

RULE

**Department of Revenue
Policy Services Division**

0110#028

Cynthia Bridges
Secretary

Inventory Tax Credit (LAC 61:I.1902)

Under the authority of R.S. 47:6006 and R.S. 47:1511 and in accordance with the provisions of the Administrative Procedure Act, R.S. 47:950 et seq., the Department of Revenue, Policy Services Division, has adopted LAC 61:I.1902 relative to the application of inventory tax credits to different business associations.

Act 153 of the 1991 Regular Session of the Louisiana Legislature enacted R.S. 47:6005 to allow a credit against the corporate and personal income taxes and the corporation franchise tax for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers. The section was redesignated as R.S. 47:6006 pursuant to the statutory revision authority of the Louisiana State Law Institute. This rule clarifies the application of inventory tax credits to different business associations.

Title 61

REVENUE AND TAXATION

**Part I. Taxes Collected and Administered
by the Secretary of Revenue**

Chapter 19. Miscellaneous Tax Exemptions

§ 1902. Inventory Tax Credits

A. Tax Credits for Local Inventory Taxes Paid. R.S. 47:6006 allows a credit for ad valorem taxes paid to local governments on inventory held by manufacturers, distributors, and retailers.

B. Application to Corporations. All entities taxed as corporations for Louisiana income or corporation franchise tax purposes shall claim any credit allowable for inventory taxes paid by them on their corporation income and corporation franchise tax return. This includes, but is not limited to:

1. S corporations;
2. partnerships taxed as corporations for income tax purposes;
3. limited liability companies (LLC's) taxed as corporations for income tax purposes.

C. Application to Individuals, Estates, and Trusts

1. All individuals shall claim on their individual income tax returns any credit allowable for inventory taxes paid by them.

2. Estates or trusts shall claim on their fiduciary income tax returns any credit allowable for inventory taxes paid by them.

D. Application to Partnerships. Any credit allowable for inventory taxes paid by partnerships not taxed as corporations shall be claimed on the returns of the partners as follows.

1. Corporation partners shall claim the credit on their corporation income or corporation franchise tax returns.
2. Individual partners shall claim the credit on their individual income tax returns.
3. Partners that are estates or trusts shall claim the credit on their fiduciary income tax returns.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6006 and R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 27:0000 (October 2001).