CREDIT DESCRIPTION
232	Cane River Heritage – 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.		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. Information on the program investment limits are posted as Revenue Information Bulletins on LDR's website. This credit can only be claimed on Lines 12 through 15.
236	Apprenticeship – 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 apprenticeship 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.	260	Brownfields Investor Credit – 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.
238	Ports of Louisiana Investor – 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.	261	Motion Picture Infrastructure – 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 post-production 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 Revenue Information Bulletin 17-019, and www.revenue.louisiana.gov/CreditCaps for more information. This credit can only be claimed on Lines 12 through 15.
240	Ports of Louisiana Import Export Cargo – 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.	262	Angel Investor – 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.
251	Motion Picture Investment – 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 Revenue Information Bulletin 17-019 and www.revenue.louisiana.gov/CreditCaps for more information. This credit can only be claimed on Lines 12 through 15.	299	Other – Reserved for future credits.
252	Research and Development – R.S. 47:6015 provides a credit for any taxpayer who claims a federal income tax credit under 26 U.S.C. §41(a) for increasing research activities. Use this code for Research and Development credits earned for expenditures made in tax years beginning before January 1, 2009. Also, use this code for credits earned based on participation in the Small Business Technology Transfer or the Small Business Innovation Research Grant program beginning with the 2018 tax year. This credit can only be claimed on Lines 12 through 15.	300	Biomed/University Research – 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.
253	Historic Structures – 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.	305	Tax Equalization – 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.
254	Digital Interactive Media – 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 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.	310	Manufacturing Establishments – 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.
257	Capital Company – 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.	315	Enterprise Zone – 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.
258	LA Community Development Financial Institution (LCDFI) – 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.	399	Other – Reserved for future credits.
259	New Markets – R.S. 47:6016 provides a credit if the taxpayer makes certain qualified low-income community investments, as		

Interest and Penalty Calculation Worksheets

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

1. A 2018 calendar year return is due on or before May 15, 2019.
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 2019 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 2019 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 2019 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 40)	.00
5	Total interest due (Multiply Line 4 by Line 3, and enter the result on Form IT-540, Line 44.)	.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 40)	.00
7	Total amount of delinquent filing penalty due (Multiply Line 6 by Line 5 and enter the result on Form IT-540, Line 45.)	.00

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. 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 or 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;

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 40)	.00
7	Total amount of delinquent payment penalty (Multiply Line 6 by Line 5 and enter the result on Form IT-540, Line 46.)	.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 34 – 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 2018 Form R-210R available on LDR’s website and enter the amount from Line 19 on Line 34. Attach the completed Form R-210R to your return. If you are a farmer, mark the box on Line 34.

Line 47 – If you have a tax deficiency, you may be charged an underpayment penalty. Complete the 2018 Form R-210R and enter the amount from Line 19 on Line 47. Attach the completed Form R-210R to your return. If you are a farmer, mark the box on Line 47.

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-2867, *Transmittal of Federal Extension Request for Louisiana Individual Income Tax Return*, along with a copy of your federal paper extension or a copy of the receipt for an electronically-filed federal extension to the address on Form R-2867.

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.

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.

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 2018 taxable year. Use Lines 1 through 11 of the Louisiana Refundable Child Care Credit Worksheet on page 17 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 2018 Louisiana Nonrefundable Child Care Credit Worksheet on page 15 to compute your 2018 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 dependent. If your child provided the care, he cannot be your dependent and must be age 19 or older by the end of 2018.

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 2018.
 - B. Your qualifying dependent child lived in your home for more than half of 2018.
 - 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 2018:

1. Expenses incurred in 2017 but did not pay until 2018.
2. Expenses incurred in 2018 but did not pay until 2019.
3. Expenses prepaid in 2018 for care to be provided in 2019.

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 2018 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.

X DO NOT ATTACH THIS WORKSHEET TO YOUR RETURN.

