



Tax Topics

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"The mission of the Louisiana Department of Revenue is to administer applicable laws and collect revenues to fund state operations."

**Cynthia Bridges
Secretary**

Changes to the Tax Year 2004 Individual Income Returns

Several major changes have been made to both the IT-540 resident and IT-540B nonresident individual income tax returns that were mailed to taxpayers during January 2005.

The following are changes to the resident return:

- A new line has been added that must be completed by taxpayers who are NOT required to file a federal tax return.
- There is no payment voucher included with the booklet this year. (If the return is filed electronically and additional payment is due, a payment voucher will be provided when the return is filed).
- A line has been added for an amount paid on the taxpayer's behalf by a composite partnership filing.

- Schedule D (Donations) is now a part of the return instead of being a separate schedule. There are no changes from last year's list of possible donations.
- The interest and penalty schedule is now a part of the return and is no longer a separate schedule.
- A new Schedule F (Refundable Tax Credits) replaces Schedule A-Part 2.
- A new Schedule G (Nonrefundable Tax Credits) replaces Schedule A-Part 1. All nonrefundable credits are listed separately on the schedule.

The following are changes to the nonresident return:

- A new line has been added that must be completed by taxpayers who are NOT required to file a federal tax return.
- Nonresident returns can now be filed electronically through tax preparers.

(Note: Nonresident returns cannot be filed through the Department of Revenue's website).

- Schedule D has been moved from within the return and is now a separate Schedule. There are no changes from last year's list of possible donations.
- The interest and penalty schedule is now a part of the return and is no longer a separate schedule.
- A new Schedule F (Refundable Tax Credits) has been added.
- A new Schedule G (Nonrefundable Tax Credits) has been added. All nonrefundable credits are listed separately on the schedule.

Although not a new feature, taxpayers are reminded there are different mailing

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Important points for income tax filers

- Individuals who file a federal individual income tax return are also required to file a Louisiana individual income tax return.
- Include your Social Security Number on the tax return.
- If filing an extension, indicate this by marking the appropriate box on the back of the return.
- If filing an amended return, indicate this by marking the "Amended Return" box.
- If filing a return for a decedent, indicate this by marking the "Decedent Filing" box.
- **DO NOT** submit a photocopy of an original scannable income tax Form IT-540 or IT-540B.
- Use black ink if possible. **DO NOT** use pencil, red, or green ink.
- **DO NOT** staple W-2s or other pages to the return. Use paper clips.
- For substitute forms, submit only an ORIGINAL LASER COPY.
- Be sure the return is signed.
- Use the appropriate mailing label when mailing a return with a refund due the taxpayer, or mailing a return with an additional tax payment enclosed.

Attention Tax Preparers

Tax preparers should make sure that the address used to prepare a client's substitute return is current and correct. If an old address already in the preparer's software is used to prepare a return, the Department's processing protocol assumes that the address on the return is the current correct address and automatically updates the taxpayer's file with the old incorrect address. This will delay a client's refund and may cause unnecessary billings to be issued.

Adopted Rules and Policy Documents



The following are brief descriptions of adopted rules and policy documents published by the Department. The policy documents include Revenue Rulings, Revenue Information Bulletins, Redacted Private Letter Rulings, and Statements of Acquiescence and Non-Acquiescence. The full texts of adopted rules are available on the Department's Internet website at www.revenue.louisiana.gov under "Laws and Policies/Louisiana Administrative Code/Adopted Rules." The other policy documents are available under "Laws and Policies/Louisiana Administrative Code/Policy Documents." Adopted rules are also available from the Office of the State Register's Internet website at www.state.la.us/osr/reg/.

