

2017 LEGISLATIVE CHANGES AND 2017 TAX CHANGES

LOUISIANA

DEPARTMENT *of* REVENUE

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**The information in this
presentation constitutes
"informal advice" as
contemplated by LA
Administrative Code
61:III.101.D.3.**

MY QUESTIONS

NOEHA RATE FOR 2018

- Total amount of food and beverage sales reported on NOEHA returns for the periods of September 2016 through September 2017
- Divided total by the number of returns filed
 - to determine the average food and beverages sales per period
- This average is then multiplied by 12 to determine projected yearly food and beverages sales which are used to determine the NOEHAT rate for the taxpayer.
- Rates:
 - Less than \$200,000 – zero rate
 - \$200,000 to \$499,999 – 0.005 rate
 - \$500,000 or more – 0.0075 rate

NOEHA RATE FOR 2018

- Rate for next calendar year is changed in early February.
- If rate is zero, you must still report sales amount.
- For future:
 - New rate in our system and LaTAP to tell difference between those with sales less than \$200,000 and those who are only reporting room occupancy tax.
 - We are also looking at projecting off of the sales tax return, if no sales reported on NOEHA return.

INVENTORY TAX CREDIT

- Is there a schedule (form) for listing the property tax notices?
- It is page one of Form R-10610 or R-10610-ITE

R-10610

Schedule of Ad Valorem Tax Credit Claimed by
Manufacturers, Distributors, and Retailers (For 2016 Tax
Year)

01/01/2016 - 12/31/2016 [Form R-10610](#)

R-10610-ITE

Schedule of Ad Valorem Tax Credit claimed by ITEP
Manufacturers and Related Parties (For 2016 Tax Year)

01/01/2016 - 12/31/2016 [Form R-10610-ITE](#)

CORPORATE E-FILING ISSUES

Q-They can't accept a corporate e-file with a negative number on some schedules. The federal does accept with negative numbers but the LA return gets disqualified

A-Lines that we don't accept negative values on:

- Line 1C1 Loss Carryforward Utilized
- Line 1D Fed Tax Deduction
- Line 5B Franchise Tax Apportionment Percentage
- Line 6 Real and Personal Property
- Lines 10-21, 27-30
- Total lines on credit schedules

Q-2016 return was rejected due to a negative value on Schedule 2016D, line 16

A- researching

EXTENSIONS

- What happens if a LA extension is submitted with an amount due but taxpayer chooses NOT to send an extension payment.
 - Extension request is granted
 - No bills are issued for the balance reported on the extension request.
 - Once return is filed, might receive a bill if tax is due.

For 2017 tax year	State Extensions	Federal Extensions	Thru:		
			Software	LDR website	LaTAP
Individual Income	mandated electronically, except Fed.	Paper accepted with Form R-2867	YES	YES	NO
Corporation Income	mandated electronically	NO	YES	YES	NO
Fiduciary	Paper	will accept with IT-541	NO		
Composite Partnership	mandated electronically	N/A	YES	YES	NO
Partnership		will accept with IT-565	YES?		NO

ACT 150 - ELECTRONIC RETURNS AND PAYMENTS

- Act 150 of 2017 Regular Session
 - Keeps current electronic filing and payment mandates
 - Would allow LDR to mandate by promulgating rules instead of also amending the law.
- Possible mandates in future:
 - Partnership
 - Fiduciary
 - Telecommunications
 - Tobacco
 - Motor Fuels
- Hardship?

CURRENT ELECTRONIC MANDATES

Tax/report:	Who:
Automobile Rental (Form R-1329)	All tax returns
Beer- State & P/M (R-5621)	All tax returns
Composite Partnership (R-6922)	All returns and extensions
Individual Income (IT-540 series)	prepares that prepares 100 or more Ind returns must electronically file 90 % of these returns
Individual Income (IT-540B-NRA and IT-540)	All professional athletes
New Orleans Hotel/Motel (R-1029DS)	All tax returns
NOEHA Additional Room Occupancy Tax & Food/Beverage (R-1325)	All tax returns
Prepaid 911 Service Fee (R-1140)	All returns
Sales Tax (R-1029)	Taxpayers located in a TIF
Sales Tax (R-1029)	Lessors of motor vehicles
Severance Oil & Gas	All tax returns
Statewide Hotel/Motel (R-1029H/M)	All tax returns
Withholding (L-1)	Anyone on semi-monthly paying frequency must pay and file electronically
Withholding (L-3)	Employers that file 50 or more employee withholding statements
Withholding (L-3)	Businesses required to withhold and to submit income taxes on gaming winnings
Business tax payment	If tax reported average more than \$5,000 per period
Withholding tax payment	If filing for others and payments averaged more than \$5,000 per month for all
Claims for refunds	All schedules and invoices for claims of \$25,000 or more or claims made by a tax preparer on behalf of the taxpayer, regardless of the amount of the refund requested.
Annual Reporting Requirement by Certain Nonprofit Entities (R-1090)	All returns
Remote Retailer Annual Statement (R-1116)	Remote retailers with annual sales in Louisiana in excess of \$100,000

PENALTIES AND AMENDED RETURNS

- Original return was timely filed. If tax due on amended, taxpayer will owe interest and late payment penalty.