2018 Louisiana Nonrefundable Child Care Credit Worksheet (For use with Form IT-540)												
1	Enter Federal Child Care Credit from Federal Form 1040, Schedule 3, Line 49.	1		.00								
1A	Enter the applicable percentage from the chart shown below. <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Federal Adjusted Gross Income</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>\$25,001 – \$35,000</td> <td>30% (.30)</td> </tr> <tr> <td>\$35,001 – \$60,000</td> <td>10% (.10)</td> </tr> <tr> <td>over \$60,000</td> <td>10% (.10)</td> </tr> </tbody> </table>	Federal Adjusted Gross Income	Percentage	\$25,001 – \$35,000	30% (.30)	\$35,001 – \$60,000	10% (.10)	over \$60,000	10% (.10)	1A	X . _____	
Federal Adjusted Gross Income	Percentage											
\$25,001 – \$35,000	30% (.30)											
\$35,001 – \$60,000	10% (.10)											
over \$60,000	10% (.10)											
2	Multiply your Federal Child Care Credit shown on Line 1 by the percentage shown on Line 1A. If your Federal Adjusted Gross Income is less than or equal to \$60,000 , this is your available Nonrefundable Child Care Credit for 2018. Proceed to Line 3.	2		.00								
2A	Important! If your Federal Adjusted Gross Income is greater than \$60,000 , the amount on Line 2 is limited to the LESSER of \$25.00, or 10 percent of the federal credit. If Line 2 is greater than \$25.00, enter \$25 here. This is your available Nonrefundable Child Care Credit for 2018.	2A		.00								
3	Enter the amount of Louisiana income tax from Form IT-540, Line 20.	3		.00								
4	If Line 3 is less than or equal to zero, your entire Child Care Credit for 2018 (Line 2 or 2A above) will be carried forward to 2019. Also, any available carryforward from 2013 through 2017 will be carried forward to 2019. If Line 3 above is less than or equal to zero, enter zero "0" on Form IT-540, Schedule J, Lines 2 and 3. Stop here; you are finished with the worksheet.	4										
Use Lines 5 through 8 to determine the amount of Nonrefundable Child Care Credit Carryforward from 2013 through 2017 utilized for 2018.												
5	If Line 3 above is greater than zero, enter the amount from Line 3.	5		.00								
6	Enter the amount of any Child Care Credit Carryforward from 2013 through 2017.	6		.00								
7	Subtract Line 6 from Line 5.	7		.00								
8	If Line 7 is less than or equal to zero, the amount of Child Care Credit Carryforward used for 2018 is equal to Line 5 above. Enter the amount from Line 5 above on Form IT-540, Schedule J, Line 3. If Line 7 is less than zero, subtract Line 5 from Line 6 and enter the result here. This amount is your unused Child Care Credit Carryforward from 2013 through 2017 that can be carried forward to 2019. Also, your entire Child Care Credit for 2018 (Line 2 or 2A above) will be carried forward to 2019. Stop here; you are finished with the worksheet.	8		.00								
Use Lines 9 through 13 to determine the amount of Child Care Credit Carryforward utilized from 2013 through 2017 plus any amount of your 2018 Child Care Credit.												
9	If Line 7 above is greater than zero, enter the amount of carryforward shown on Line 6 above on Form IT-540, Schedule J, Line 3.	9										
10	If Line 7 above is greater than zero, enter the amount from Line 7.	10		.00								
11	Enter the amount of your 2018 Child Care Credit (Line 2 or Line 2A above).	11		.00								
12	Subtract Line 11 from Line 10.	12		.00								
13	If Line 12 is greater than or equal to zero, your entire Child Care Credit for 2018 (Line 2 or 2A above) has been utilized. Enter the amount from Line 11 above on Form IT-540, Schedule J, Line 2. Stop here; you are finished with the worksheet.	13										
Use Line 14 to determine what amount of your 2018 Child Care Credit you can claim.												
14	If Line 12 above is less than zero, the amount on Line 10 above is the amount of your 2018 Child Care Credit. Enter the amount from Line 10 above on Form IT-540, Schedule J, Line 2.	14										
Use Line 15 to determine the amount of your 2018 Child Care Credit to be carried forward to 2019.												
15	If Line 12 above is less than zero, subtract Line 10 from Line 11 to compute your Child Care Carryforward to 2019. Enter the result here and keep this amount for your records.	15		.00								

2018 Louisiana Nonrefundable School Readiness Credit Worksheet (For use with Form IT-540)

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.

