

IMPORTANT!

Act 23 of the 2016 First Extraordinary Session changed the order in which credits are applied to tax. Because of this change, credits have been moved and there are 2 new schedules for credits. The new order, and the associated lines or schedules are:

1. Nonrefundable credits that have no carry forward provisions (Line 12 and Schedule C – Nonrefundable Priority 1 credits)
2. All refundable credits other than the credit provided for in R.S. 47:6006 (Lines 15 through 18 and Schedule F – Refundable Priority 2 Credits)
3. Nonrefundable credits with a carry forward (Schedule J – Nonrefundable Priority 3 Credits)
4. Refundable Credits provided in R.S. 47:6006 (Schedule I - Refundable Priority 4 Credits)
5. Withholding, credit carried forward of overpayments, estimated payments and payments made with extension.

Address Change – The “address change” box was added to the face of the return.

Louisiana Citizens Insurance Credit – Line 18 – Act 9 of the 2016 Second Extraordinary Session has reduced the credit to 25 percent of the amount of surcharges, market equalization charges, or assessments paid by a taxpayer during the taxable year. (R.S. 47:6025)

Consumer Use Tax – Lines 25A and 25B – Under La. R.S. 47:302(K), LDR is required to collect 8 percent tax on out of state purchases. Act 26 of the 2016 First Extraordinary Session increased the use tax to 9 percent tax on out of state purchases made on or after April 1, 2016.

Refund Options – Line 40 – If this is your first time filing a tax return and a refund is due, Option 2 (paper check) should be selected.

SCHEDULE D – DONATION OF REFUND

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

- Line 19 – Friends of Palmetto State Park**
- Line 20 – The American Rose Society**
- Line 21 – The Extra Mile**
- Line 22 – Louisiana Naval War Memorial Commission, U.S.S. KIDD**
- Line 23 – Children’s Therapeutic Services at the Emerge Center**

SCHEDULE E – ADJUSTMENTS TO INCOME

Capital Gain from the Sale of Louisiana Business Deduction – 20E – Act 11 of the 2016 Second Extraordinary Session amended R.S.47:293(9)(a)(xvii) to change the capital gain deduction calculation. The provisions will only apply to the sale or exchange of an equity interest in or the assets of a nonpublicly traded business that the taxpayer has held for a minimum of 5 years immediately prior to the sale or exchange that occur on or after June 28, 2016. The amount of the deduction is limited as follows:

- If domiciled in Louisiana 5 years but less than 10 years, the deduction is 50 percent.
- If domiciled in Louisiana 10 years but less than 15 years, the deduction is 60 percent.
- If domiciled in Louisiana 15 years but less than 20 years, the deduction is 70 percent.
- If domiciled in Louisiana 20 years but less than 25 years, the deduction is 80 percent.
- If domiciled in Louisiana 25 years but less than 30 years, the deduction is 90 percent.
- If domiciled in Louisiana 30 years or greater, the deduction is 100 percent.

SCHEDULE F – REFUNDABLE PRIORITY 2 CREDITS

Solar Energy Systems- Purchased – The maximum amount of credits allowed for purchased solar energy systems for fiscal years ending 2017 and 2018 has been met. The credit is no longer available to be claimed on the 2016 return and thus, has been removed.

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 2016 is posted at www.qrs.louisiana.org/child-care-staff/tax-credit-requirements. For more information regarding this credit, contact the Louisiana Department of Education (LDE). (R.S. 47:6106)

SCHEDULE I – REFUNDABLE PRIORITY 4 CREDITS

Inventory Tax Credit – Code 50F – Act 4 of the 2016 Second Extraordinary Session changed the limitation on the amount of the excess credit over tax that is refunded, and required that groups of affiliated companies be treated as one taxpayer for purposes of the limitations on refundability, for the credit claimed on returns filed on

or after July 1, 2016. Except for new business entities formed or first registered to do business in Louisiana after April 15, 2016, Act 4 deemed that if the total amount eligible for the credit is less than or equal to \$500,000, 100% of any excess credit is refundable, and for total eligible amounts above \$500,000, 75% of any excess credit up to a maximum of \$750,000 is refundable. For new business entities formed or first registered to do business in Louisiana after April 15, 2016, Act 4 deemed that if the total amount eligible for the credit is less than \$10,000, 100% of any excess credit is refundable, and for total eligible amounts \$10,000 or more, 75% of any excess credit up to a maximum of \$750,000 is refundable. Act 5 of the 2016 Second Extraordinary Session changed the inventory tax credit to a nonrefundable credit 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, and for taxes paid by any company related to such manufacturer on inventory that is related to the business of such manufacturer.

