



Revenue Information Bulletin No. 06-033

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Individual Income Tax

Additional Tax Credits that may be Claimed on Individual Income Tax Returns for Shareholders of an S Corporation

La. R.S. 47:1675 (G) (2)(b) allows an S corporation that earns or otherwise receives a tax credit through allocation or transfer during a year in which the corporation operates as an S corporation to annually elect to flow the entire amount of the credit to its shareholders. The election must be made for each credit received by the S corporation and must be made annually in writing. This election is only permitted if the statute granting the credit does not provide otherwise. The Department of Revenue has noted five credits to which this rule applies: the Employee and Dependent Health Insurance credit, the New Jobs credit, the Refunds by Utilities credit, the Eligible Reentrants credit and the Neighborhood Assistance credit.

The 2005 Louisiana Resident and Nonresident and Part-year Resident Individual Income Tax Returns do not list these five credits under Schedule G, "Other Nonrefundable Credits." The total amount of the nonrefundable credits from Schedule G flows through to either Line 11A of the Resident individual income tax return on Line 13A of the Nonresident and Part-year resident return. Shareholders of an S corporation who claim these credits by virtue of this election must use the "Other" code allowed for on Schedule G. Shareholders claiming any of the five credits should use the "500 Other" code to properly report these credits.

The 2006 Louisiana Resident and Nonresident and Part-year Resident Individual Income Tax Returns do not list these five credits under Schedule G, "Other Nonrefundable Credits." The total amount of the nonrefundable credits from Schedule G flows through to either Line 11A of the Resident individual income tax return or Line 13A of the Nonresident and Part-year resident return. Shareholders of an S corporation who claim these credits by virtue of this election must use the "Other" codes allowed for on Schedule G. Shareholders claiming the Employee and Dependent Health Insurance credit should use the "199 Other" code and shareholders claiming the remaining four credits should use the "299 Other" code to properly report these credits.

Interested parties should contact Taxpayer Services at (225) 219-7318.

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Secretary

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