Redacted Private Letters

No. 04-001 – Income and Franchise Tax Exemptions for Health Maintenance Organizations (06-30-04)

No. 04-003 – Deduction of Transportation Costs from Value of Oil and/or Condensate (09-02-04)

No. 04-004 – Location of the Commercial Domicile of a Corporation (09-13-04)

No. 04-06 – Discussing Whether Various Charges Within the Purchase Price of a Communications System Form Part of the

Use Taxable "Cost Price" of the System, as Provided by La. Rev. Stat. Ann. §47:301(3)(a) (09-07-04)

Revenue Information Bulletins

No. 04-019 – Changes to the Petroleum Products Inspection Fee (07-08-04)

No. 04-021 – Motion Picture Incentive Tax Credits: Transferability and Application (09-22-04)

No. 04-021 – Concerning Act 418 of 2004 Regular Legislative Session Providing that the Monthly Filing with the Department of Public Safety and Corrections of Vehicle Transfer Reports Is No Longer Required by Licensed Dealers in New Motor Vehicles (09-14-04)

Revenue Rulings

No. 04-005 – Definition of the Term "Interstate Commerce" For Purposes of the Sales Tax Exemption Provided by La. Rev. Stat. §47:305.50(A), and Applying that Definition to Various Scenarios (08-16-04)

No. 04-006 – State Sales Taxability of Property Taxes Invoiced by Lessors to Their Lessees (09-14-04)

Statements of Acquiescence and Non Acquiescence

No. 04-002 – Definition of Inventory for Inventory Tax Credit Purposes (09-02-04)

Underpayment penalty for estimated payments



Taxpayers are reminded that there is a penalty for failure to make estimated payments of individual and corporate income taxes. The penalty for underpayment of any installment of individual or corporate estimated income tax is 12% per annum on the underpayment.

Electronic payments for declarations of estimated tax can be made through the Department's Internet website at www.revenue.louisiana.gov, or by mailing the appropriate declaration voucher and payment to Department of Revenue, P.O. Box 91007, Baton Rouge, LA 70821-9007. Corporations may not make electronic payments through the website, but must mail the appropriate declaration voucher and payment to the Department of Revenue, P.O. Box 91011, Baton Rouge, LA 70821-9011.

Individuals are required to make declarations of estimated tax payments if their Louisiana income tax after credits and taxes withheld can reasonably be expected to exceed \$1,000 for an individual and \$2,000 in the case of a joint declaration of husband and wife. A corporation must make estimated tax payments if its income for the taxable year can reasonably be expected to be \$1,000 or more.

For individual income tax, payments of estimated tax must be made in full with a declaration, or in four equal installments on or before April 15, June 15, September 15 of the tax year, and January 15 of the following year. For corporations, estimated payments, generally, must be made on or before the 15th day of the fourth month, sixth month, ninth month, and 12 month of the taxable year.

Easy-File/Easy-Pay Program - A Better Way to File and Pay Louisiana Taxes



The Department's online Easy-File/Easy-Pay program gives businesses and individuals a better way to file and pay Louisiana taxes.

Through the Department's website at www.revenue.louisiana.gov, taxpayers have the option to electronically file individual income tax (IT-540), sales tax form R-1029, Sales Hotel/Motel Statewide (R-1029HM), Orleans and Jefferson Hotel/Motel (R-1029DS), New Orleans Exhibition Hall Authority (R-1325), Automobile Rental Excise (R-1329), employer withholding forms (taxes withheld - L1s, state wage records - L2s, and annual reconciliation - L3s), and Severance Oil and Gas returns. The option to electronically pay for individual income and most business taxes is also available. Individual can also request extensions to file online or use an online withholding calculator.

In addition to the above services, direct deposits are available for taxpayer refunds, and automated direct debits are an option for payment of installment agreements.

For more information, or to register for the Easy-File/Easy-Pay program, go to the Department's website at www.revenue.louisiana.gov and click on "e-services," then "LDR on-line filing."

The Department of Revenue has a new web address:

www.revenue.louisiana.gov

The Earned Income Tax Credit

X Many taxpayers are unaware they qualify for the federal Earned Income Tax Credit (EITC) that can mean as much as an additional \$4,000 in their federal income tax refund, says Revenue Secretary Cynthia Bridges.