Definition of Inventory – Act 415 of the 2015 Regular Session enacted a definition of “inventory”, for purposes of this credit, to mean items of tangible personal property that are held exclusively for sale in the ordinary course of business, in the process of production for subsequent sale, or to physically to become a part of the production of such goods. Act 415 also enacted listings of specific items that are included and not included in inventory. In addition to items that are clearly included by the enacted definition, the following items are included in inventory: used goods or trade-in merchandise; by-products of a manufacturer; and raw materials and supplies that will be consumed in the Louisiana manufacturing process. Not included in inventory are: oil stored in tanks held by a producer prior to the first sale of the oil; items that have been leased by the taxpayer; items that the taxpayer has depreciated for federal income tax purposes; items that have been used by the taxpayer and have been owned for more than eighteen months; and certain items stored in the state for use in interstate commerce.

Ad Valorem Natural Gas Credit – 51F – Act 4 of the 2016 Second Extraordinary Session changed the limitation on the amount of the excess credit over tax that is refunded, and required that groups of affiliated companies be treated as one taxpayer for purposes of the limitations on refundability, for the credit claimed on returns filed on or after July 1, 2016. Except for new business entities formed or first registered to do business in Louisiana after April 15, 2016, Act 4 deemed that if the total amount eligible for the credit is less than or equal to \$500,000, 100% of any excess credit is refundable, and for total eligible amounts above \$500,000, 75% of any excess credit up to a maximum of \$750,000 is refundable. For new business entities formed or first registered to do business in Louisiana after April 15, 2016, Act 4 deemed that if the total amount eligible for the credit is less than \$10,000, 100% of any excess credit is refundable, and for total eligible amounts \$10,000 or more, 75% of any excess credit up to a maximum of \$750,000 is refundable.

SCHEDULE J – NONREFUNDABLE PRIORITY 3 CREDITS

Child Care Credit Carried Forward From 2012 through 2015 – 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 four years. For the 2016 tax year, credits from 2012 through 2015 can be applied on Line 3. Any remaining child care credit from 2011 can not be applied to the 2016 tax liability. (R.S. 47:297.4)

School Readiness Credit Carried Forward From 2012 through 2015 – 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 four years. For the 2016 tax year, credits from 2012 through 2015 can be applied on Line 5. Any remaining credit from 2011 can not be applied to the 2016 tax liability. (R.S. 47:6104)

Inventory Tax Credit Carried Forward and ITEP – Code 218 – Use this code for the current year credit and carryforward of credit deemed nonrefundable by Act 5 of the 2016 Second Extraordinary Session (ITEP), and for carryforward of credit (not current year credit) deemed nonrefundable by Act 133 of the 2015 Regular Session and by Act 4 of the 2016 Second Extraordinary Session. Act 4 of the 2016 Second Extraordinary Session changed the limitation on the amount of the excess credit over tax that is refunded, and required that groups of affiliated companies be treated as one taxpayer for purposes of the limitations on refundability, for the credit claimed on returns filed on or after July 1, 2016. Act 5 of the 2016 Second Extraordinary Session changed the inventory tax credit to a nonrefundable credit 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, and taxes paid any company related to such manufacturer for taxes paid on inventory that is related to the business of such manufacturer.

Ad Valorem Natural Gas Credit Carried Forward – Code 219 – Use this code for carryforward of credit (not current year credit) deemed nonrefundable by Act 133 of the 2015 Regular Session and by Act 4 of the 2016 Second Extraordinary Session. Act 4 of the 2016 Second Extraordinary Session changed the limitation on the amount of the excess credit over tax that is refunded, and required that groups of affiliated companies be treated as one taxpayer for purposes of the limitations on refundability, for the credit claimed on returns filed on or after July 1, 2016.