OFFSETS

- Office of Debt Recovery
- LDR
 - R.S. 47:299.11- Ranking and Priority of Claims
 - Agency order
 - DCFS – Child Support
 - AG/Dept Of Justice Student Loans
 - AG submits three files for: Education, Medicaid Fraud – Medicaid and Other Agency Debt - This file will include consolidated debt from other agencies.
 - LOSFA – La Office of Student Financial Assistance
 - DCFS – Social Service
 - LWC
 - Courts –also includes Clerk of Court offices
 - DPS
 - ODR and Other Agency Debt
 - Municipalities or Parishes
 - Board of Ethics

2017 INCOME AND FRANCHISE TAX CHANGES

Fiduciary

Corporation
Income &
Franchise

Individual
Income

- **2015 Legislation Recovery**
- **Individual Income Tax**
- **Corporation Income & Franchise Tax**
 - **Net Operating Losses**
- **Tax Credits**
 - **Inventory Tax credit**

ITEMS
TO BE
DISCUSSED

2015 LEGISLATION RECOVERY

■ Tax Credits

- IT-540, IT-540B, IT-540B-NRA, CIFT 620, IT-541 and R-6922
- Acts 109 and 125 of the 2015 Regular Legislative Session reduced certain income tax credits.
- Section 3(C) of Act 109 and Section 7 of Act 125 allow a recovery of the credit amount reduced by the Acts if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to July 1, 2015.
- Recovery must be taken over 3 years.
- One-third to be taken in tax year beginning in 2017, 2018 and 2019.

2015 LEGISLATION RECOVERY

- Mark the “2015 Legislation Recovery” box to indicate taxpayer is claiming the recovery amounts.
- Must attach Form:
 - R-6410, 2015 Legislation Recovery Worksheet
 - R-6411, 2015 Legislation Recovery Worksheet - Corporation, Fiduciary, and Composite Partnership.
- See Revenue Information Bulletin 17-018 for more information. (To be issued)
 - No recover for Request for Refund of Louisiana Citizens Property Insurance Corporation Assessment standalone form

SCHEDULE C – NONREFUNDABLE PRIORITY 1 CREDITS						
Line	COLUMN 1: Description	COLUMN 2: Amount prior to Act 125 Reduction	COLUMN 3: Amount reduced by Act 125	COLUMN 4: 2017 Recovery Amount	COLUMN 5: 2018 Recovery Amount	COLUMN 6: 2019 Recovery Amount
1.	Credit for Taxes Paid to Other States					
2.	Credit for Taxes Paid to NH & TN					
3.	Credit for Certain Disabilities					
4.	Credit for Contributions to Educational Institutions					
5.	Credit for Certain Federal Credits					
Additional Nonrefundable Credits from Schedule C For each credit, enter the associated code, along with the dollar amounts. See instructions.						
6.						
7.						
8.						
9.						
10.						

Description	Code
Education Credit Act 125 Recovery	099
Premium Tax	100
Commercial Fishing	105
Family Responsibility	110
Small Town Doctor/Dentist	115

Description	Code
Bone Marrow	120
Law Enforcement Education	125
First Time Drug Offenders	130
Bulletproof Vest	135

Description	Code
Nonviolent Offenders	140
Owner of Newly Constructed Accessible Home	145
Qualified Playgrounds	150

Description	Code
Debt Issuance	155
Donations of Materials, Equipment, Advisors, Instructors	175
Other	199

2015 LEGISLATION RECOVERY

■ Certain Exclusions and Deductions

■ CIFT 620

- Act 123 of the 2015 Regular Legislative Session reduced certain exclusions and deductions from income. Section 5 of Act 123 allows a recovery of the exclusion or deduction amounts reduced by the Act if your 2014 return was filed after July 1, 2015, for which an extension was requested prior to July 1, 2015.
- Mark the “2015 Legislation Recovery” box to indicate taxpayer is claiming the recovery amounts.
- Attach a schedule listing each deduction or exclusion disallowed, the total amount before reduction, the reduction amount, and the 1/3 amount being recovered on the return.
- See Revenue Information Bulletin 17-018 for more information.

