

Revenue Information Bulletin No. 09-008
February 13, 2009
Individual Income Tax

2008 Louisiana Property Insurance Tax Credit

For the 2008 tax year only, Revised Statute 47:297.7 allows a refundable credit of seven percent of the premium for a homeowner's insurance policy, condominium owner's insurance policy, or a tenant homeowner's insurance policy paid by the individual during 2008 for the primary residence of the individual, excluding the amount of the tax credit for Louisiana Citizens Property Insurance Corporation assessment. Only the Louisiana Citizens Property Insurance Corporation assessment associated with the homeowner's insurance policy on the homeowner's primary residence is subtracted prior to applying the seven percent.

The seven percent tax credit is based on the insurance premiums paid during 2008 as recorded on the insurance policy declaration page. If the declarations page includes a separate charge for insurance premium tax, the premium tax should be added to the premium amount when calculating the tax credit. In addition, premiums for separate wind and hail policies should also be added to the premium amount when calculating the tax credit.

However, in no case shall the following be included in computing the tax credit:

- Flood insurance premiums, or
- Separate charges for premiums paid on policy riders to cover items such as jewelry, furs, and other personal property not covered by the primary policy.

For taxpayers whose insurance premiums are held in escrow by their mortgage company, the tax credit is based on the insurance premium paid by the mortgage company during 2008. Additional escrow payments made during 2008 may not be added to the premium paid by their mortgage company. Taxpayers who pay their insurance directly to the insurance company may deduct the amount of the premiums paid in 2008. Premiums that were due in 2008 but not paid until 2009 may not be deducted.

Documentation requirements for the credit claimed include copies of the insurance policy declaration page showing the 2008 premium payment amount and proof of payment. Those taxpayers who file a paper return should submit their documentation along with their paper return. Those taxpayers who e-file or file electronically may either attach their documentation electronically or retain it for the purpose of substantiating eligibility for the credit in the event of an audit.

Questions should be addressed to the Taxpayer Services Division at (225) 219-0067.

Cynthia Bridges
Secretary