

**Revenue Information Bulletin 01-003
January 20, 2002
Personal Income Tax**

**Compensation from Personal Services Rendered in Louisiana
by Nonresidents**

According to Louisiana Revised Statute 47:290, a tax is levied on all nonresident individuals who have income earned within or derived from sources in Louisiana. *Nonresident* means any individual not domiciled, residing in, or having a permanent place of abode in Louisiana. Income from sources within Louisiana includes compensation for personal services rendered within this state. Nonresident individuals include actors, musicians, performers, professional athletes, associated support personnel, and any other individual with income from Louisiana sources who is required to file a federal individual income tax return.

The method used to apportion the nonresident’s total compensation for personal services performed in Louisiana depends on how the compensation is earned. The table below provides the appropriate apportionment calculations.

Nonresident compensation	Calculation
Compensation of salaried employee with constant rate of pay	(total compensation) X (LA working days/total working days)
Compensation based on volume of business	(total compensation) X (LA volume of business/total volume of business)
Compensation for continuous employment in Louisiana for part of year	total compensation for period employed in LA
Compensation from transportation services - hourly, daily, weekly, or monthly basis	(total compensation) X (LA working days/total working days)
Compensation from transportation services - mileage basis	(total compensation) X (LA mileage/total mileage)
Compensation of nonresident entertainers and athletes who are not members of a professional athletic team	(gross amount for services performed in LA) – (ordinary and necessary business expenses directly attributable to income earned in Louisiana + pro rata share of indirect business expenses)
Compensation of nonresident athletes who are members of a professional athletic team	(total compensation) X (LA duty days/total duty days)

If nonresidents can demonstrate that the calculations provided do not fairly and equitably apportion a nonresident’s compensation, the nonresident may submit a proposal for an alternative method. Nonresident service providers need to keep adequate records to substantiate their determination or to permit a determination by the Department.

Nonresident service providers should file a Louisiana Nonresident and Part-year Resident Return, Form IT-540B. Those nonresident service providers who are professional athletes should file Form IT-540B-NRA. However, a team may file a composite return on a professional athlete’s behalf if the

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athlete is a member of a professional athletic team and not a resident of Louisiana. Members of a professional athletic team include employees who are active players, players on the disabled list, and all other persons required to travel and who travel with and perform services on behalf of a professional athletic team on a regular basis such as coaches, managers, and trainers. A professional athletic team can include, but is not limited to, any professional baseball, basketball, football, soccer, or hockey team.

A team can file a composite return even if a member of the team is a resident of Louisiana. However, the resident member cannot be included in the composite return and must file a Louisiana Resident Individual Income Tax Form (IT-540). Nonresidents who are included in a properly filed and accurate team composite return, and who have no Louisiana income other than compensation for services rendered as a member of that professional athletic team, will be deemed to have filed a Louisiana individual income tax return. However, nonresidents with any other Louisiana source income are not relieved of the responsibility of filing any other required Louisiana tax return but may use any payment made by the team on their behalf as a credit against their individual income tax liability.

Act 1203 of the 2001 Regular Legislative Session enacted La. R.S. 39:99, which creates a fund in the state treasury called the Sports Facility Assistance Fund (Fund). Each year, the treasurer must pay into the Fund an amount equal to the income tax collected by Louisiana from nonresident professional athletes and professional sports franchises on income earned in Louisiana. In order to accurately attribute to the Fund the income tax collected from nonresident professional athletes and professional sports franchises, the Department requires that nonresident professional athletes or professional sports franchises filing a Louisiana income tax return, including a team composite return, include the following information with the return: the name and location of each facility, course, stadium, or arena in Louisiana where income was earned and the number of duty days spent at each Louisiana facility.

Forms may be downloaded from the Department of Revenue's website at <http://www.revenue.louisiana.gov>. Taxpayers can also contact the Department at (225) 219-2113 or can pick up the necessary forms at the Department's main office or any regional office. Individual income tax returns can be mailed to the Louisiana Department of Revenue, P.O. Box 3440, Baton Rouge, LA 70821-3440. Returns are due by May 15th. If May 15th falls on a Saturday, Sunday, or a legal holiday, then the return should be filed no later than the next business day.

Louisiana recognizes extensions granted by the Internal Revenue Service. A copy of the automatic or approved federal extension should be attached to the Louisiana income tax return. Form R-6465, Application for Extension of Time to File Louisiana Individual Income Tax, Partnership, or Fiduciary Return, should be used to request an extension beyond the date required for filing the federal return. An extension only extends the time to file the return, not the time to pay the tax due.

If the nonresident service provider owes taxes, but is unable to pay by the due date, then the nonresident should submit the return by the due date. By filing timely, delinquent penalties can be avoided. Any amount paid with the return will reduce the interest and late payment penalty charges. The Collection Division will bill for any tax, interest, and penalties that are owed. The nonresident service performer can request an installment agreement by filling out Form R-19025, Installment Request for Individual Income. The Collection Division at (225) 219-7448 will handle the request.

For further assistance, please contact the Policy Services Division at (225) 219-2780.