2017 INDIVIDUAL INCOME TAX

■ Federal Income Tax Deduction

- A new box was added to the line.
- Check box 1 if your federal tax deduction has been increased by the amount of foreign tax credit claimed on Federal Form 1040, Line 48.
- Check box 2 if your federal tax deduction has been increased by federal disaster relief credits granted for Hurricane Katrina or Hurricane Rita on Schedule H.

■ Education Credit

- Act 375 of the 2017 Regular Legislative Session sunsets the credit. The credit is no longer available to be claimed on the 2017 resident tax return and thus, has been removed. (R.S. 47:297(D))

2017 INDIVIDUAL INCOME TAX

SCHEDULE C – NONREFUNDABLE PRIORITY 1 CREDITS

■ Credit for Certain Federal Credits – Line 4

- The credit was reduced to 7 percent of certain federal credits, limited to \$18, by Act 400 of the 2017 Regular Legislative Session. (R.S. 47:297(B))

■ Education Credit – Code 099 –

- Use this credit code to report one-third of the education credit reduced on your 2014 return.
- Attach Form R-6410, 2015 Legislation Recovery Worksheet.

■ Small Town Doctor/Dentist – Code 115 –

- Act 342 of the 2017 Regular Legislative Session imposed a \$1.5 million per calendar year credit cap on credits claimed on or after January 1, 2018. (R.S. 47:297(H))

2017 INDIVIDUAL INCOME TAX

SCHEDULE D – DONATION OF REFUND

- **Louisiana Pet Overpopulation Advisory Council – Line 7 –**
 - Act 422 of the 2017 Regular Legislative Session renamed the fund from Louisiana Animal Welfare Commission to the Louisiana Pet Overpopulation Advisory Council. (R.S. 47:120.71)

2017 INDIVIDUAL INCOME TAX

SCHEDULE E – ADJUSTMENTS TO INCOME

- **S Bank Shareholder Income Exclusion – Code 22E –**
 - A new code has been provided to report the S Bank Shareholder Income Exclusion instead of using Code 49E. (R.S. 47:297.3)

2017 INDIVIDUAL INCOME TAX

SCHEDULE F – REFUNDABLE PRIORITY 2 CREDITS

- **Historic Residential – Code 60F – Act 400 of the 2017 Regular Legislative Session** changed the percentage of the credit based on when the application for the credit was first filed. (R.S. 47:297.6)
- **School Readiness Child Care Directors and Staff – Code 66F –**
 - The amount of the credit is adjusted each year if there is an increase in the Consumer Price Index Urban (CPI-U).
 - The credit amount for 2017 can be found at www.revenue.louisiana.gov/SchoolReadiness. (R.S. 47:6106)

2017 INDIVIDUAL INCOME TAX

SCHEDULE J – NONREFUNDABLE PRIORITY 3 CREDITS

- **Child Care Credit Carried Forward From 2013 through 2016 – Line 3** –For the 2017 tax year, credits from 2013 through 2016 can be applied on Line 3. Any remaining child care credit from 2012 cannot be applied to the 2017 tax liability. (R.S. 47:297.4)
- **School Readiness Credit Carried Forward From 2013 through 2016 – Line 5** –For the 2017 tax year, credits from 2013 through 2016 can be applied on Line 5. Any remaining credit from 2012 cannot be applied to the 2017 tax liability. (R.S. 47:6104)

2017 INDIVIDUAL INCOME TAX

Nonresident Return

- **"MSRA" box** – Check the box to indicate your qualification under the Military Spouses Residency Relief Act. See instructions on page 1 and Revenue Information Bulletin 10-005 for more information.

2017 CORPORATION INCOME & 2018 FRANCHISE TAX

New check boxes added to the return:

- **Calendar year** – Mark the box if the return is for a calendar year.
- **Entity is not required to file income tax** – Mark the box if exempt from income tax.
- **Federal form filed** – Line M - Enter the code for the federal form filed.
- **Type of entity code** – Line N - Enter the code for the type of entity.

2017 CORPORATION INCOME & 2018 FRANCHISE TAX

- **Income tax exemption reason code – Line 2** – A new box has been added to the line. If exempt from income tax, enter the code for the reason for exemption.
- **Franchise tax exemption reason code – Line 7** – A new box has been added to the line. If exempt from franchise tax, enter the code for the reason for exemption.