1	Enter the amount of 2018 Louisiana Nonrefundable Child Care Credit found on the Louisiana Nonrefundable Child Care Credit Worksheet on either Line 2 or Line 2A.	1		.00
2	Using the star rating of the child care facility that your qualified dependent attended during 2018, shown on Form R-10614, enter the number of your qualified dependents under age six who attended a: Five Star Facility _____ and multiply the number by 2.0 (i) _____ Four Star Facility _____ and multiply the number by 1.5 (ii) _____ Three Star Facility _____ and multiply the number by 1.0 (iii) _____ Two Star Facility _____ and multiply the number by .50 (iv) _____ On Form IT-540, Schedule J, Line 4 enter in the boxes designated for 5, 4, 3, or 2 the number of your qualified dependents as shown above for the associated star rated facility.			
3	Add lines (i) through (iv) and enter the result. Be sure to include the decimal.	3	X _____	
4	Multiply Line 1 by the total on Line 3. If the number results in a decimal, round to the nearest dollar and enter the result here. This is your available Nonrefundable School Readiness Credit for 2018.	4		.00
5	Enter the amount from Form IT-540, Line 20.	5		.00
6	Add the amounts of Nonrefundable credits from Form IT-540, Schedule J, Lines 2 and 3.	6		.00
7	Subtract Line 6 from Line 5.	7		.00
8	If Line 7 is less than or equal to zero, your entire School Readiness Credit for 2018 (Line 4) will be carried forward to 2019. Also, any available carryforward from 2013 through 2017 will be carried forward to 2019. If Line 7 above is less than or equal to zero, enter zero "0" on Form IT-540, Schedule J, Lines 4 and 5. Stop here; you are finished with the worksheet.			
Use Lines 9 through 12 to determine the amount of Nonrefundable School Readiness Credit Carryforward from 2013 through 2017 utilized for 2018.				
9	If Line 7 above is greater than zero, enter the amount from Line 7.	9		.00
10	Enter the amount of any School Readiness Credit Carryforward from 2013 through 2017.	10		.00
11	Subtract Line 10 from Line 9.	11		.00
12	If Line 11 is less than or equal to zero, the amount of School Readiness Credit Carryforward used for 2018 is equal to Line 9. Enter the amount from Line 9 on Form IT-540, Schedule J, Line 5. If Line 11 is less than zero, subtract Line 9 from Line 10 and enter the result here. This amount is your unused School Readiness Credit Carryforward from 2013 through 2017 that can be carried forward to 2019. Also, your entire School Readiness Credit for 2018 (Line 4) will be carried forward to 2019. Stop here; you are finished with the worksheet.	12		.00
Use Lines 13 through 17 to determine the amount of School Readiness Credit Carryforward utilized from 2013 through 2017 plus any amount of your 2018 School Readiness Credit.				
13	If Line 11 above is greater than zero, enter the amount of carryforward shown on Line 10 above on Form IT-540, Schedule J, Line 5.			
14	If Line 11 is greater than zero, enter the amount from Line 11.	14		.00
15	Enter the amount of your 2018 School Readiness Credit (Line 4).	15		.00
16	Subtract Line 15 from Line 14.	16		.00
17	If Line 16 is greater than or equal to zero, your entire School Readiness Credit for 2018 (Line 4) has been utilized. Enter the amount from Line 15 on Form IT-540, Schedule J, Line 4. Stop here; you are finished with the worksheet.			
Use Line 18 to determine what amount of your 2018 School Readiness Credit you can claim.				
18	If Line 16 is less than zero, the amount on Line 14 is the amount of your 2018 School Readiness Credit. Enter the amount from Line 14 above on Form IT-540, Schedule J, Line 4.			
Use Line 19 to determine the amount of your 2018 School Readiness Credit to be carried forward to 2019.				
19	If Line 16 is less than zero, subtract Line 14 from Line 15 to compute your School Readiness Carryforward to 2019. Enter the result here and keep this amount for your records.	19		.00