“The federal EITC is designed to assist moderate and low-income taxpayers with dependent children by returning some of their hard-earned money,” Bridges says. “Unfortunately, many of the taxpayers who qualify either don’t file a return in order to receive the credit, or don’t check to see if they qualify when they file.”

To qualify for EITC, taxpayers must meet certain requirements and file a federal tax return, even if they did not earn enough money to be obligated to file a federal tax return. The EITC has no effect on certain welfare benefits and, in most cases, EITC payments will not be used to determine eligibility for Medicaid, Supplemental Security Income (SSI), food stamps, low-income housing, or most Temporary Assistance for Needy Families (TANF) payments.

Bridges points out that Governor Kathleen Blanco has made taxpayer awareness of EITC one of her priorities. “The Louisiana Department of Revenue is making a targeted attempt this tax season to reach those taxpayers who may qualify for EITC. We want them to check with our Department or a professional tax preparer to see if they qualify,” Bridges says.

The state Department of Revenue is again providing tax assistance and electronic filing in all regions of the state through the Volunteer Income Tax Assistance (VITA) program. Bridges says volunteer representatives will be on hand at a number of locations during this tax season to assist taxpayers with the preparation of their federal 1040A and 1040EZ tax returns, as well as the state return. After preparation is completed, tax returns will be filed electronically free of charge. “Taxpayers should use this free assistance opportunity to see if they qualify for EITC,” she points out.

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Subject	Month
Administrative	
Act 900 (Regular Session) – Refunds and overpayments of taxes	October 2004
Alexandria Regional Office Relocates	January 2004
Automated Bank Drafts Available	January 2004
Cynthia Bridges Reappointed Revenue Secretary	April 2004
E-as-y File and E-as-y Pay	January 2004
E-as-y File/E-as-y Pay Program	April 2004
E-as-y File/E-as-y Pay Program	July 2004
E-as-y File/E-as-y Pay – A Better Way to File and Pay Louisiana Taxes	October 2004
Judicial Interest Rate for Refunds	April 2004
List-Serv Subscription Service for <i>Tax Topics</i>	October 2004
Phase Three of DELTA Project Implemented	April 2004
Tax Topics Index – Vol. 22, Nos. 1-4	January 2004
Collection	
Act 56 (Regular Session) – Release of Liens	October 2004
Act 166 (Regular Session) – Distraint Cost Penalty	October 2004
Act 197 (Regular Session) – Time Allowed for Tax Payment After Receipt of Notice	October 2004
Suspension, Revocation, Denial of Licenses Now in Effect	April 2004
Excise Taxes	
Act 47 (Regular Session) – Petroleum Products Inspection Fee	October 2004
ICFT	
Act 2 (Special Session) – Phase-out of Debt Portion of Franchise Tax Base	July 2004
Act 7 (Special Session) – Motion Picture Investor Tax Credit	July 2004
Act 12 (Special Session) – Sunset Date Extension for Earning Income and Franchise Tax Credits	July 2004
Act 13 (Special Session) – Louisiana Quality Jobs Program	July 2004
Act 53 (Regular Session) – Waiver of Penalty for Underpayment of Individual Income Taxes	October 2004
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Important Points for Individual Income Tax Filers	January 2004
Tax Year 2003 Booklets Mailed	January 2004
Underpayment Penalties for Estimated Payments	January 2004
Inheritance Tax	
Act 42 (Regular Session) – Financial Institutions Reporting Requirements	October 2004
Act 884 (Regular Session) – Inheritance and Estate Tax Requirements	October 2004
Inheritance Tax Information	October 2004
Inheritance Tax Phase-out	January 2004
Inheritance Tax Rates Phased Out	April 2004
Miscellaneous	
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Tax Preparer Pleads Guilty	January 2004
Workshops Scheduled for Small Businesses/Self-Employed	July 2004
Redacted Private Letter Rulings	
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No. 03-011 – Carpet Installation as a Sale of Tangible Personal Property	January 2004
No. 03-013 – Exemption For Banks Organized Under Laws of Other States	April 2004
No. 03-014 – Transferability and Application of Motion Picture Investor Tax	April 2004
Revenue Information Bulletins	
No. 02-006B – Dissolution of a Judicial Injunction Concerning Certain Exclusions for Religious Entities	January 2004
No. 03-015 – Limited Liability Companies Not Subject to Franchise Tax	January 2004
No. 03-016 – Severance Tax Filing Changes	April 2004
No. 03-017 – 2004 Cost Price for Refinery Gas	April 2004
No. 04-001 – 2004 Severance Tax Rates for Timber Products (Correction made in July 2004)	April 2004
No. 04-003 – Filing Requirements for Single Member LLCs and Qsubs	April 2004
No. 04-004 – Definition of Farmer for Purposes of Applying Underpayment Penalty	April 2004
No. 04-006 – PPM 50.8 Repealed – Taxpayer Claim of Rights for Repayments of Income Exceeding \$3,000	July 2004
No. 04-007 – Natural Gas Severance Tax Rate Set	July 2004
No. 04-008 – Calculation of Individual Income Tax Refund Interest	July 2004
No. 04-009 – Calculation of Refund Interest	July 2004
No. 04-010 – Tangible Personal Property and “Other Constructions” Permanently Attached to the Ground	July 2004
No. 04-011 – Sales Tax Exemptions Through June 30, 2009	July 2004
No. 04-012 – Phased-In Sales Tax Exclusion of Manufacturing Equipment	July 2004