2017 CORPORATION INCOME & 2018 FRANCHISE TAX

SCHEDULE F – RECONCILIATION OF FEDERAL AND LOUISIANA NET INCOME

- **LINE 3a – BANK DIVIDENDS** – R.S. 47:287.71 provides a deduction from federal net income for dividend income from banking corporations organized under the laws of Louisiana, from national banking corporations doing business in Louisiana, and from capital stock associations whose stock is subject to ad valorem taxation. Act 1 of the 2016 First Extraordinary Session of the Louisiana Legislature restored this deduction to 100% of these dividends.
- **LINE 3h – ACT 123 RECOVERY** – Section 5 of Act 123 of the 2015 Regular Legislative Session provides that if a return was filed after July 1, 2015 for which a valid extension was allowed prior to July 1, 2015, then 1/3 of any portion of an exclusion or deduction that was disallowed by the Act, is allowed as a deduction in the return for each of the taxable years beginning during 2017, 2018, and 2019. If this applies, enter 1/3 of the total of the portions of exclusions or deductions that were disallowed by Act 123 on that return. Attach a schedule listing each deduction or exclusion disallowed, the total amount before reduction, the reduction amount, and the 1/3 amount being recovered on this return.

2017 CORPORATION INCOME & 2018 FRANCHISE TAX

- **SCHEDULE J – CALCULATION OF INCOME TAX**

- A new box was added to Schedule J to indicate a short period filing. Mark the box if the income tax return is for a part of a year, other than the initial or final year.

- **SCHEDULE L – CALCULATION OF FRANCHISE TAX**

- A new box was added to Schedule L to indicate a short period filing. Mark the box if the franchise tax return is for a part of a year, other than the initial or final year.

CORPORATION INCOME & FRANCHISE TAX

	LLC treated as for federal purposes:		
	Partnership	Subchapter S	Subchapter C
2015 and prior tax years			
Corporation Income	Not subject to CIT	Subject to CIT; takes exclusion	Subject to Corporation Income Tax
Franchise	Not subject to Franchise Tax	Not subject to Franchise Tax	Not subject to Franchise Tax
2016 and forward			
Income	Not subject to CIT	Subject to CIT; takes exclusion	Subject to Corporation Income Tax
Franchise	Not subject to Franchise Tax	Not subject to Franchise Tax	Subject to Franchise Tax

EXTRAS

- Corporation Income and Franchise
 - The version printed by software will have a 2D barcode
- Partnership Return
 - Starting with the 2017 return, electronic filing of the Louisiana return will be available through software
 - Return will be redesigned for ease of electronic filing.
 - Will have a schedule for partners share items, similar to what Composite Partnership has.



NET OPERATING LOSS

NET OPERATING LOSS

- NOLs cannot be carried back . NOL carry forward is now 20 years. (Acts 103 and 123 of 2015 Regular Session).
- NOL's is limited to 72% of the available NOL's, limited to 72% of LA Net Income
 - Act 6 of 2016 1st Extraordinary Session; R.S. 47:287.86
 - Applies to any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. Act 2 of 2016 2nd Extraordinary Session clarifies that Act 6 of 2016 1st ES didn't apply to amended return where NOL deduction was claimed on original.

NET OPERATING LOSS

- 2015 & 2016 return-
 - On Line 1C, enter the total amount of net operating loss carryforward available.
 - On Line 1C1, enter the amount of Line 1C that is being used to reduce Louisiana net income. Act 123 of the 2015 Regular Legislative Session reduced the amount that actually offset net income by 28 percent.
 - If Line 1C is equal to or greater than Line 1A, Line 1C1 is equal to 72 percent of Line 1A.
 - If Line 1C is less than Line 1A, Line 1C1 is equal to 72 percent of 1C.
- For 2014 and prior years, attach Form R-620GIW.

NET OPERATING LOSS

New for 2017 return - Line 1C2

- **Act 123 loss utilization recovery** – A new line has been added for the recovery of 1/3 of the net operating loss deduction reduced by Act 123 of the 2015 Regular Legislative Session on a return filed after July 1, 2015, for which an extension was requested prior to July 1, 2015. (RIB 17-018)

1C. Loss carryforward [\$.00] less federal tax refund applicable to loss [\$.00] Attach schedule.	_____
1C1. Loss carryforward utilized.	_____
1C2. Act 123 loss utilization recovery	_____

NET OPERATING LOSS

tax year	2014	2015	2016	2017	2018
filed on	8/16/2015*	4/16/2016	4/16/2017		
valid extension	yes	N/a	N/a		
Net Income	\$ 10,000.00	\$ 15,000.00	\$ 10,000.00	\$ 35,000.00	\$ 45,000.00
NOL available from 2011	\$ (45,000.00)	\$ (35,000.00)	\$ (24,200.00)	\$ (17,000.00)	\$ (17,000.00)
NOL available from 2012	\$ (15,000.00)	\$ (15,000.00)	\$ (15,000.00)	\$ (15,000.00)	\$ (9,800.00)
NOL available from 2013	\$ (20,000.00)	\$ (20,000.00)	\$ (20,000.00)	\$ (20,000.00)	\$ -
1/3 from Act 123	n/a	n/a	n/a	\$ (934.00)	\$ (934.00)
Total NOL available	\$ (80,000.00)	\$ (70,000.00)	\$ (59,200.00)	\$ (52,934.00)	\$ (27,734.00)
NOL that can be used	\$ 7,200.00	\$ 10,800.00	\$ 7,200.00	\$ 25,200.00	\$ 19,296.00
NOL that can be used				\$ 934.00	\$ 934.00
total NOL that can be used	\$ 7,200.00	\$ 10,800.00	\$ 7,200.00	\$ 26,134.00	\$ 20,230.00
28% reduction that can be CF	\$ 2,800.00				

