

Revenue Information Bulletin No. 03-001
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Individual Income Tax

Carryforward Provision of the START Program

An individual may exempt up to \$2,400 per established START account from Louisiana income for individual income tax purposes. There is no upper limit to the amount which an individual may contribute to such an account.

With respect to a carryforward, the Department of Revenue will look to the specific START account when determining the amount of the carryforward.

Example:

If an individual has two START accounts and contributes \$1,800 to Account A and \$2,000 to Account B, there will be, in effect, two carryforwards, one for \$600 for Account A and one for \$400 for Account B. These carryforwards may be applied to any future income tax filing period providing that both accounts remain active. In order to fully utilize the carryforward during the next year, an individual would have to contribute \$3,000 to Account A and \$2,800 to Account B. An exemption of \$5,800 would then be allowed for that filing period. There is no commingling of carryforwards.

If an individual claims less of an exemption than what was contributed into a START account, the difference between what was deposited and the amount claimed cannot be carried forward. This is the case because La. Rev. Stat. Ann. § 17:3095(A)(1)(b) (2002), provides that:

“For tax years beginning on and after January 1, 2001, amounts which an account owner deposits into an education savings account shall be exempt from inclusion in the account owner’s taxable income for the purposes of state income tax up to a maximum of two thousand four hundred dollars per account owner per taxable year, as provided in La. Rev. Stat. Ann. § 47:293(6)(a)(vi) (2002). If an account owner deposits less than the maximum two thousand four hundred dollars per year in an owned account, the difference between the total deposits and two thousand four hundred dollars will roll over to subsequent years and will be exempt from inclusion in the account owner’s taxable income for the purposes of state income tax in addition to the two thousand four hundred dollars in the year actually deposited, as provided in La. Rev. Stat. Ann. § 47:293(6)(1)(vi) (2002).

Since the statute states that the deposited amounts shall be exempt, an individual is not allowed to pick and choose the amount of the exemption. The amount of the exemption is the amount that is deposited in the START account with a maximum of \$2,400. The statute also indicates that a carryforward only exists if an individual deposits less than the maximum of \$2,400 into a START account.

Any amount contributed to the START Program, per the return, is to be considered a “regular drop deposit” and claimed as an exemption in the following tax year. Since the contributed refund is equally distributed to existing accounts, account specific rules apply.

START contributions will not be allowed to reduce Louisiana tax table income below zero.

Interested parties may contact the Policy Services Division at (225) 219-2780.

Cynthia Bridges
Secretary