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Revenue Information Bulletins (...Continued)

No. 04-013 – Continuance of Sales Tax Exemption on Steelworks' and Blast Furnaces' Purchase of Utilities	July 2004
No. 04-014 – Removing the Exemption Expiration Date on Purchases of Certain Trucks, Trailers, and Buses	July 2004
No. 04-015 – Sales Tax Exclusion for Purchases of Butane, Propane, and Other Fuels for Residential Use	July 2004
No. 04-016 – PPM 30.7 Repealed – Individual Income Tax Relief on Gains from IRC Sect. 337 Liquidations	July 2004
No. 04-017 – Oilfield Site Restoration Fee Increase	October 2004
No. 04-018 – Franchise Tax Debt vs. Equity – Application of R. S. 47:605	October 2004
No. 04-019 – Changes to the Petroleum Products Inspection Fee	October 2004
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Revenue Rulings

No. 03-004 – Alternative Fuel Usage Credit for Low Speed Vehicles	January 2004
No. 03-005 – Inclusion of the Federal Excise Tax on Gasoline in the Sales Ratio	January 2004
No. 03-006 – Corporation Income Tax Treatment of Single Member LLCs	April 2004
No. 03-007 – State Sales Tax for Permanently or Long-Duration Occupied Hotel Rooms ..	April 2004
No. 03-008 – Deferred Retirement Option Plan Self-Directed Sub-Accounts	April 2004
No. 04-001 – State Sales Taxability of Charges for Computer Software Maintenance Agreements	July 2004
No. 04-002 – Taxpayer Claim of Rights for Repayments of Income	July 2004
No. 04-003 – Relationship Between "Final Return" and "Amended Return"	July 2004
No. 04-004 – State Sales Taxability of Certain Charges by Hotels Associated with Room Reservations	July 2004