TAX CREDITS

TAX CREDITS

- Act 400 of the 2017 Regular Legislative Session removes the June 30, 2018 sunset provision to make permanent the reductions to certain income tax credits by Act 125 of the 2015 Regular Legislative Session. Act 400 also rounds certain credit values from percentages to whole numbers. See instructions for each credit for specific changes and Revenue Information Bulletin 15-021 as revised.

NONREFUNDABLE PRIORITY 1 CREDITS

- Premium Tax – Code 100 – Acts 400 and 403 of the 2017 Regular Legislative Session increased the credit from 72 percent of the premium taxes paid to 100 percent of the premium taxes paid. (R.S. 47:227)

REFUNDABLE PRIORITY 2 CREDITS

- **Ad Valorem Offshore Vessels – Code 52F – Act 418 of the 2017 Regular Legislative Session removed the limitation on claiming the tax credit when the ad valorem tax is paid under protest. Taxpayers who pay the ad valorem tax under protest are now required to notify LDR within five business days of the date that the lawsuit is filed. (R.S. 47:6006.1)**

REFUNDABLE PRIORITY 2 CREDITS

- **Alternative Fuel Credit – Code 71F – Acts 325 and 403 of the 2017 Regular Legislative Session made several changes to the credit. (R.S. 47:6035) See Revenue Information Bulletin 17-016 for details of the changes including the calculation as explained below.**
- **Credit for the purchase of a qualifying new vehicle:**
 - If purchased prior to June 22, 2017, the credit is 36 percent of the cost of the qualified clean-burning motor vehicle fuel property that is installed. If the taxpayer is unable to determine the exact cost attributable to the qualified clean-burning property, the credit is equal to 7.2 percent of the cost of the vehicle or \$1,500, whichever is less.
 - If purchased on or after June 22, 2017 but before June 26, 2017, the credit is equal to 7.2 percent of the cost of the qualified vehicle or \$1,500, whichever is less.
 - If purchased on or after June 26, 2017, the credit is equal to 10 percent of the cost of the qualified vehicle or \$2,500, whichever is less.
- **Credit for vehicle conversions or building of fueling stations: If the purchase and installation was completed prior to June 22, 2017, the credit is 36 percent of the cost of the qualified clean-burning motor vehicle fuel property. If it was completed after June 21, 2017, the credit is 30 percent.**

REFUNDABLE PRIORITY 2 CREDITS

- **Angel Investor** – The five-year period to claim the refundable Angel Investor credit for third party investments made in certified Louisiana entrepreneurial businesses between January 1, 2005, and December 31, 2009 has ended. The credit is no longer available to be claimed on the 2017 tax return and thus, has been removed. (R.S. 47:6020)

NONREFUNDABLE PRIORITY 3 CREDITS

- **Recycling Credit – Code 210** – The credit was reduced to 14 percent of the qualifying costs by Act 400 of the 2017 Regular Legislative Session. (R.S. 47:6005)
- **Motion Picture Investment and Infrastructure Credits – Codes 251 and 261** – Act 309 of the 2017 Regular Legislative Session makes permanent the \$180 million per fiscal year credit cap originally established by Act 134 of the 2015 Regular Session of the Louisiana Legislature. See Revenue Information Bulletin 17-019 and www.revenue.louisiana.gov/CreditCaps for more information.
- **Motion Picture Employment of Resident – Code 256** – Act 323 of the 2017 Regular Legislative Session repealed this credit. The credit is no longer available to be claimed on the 2017 return and thus, has been removed.

TAX CREDITS

Registration of Legacy Motion Picture Credit (R-6175)

- Owners of Motion Picture credits certified prior to January 1, 2014 desiring to register their credit in the Tax Credit Registry must submit this form and the required supporting documentation.
- Legacy credits certified by LED on or after January 1, 2014, have already been recorded in the Tax Credit Registry and therefore should NOT use this form.
- Legacy credits recorded in the Louisiana Tax Credit Registry before January 1, 2018, are eligible to participate in the credit-buyback program. This allows the credit owner to transfer credits to LDR for 85 percent of the face value of the credit subject to certain limitations.
- Available on our website

TRANSFERABLE TAX CREDITS

- Act 661 of the 2016 Regular Session
- R.S. 47:1675(H)(1)(e) now provides that a taxpayer may only claim a tax credit on a tax return by performing one of two actions on or before the due date of the return, without regard to the granting of any extension:
 - Purchase tax credits with an effective date of transfer on or before the due date of the return without regard to the granting of any extension; or
 - Execute Form R-6111, which evidences a binding agreement to transfer a tax credit, on or before the due date of the return, without regard to the granting of any extension.
 - Credit needs to be transferred prior to filing return.

**INVENTORY TAX &
AD VALOREM NATURAL
GAS CREDITS**

INVENTORY TAX & AD VALOREM NATURAL GAS CREDITS

- To determine what rules apply and what form to use, you need to know the Date when the 1st return with credit was filed, regardless of whether it was on the original return or amended.

Date of when 1st return with credit was filed:	2014 and prior	2015	2016	2017
prior to 7/1/15	page 1 of R-10610	n/a	N/a	N/a
7/1/15 to 6/30/16	R-620CRW R-540-CRW	R-10610 (1/16)	N/a	N/a
7/1/16 to 6/30/17	R-10610(7/16) and/or R-10610ITE (7/16)	R-10610(7/16) and/or R-10610ITE (7/16)	R-10610(1/17) and/or R-10610ITE (1/17)	N/a
on or after 7/1/17	R-10610(1/18) and/or R-10610ITE (1/18)	R-10610(1/18) and/or R-10610ITE (1/18)	R-10610(1/18) and/or R-10610ITE (1/18)	R-10610(1/18) and/or R-10610ITE (1/18)

INVENTORY TAX & AD VALOREM NATURAL GAS CREDITS

- Any return filed July 1, 2015 to June 30, 2016, regardless of the taxable year to which the return relates:
 - Act 133 of 2015 and RIB 15-019
 - Credit <\$10K, refundable, otherwise 75% of credit in excess of tax is refunded, 25% CF for 5 years
 - Use Form R-10610 to calculate credit

INVENTORY TAX & AD VALOREM NATURAL GAS CREDITS

- Any return filed July 1, 2016 to June 30, 2017, regardless of the taxable year to which the return relates:
 - Acts 4 and 5 of 2016 2nd Extraordinary Session
 - R-10610(7/16) - use to calculate the credit
 - ITEP provisions apply to manufacturer with contract, not whole consolidated group. (Form R-10610-ITE)
 - New business provisions apply to new business only, not whole consolidated group.
 - 2016 Return filed prior to 6/30/17 would use R-10610(1/17) and/or R-10610-ITE (1/17)

INVENTORY TAX & AD VALOREM NATURAL GAS CREDITS

- Any return filed July 1, 2016, regardless of the taxable year to which the return relates:
 - 7/1/17- def of consolidated changed

ad valorem tax paid by consolidate group, or by TP if no consolidated	ongoing business	new business as of 4/15/16	ITEP
< \$10,000	100% excess refunded	100% excess refunded	credit is limited to tax; excess CF
> \$10,000 but < \$500,000	100% excess refunded	75% of excess refunded; bal of excess carried forward	
> \$500,000 but < \$1m	75% of excess refunded; balance of excess carried forward	75% of excess refunded; balance of excess carried forward	
> \$1m	excess: 75% of first \$1m is refunded; balance of excess is CF		

INVENTORY TAX & AD VALOREM NATURAL GAS CREDITS

- Any return filed after July 1, 2017, regardless of the taxable year to which the return relates:
 - Act 385 of 2017 and RIB 17-017 (to be released)
 - Calculation is the same.
 - All taxpayers included in a consolidated federal income tax return will be considered to be one taxpayer for the purposes of calculating the refundability of the credit.
 - If one member has ITEP contract, credit is nonrefundable for all in consolidated group
 - Use Form R-10610(1/18) or R-10610-ITEP (1/18) to calculate credit.

INVENTORY TAX CREDIT

New definition of inventory by Act 338 of 2017 Regular Session

- Changed the definition of “inventory” to include any item of tangible personal property owned by a retailer that is available for short-term rental that will subsequently or ultimately be sold by the retailer.
- The term “short-term rental” was defined to mean the rental of an item of tangible personal property for a period of less than 365 days, for an undefined period, or under an open-ended agreement.
- Retailer is now defined to include a person engaged in the short-term rental of tangible personal property classified under code numbers 532412 and 532310 of the North American Industry Classification System (NAICS) that is registered with the Department of Revenue as a retailer.
- The definitional changes brought about by Act 338 apply retroactively to tax periods beginning on and after January 1, 2016.