Rules Adopted

LAC 61:I.305 – Relative to the Definitions of Reserves and Assets	January 2004
LAC 61:I.320 – Books of a Corporation	October 2004
LAC 61:I.1310 – Individual Income Tax Brackets Based on Act 51 of the 2002 Louisiana Legislature	January 2004
LAC 61:I.1351 – Suspension, Revocation, and Denial of Hunting and Fishing Licenses	October 2004
LAC 61:I.1520 – Emergency Rule Concerning Withholding by Professional Athletes ...	January 2004
LAC 61:I.1520 – Withholding by Professional Athletes	April 2004
LAC 61:I.1775 – Emergency Rule Concerning Progressive Pull-Tabs for Charitable Games of Chance	January 2004
LAC 61:I.1775 – Progressive Pull-Tabs for Charitable Games of Chance	April 2004
LAC 61:I.4301 – Sales Tax Exclusions on Manufacturing Equipment and Machinery ...	October 2004
LAC 61:I.4301 – Defining Sales Taxable Services	October 2004
LAC 61:I.4307B – Sales Taxes on Vehicles	April 2004
LAC 61:I.4401 – Relative to the Sales Tax Exemption of Food for Home Consumption .	January 2004
LAC 61:I.4403 – Sales Tax Exemptions for Certain Vessels	October 2004
LAC 61:I.4910 – Changes to the Electronic Filing Requirement Threshold	January 2004
LAC 61:I.4910 – Electronic Funds Transfer	April 2004
LAC 61:I.5302 – Issuance of a Lien; Fees	October 2004

Statements of Acquiescence or Non-Acquiescence

No. 03-001 – Credit for Taxes Paid to Another State	January 2004
No. 04-001 – Capitalized Lease Obligations in the Franchise Tax Base	July 2004

Sales Tax

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Act 6 (Special Session) – Tangible Personal Property and "Other Constructions"	July 2004
Act 8 (Special Session) – Provides Butane/Propane Exclusion	July 2004
Act 10 (Special Session) – Exemption Expiration Date on Purchases of Certain Trucks, Trailers, and Buses	July 2004
Act 418 – Deletes Certain Reporting Requirements for New Motor Vehicle Dealers	October 2004
Act 724 – Registration Requirements for Home Improvement Contractors	October 2004
Food Exemption Reminder	July 2004
Manufacturing Equipment Sales Tax Exclusion Effective July 1, 2004	July 2004
Prepaid Calling Cards Subject to Sales Tax	July 2004
Sales and Use Tax Seminar Scheduled to be in Alexandria	April 2004

Severance Tax

Act 412 (Regular Session) – Oil Field Site Restoration Fee Increase	October 2004
2004 Severance Tax Rates for Timber Products Corrected	July 2004
Oilfield Site Restoration Fee Increased	October 2004
Processing of Severance Taxes Simplified	January 2004

Changes (...Continued)

addresses for returns receiving refunds and for those with additional tax payments. Like last year, an appropriate mailing label for each is included with the mailing envelope. Taxpayers should take care to use the correct label.

Taxpayers should note that the Department's E-as-y File/E-as-y Pay electronic services program gives them the option to file their resident state individual income return from the Department's website at www.revenue.louisiana.gov. They may also electronically pay any additional tax that may be due through the website anytime up to the May 16, 2005 filing deadline. The nonresident return cannot be filed through the Department's website, but additional tax payments can be made through the website.

Subscription Service for Tax Topics

The Louisiana Department of Revenue has initiated a listserv subscription service for the Louisiana Tax Topics newsletter.

To sign up for this e-mail notification, go to the Department's Internet website at www.revenue.louisiana.gov and click on "Publications." From there, click on the link "Tax Topics Subscription Service" and complete the on-line subscription request form. The subscription request is then submitted by simply clicking on "Submit Request." Subscribers will be automatically notified whenever a new issue of the Louisiana Tax Topics newsletter is published on the Department's website.

The subscription service is free and taxpayers may unsubscribe at anytime.

Tax Topics is a quarterly publication of the Louisiana Department of Revenue. Information contained herein is of a general nature; taxpayers requiring information concerning a specific tax matter should contact the appropriate tax office. Subscription information may be obtained from the Public Affairs Section at the address below, or by calling (225) 219-2760.

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