SALES TAX RETURN

SALES TAX RETURN (R-1029)

JULY 2017

- Effective July 1, 2017, two new codes have been added to the sales tax exemption code list and can be used for sales tax return reporting beginning with the July 2017 period. They are:
 - **Exemption code 5010**---This code has been added to report sales of gasoline that are not subject to motor fuels excise tax.
 - Currently, the sales of gasoline that are not subject to motor fuels excise tax are subject to 4% state sales tax.
 - Schedule A-2, Transactions subject to 4% tax.
 - **Exemption code 1121**---Act 279 of the 2017 Regular Legislative Session excludes the surface preparation, coating and painting of certain military or transport aircraft with an out-of-state FAA registration address from state sales tax.
 - This transaction is taxed at 0% state sales tax.
 - Schedule A-1, Transactions subject to 0% tax.

SALES TAX RETURN (R-1029)

JULY 2017

In addition, the tax rate on two exemption codes has changed which required moving these exemption codes to another schedule.

- **Exemption code 5027---Act 426 of the 2017 Regular Legislative Session exempts the sales or use of medical devices that are used by a patient in the treatment of any disease under the supervision of a physician or administered by a physician, nurse or other health care professional from state sales tax.**
 - Prior to July 1, 2017, this transaction was subject to 3% state sales tax and was reported on Schedule A-3.
 - These transactions are now subject to 0% state sales tax
 - Schedule A-1, Transactions Subject to 0% tax.
- **Exemption code 5096---Act 424 of the 2017 Regular Legislative Session exempts the sales, purchases, lease or repair of certain capital equipment and computer software for qualifying radiation therapy treatment centers.**
 - The qualifying treatment centers are the Biomedical Research Foundation, Mary Byrd Perkins Cancer Center, Oncologics, Inc. and Willis-Knighton Health System.
 - Prior to July 1, 2017, this exemption was subject to 3% state sales tax and was reported on Schedule A-3.
 - This exemption is now subject to 0% state sales tax.
 - Schedule A-1, Transactions subject to 0% tax.

SALES TAX RETURN (R-1029)

JULY 2017

The following codes have been deleted from the sales tax exemption code list and cannot be used to report transactions. Any attempt to use these codes will result in an error message. The deleted codes are:

- **Exemption code 1058** (Sch. A-4, Transactions subject to 4% tax)--- purchases of food items for school lunch or breakfast programs by nonpublic elementary or secondary schools that participate in certain national programs. Taxpayer should report these transactions under exemption code 5030.
- **Exemption code 5080** (Sch. A-1, Transactions subject to 0% tax)--- purchases of trucks, tandem trucks, tractors, and truck-trailers with a gross weight of 26,000 pounds or more and trailers and semi-trailers as defined in RS 47:451 that are used at least 80% of the time in interstate commerce. Purchase, use or lease of qualifying trucks over 80,000 pounds and trailers for use with a qualifying truck. The transactions are reported to the Office of Motor Vehicles and should not be included on the Louisiana General Sales Tax Return.
- **Exemption code 1053** (Sch. A-3, Transactions subject to 3% tax)---Sales of butane, propane and liquefied petroleum gases for nonresidential use. Act 424 of the 2017 Regular Legislative Session has limited the exemption for the sale or purchase by a consumer of butane, propane and liquefied petroleum gases to those purchases for residential use only. Exemption code 5069 (Schedule A-1, Transactions subject to 0% tax) should be used to report sales of butane, propane and liquefied petroleum gases for residential consumption.

SALES TAX RETURN (R-1029)

JULY 2017

- The following code descriptions have changed:
 - exemption code 1043 (Sch. A-3, Transactions subject to 3%),
 - exemption code 5052 (Sch. A-1, Transactions subject to 0% tax) and
 - exemption code 1028 (Sch. A-1, Transactions subject to 0% tax).

The code descriptions have changed to provide more clarity to the types of transactions that qualify for the sales tax exemption.

SALES TAX RETURN (R-1029)

OCTOBER 2017

The tax rate on three exemption codes has changed which required moving these exemption codes to another schedule.

- **Exemption code 5095 --- Sale of polyroll tubing used for commercial farm irrigation**
 - Prior to Oct 1, 2017, this transaction was subject to 3% state sales tax and was reported on Schedule A-3.
 - These transactions are now subject to 0% state sales tax.
 - Schedule A-1, Transactions Subject to 0% tax.
- **Exemption code 5028 ---Sales or use of restorative materials or dental devices used by dentists.**
 - Prior to Oct 1, 2017, this exemption was subject to 3% state sales tax and was reported on Schedule A-3.
 - This exemption is now subject to 0% state sales tax.
 - Schedule A-1, Transactions subject to 0% tax.

SALES TAX RETURN (R-1029) OCTOBER 2017

- **Exemption code 1083**---Qualifying sales of platinum, gold or silver numismatic coins or platinum, gold or silver bullion.
 - Prior to Oct 1, 2017, this transaction was subject to 3% state sales tax and was reported on Schedule A-3.
 - These transactions are now subject to 0% state sales tax
 - Schedule A-1, Transactions Subject to 0% tax.

SALES TAX

- Act 209 of 2017 Regular Session
 - Revised Statute 47:305.11, for Contracts Prior To and Within 90 Days of Tax Levy
 - Effective for additional state sales and use tax enacted on or after July 1, 2017.
 - adds “fixed fee and guaranteed maximum price construction contracts” to the existing sales tax exclusion for sales of materials or services involved in lump sum or unit price construction contracts.

SALES TAX

- Act 378 of 2017 Regular Session
 - Effective January 1, 2018.
 - Defines “commercial farmer”
 - Creates a registration process for farmers seeking an exemption certificate to avail themselves of the sales tax exemption for seeds used in the planting of crops, pesticides used for agricultural purposes, diesel fuel, butane, propane, or other liquefied petroleum gases used for farm purposes, and commercial farm irrigation equipment.
 - All existing exemption certificates issued to farmers will be honored until July 1, 2019.

REMOTE RETAILER ANNUAL STATEMENTS

- Act 569 of 2016 Regular Session
 - Requires the annual reporting of sales delivered to Louisiana on which no Louisiana sales and use tax was collected or paid
 - Due by March 1 of each year.
 - Remote retailers with annual sales in Louisiana in excess of \$100,000 are required to file electronically.
 - R-1116, Remote retailer annual statement
- Act also requires a notification to the Louisiana purchaser of possible use tax liability at the time of sale. This notification should also include a statement that the use tax liability can be paid annually on the Louisiana individual income tax return or the Louisiana Consumer Use Tax form (R-1035).

ANNUAL NOTIFICATION TO PURCHASER

- Act 569 of 2016 Regular Session
- Remote retailers are required to send each Louisiana purchaser who has purchased property or services from the retailer in the immediately preceding calendar year, an annual notice of purchases made that year.
- The notification must be done by January 31st
- The annual notice should include:
 - A listing of the dates and amounts of purchases, if available;
 - The total amount paid by the purchaser;
 - Whether the property or service is exempt from Louisiana sales and use taxes, if known by the retailer;
 - The name of the retailer; and
 - A statement that Louisiana use tax may be due on the purchases made from the retailer and that Louisiana law requires the payment of an individual's use tax liability on the individual income tax return or through or the Louisiana Consumer Use Tax form (R-1035).

EXCISE TAXES

PREPAID 911 SERVICE FEE

- Act 590 of 2016 Regular Session;
 - R.S. 33:9109.1 through 9109.2
 - Return is mandated to be filed electronically. Available in LaTAP.
 - Effective **1/1/2017**
 - Seller's compensation decreased back to 2%.
 - The fee is reported quarterly, and the quarter beginning **1/1/2017** is not due until **4/20/2017**.

TELECOMMUNICATIONS TAX

- Act 273 of 2017 Regular session
 - Effective on 10/1/17 for the 4th Quarter
 - Decreased rate to 4.5 cents per month but increased base to include each wireless phone number.
 - See Revenue Ruling 17-001- sets rate per quarter

Calendar Quarter	Months	Tax Rate Per Quarter	Filing Date
Fourth Quarter	October, November, and December	4 cents per month	January 30
First Quarter	January, February, and March	4 cents per month	April 30
Second Quarter	April, May, and June	5 cents per month	July 30
Third Quarter	July, August, and September	5 cents per month	October 30

- Sent letters to wireless providers and landline providers informing them of the change.
- R-5702 has been revised
 - Filed quarterly -12/2017 due 1/30/17

OILFIELD SITE RESTORATION FEE

- Act 411 of the 2017 Regular Legislative Session
 - Effective July 1, 2017
 - The fee is assessed on gross production
- Act 421 of the 2017 Regular Legislative Session
 - Provides for reduced inactive or orphan well severance tax rate
 - Effective 8/1/17 but can't apply for reduced rate until 7/1/18
 - Also impacts Severance oil and gas returns.

AVIATION FUEL DEALER

- Act 145 of 2017 Regular Session
 - Effective July 1, 2017
 - Changed the definition of aviation gasoline

OTHER ITEMS

WITHHOLDING INCOME TAX

- 2017- L-3 revised to capture some of the W-2 information

*If attaching 50 or more W-2's must file electronically

QUESTIONS?

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