

# Louisiana **Tax Topics**

Department of Revenue and Taxation



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The mission of the Louisiana Department of Revenue and Taxation is to serve the citizens of Louisiana by efficiently collecting the state's tax revenue in a manner that will generate the highest degree of public confidence in our integrity and fairness.

## **Forced heirship repealed**

Act 1321 of 1995 authorized the submission of a proposed constitutional amendment to the voters of Louisiana at the 1995 gubernatorial primary election held on October 21, 1995. Voter approval of the proposed amendment repealed the prohibition against the abolition of forced heirship provided by Article XII, Section 5 of the Louisiana Constitution, except for persons 23 years of age and under, and persons who, because of mental incapacity or physical infirmity, are incapable of taking care of themselves or administering their estates.

Concurrent with Act 1321, the legislature passed Act 1180, amending and re-enacting various Civil Code Articles and Revised Statutes dealing with forced heirship. The provisions of Act 1180 became effective on January 1, 1996, based on the approval of the proposed constitutional amendment by the voters.

This "new" forced heirship law will apply to the successions of all persons who die after December 31, 1995. If a person dies testate, and the testament was executed before January 1, 1996, then the testator's intent must be ascertained in accordance with the provisions of Revised Statute 9:2501 as enacted by Act 1180.

R.S. 9:2501 provides that the intent of a testator shall be ascertained according to the following rules:

1. The testament shall be governed by the law in effect at the time of the testator's death in any of the following instances:

- a. The testament manifests an intent to disinherit a forced heir or to restrict a forced heir to the legitime in effect at the time of the testator's death.
  - b. The testament leaves to the forced heir an amount less than the legitime in effect at the time the testament is executed.
  - c. The testament omits a forced heir and its language indicates an intent to restrict the forced heir to an amount less than the legitime in effect at the time the testament is executed.
2. In all other instances, the testament shall be governed by the law in effect on December 31, 1995.
  3. The term "forced heir," as used above, shall mean a forced heir at the time the testament is executed.

Additional information concerning inheritance tax matters will continue to be included in future issues of *Tax Topics*. For more information concerning the revised forced heirship law, contact the Inheritance Tax Section at (504) 925-7424. ■

## **Tax booklets mailed**

Nearly 1.5 million Louisiana taxpayers were mailed their 1995 individual income tax booklets during the first week of January.

Again this year, there are only two booklets, the IT-540 resident form and the IT-540B nonresident and part-year resident form. Both booklets are in a scannable format that enables automated processing equipment to electronically capture income tax information directly from the return. This reduces the need for departmental employees to manually enter the information into the Department's computer system by keypunch. The ability to scan the information also reduces the chance of errors and speeds processing time. Schedules A, D, and E are also in a scannable format.

Approximately 190,000 Louisiana taxpayers who used professional tax preparers to prepare their 1994 returns were mailed notification postcards this year in lieu of a tax booklet. The postcard program is new this year and is similar to a successful program of the Internal Revenue Service that saves the cost of printing and mailing a tax return booklet that will not normally be utilized by a professional tax preparer.

*Continued on next page*

## **Court stays ethics ruling**

An article concerning the Commission on Ethics for Public Employees was printed in the August 1995 *Tax Topics*. The First Circuit Court of Appeals has issued an order staying the decision of the Ethics Commission as it affects Kenneth E. Samaha and Sales Tax, Inc., pending an appeal of the district court's decision. This case will be discussed in this publication again when the First Circuit Court has rendered a decision. ■

## Annual reconciliation of income tax withheld

On or before the first business day following February 27 of each year, every employer must file an "Employer's Annual Reconciliation of Louisiana Income Tax Withheld" (Form L-3). A 30-day extension may be requested, if necessary.

Form L-3 is included in the preprinted withholding tax coupon booklet or may be requested from:

Department of Revenue and Taxation  
Withholding Tax Section  
Post Office Box 91017  
Baton Rouge, LA 70821-9017

Employers must transmit the L-3 form with a list of the amounts of income tax withheld as shown on the L-2 forms (an adding machine tape listing is acceptable), along with the state copies of the wage and tax statements (L-2 forms or the state copies of the W-2 forms).

Employers with 250 or more employees must file on magnetic media. The Department of Revenue and Taxation accepts magnetic tapes, 3½ inch diskettes, 5¼ inch diskettes, and 3480 cartridges. The media should have a label showing the name, tax year, Louisiana identification number, and must be accompanied by Form L-3. Questions concerning magnetic media should be directed to the above address or telephone (504) 925-4611.

Late submission or failure to submit the L-3 and L-2 information will result in a penalty of \$5.00 per employee wage statement, not to exceed \$7,500.

For more information concerning withholding tax, contact the Income and Corporation Franchise Taxes Division at (504) 925-4611. ■

## Tax booklets mailed continued

The 1995 returns are similar to last year's returns and utilize special inks and paper to make them scannable. Like last year, taxpayers will need to handprint their numerals in the boxes provided on the forms. Taxpayers should take care to make their numerals in the same fashion as the example shown in the instructions. This will help ensure efficient processing of the returns.

The IT-540 form booklet was mailed to all resident taxpayers. This booklet includes two copies of the resident return and two copies of Schedules A, D, and E, a return envelope, instructions, and tax tables.

Nonresidents and part-year residents were mailed the IT-540B booklet. This booklet contains two copies of the nonresident and part-year resident return, two copies of donation Schedule D, a return envelope, instructions, and a worksheet the taxpayer must complete in order to calculate the correct amount of Louisiana's tax.

Taxpayers whose status has changed, or who need additional forms or schedules, should contact one of the regional offices of the Department.

Copies of federal tax returns are not normally needed by this Department to process the state returns and should not be included with the state returns. If additional information is needed, the Department will contact the taxpayer and request only the schedule needed rather than the entire federal return.

Tax return preparers using special computer software to generate federal and state substitute returns may submit documents that do not utilize the handprint format, provided the substitute documents meet the Department's specifications for substitute documents and have received prior approval by the Department. Copies of the specifications manual and approval of computer generated substitute forms may be obtained from the Research and Technical Services Division of the Department at the headquarters office. The manual may also be downloaded from the Department's electronic bulletin board system using a personal computer. The BBS telephone number is (504) 922-2529. The telephone number of the BBS Help Desk (voice) is (504) 925-7292. ■

## No photocopies, please!

The pre-addressed forms furnished by the Department contain vital information such as account number, name, and address, which helps identify and properly credit a taxpayer's account. Many of these forms are electronically scanned for faster, more accurate processing. The taxpayer's copy or photocopies of the completed return can be retained by the taxpayer for his records, but photocopies should not be submitted to the Department for processing since they cannot be scanned by the automated processing equipment.

Some tax preparers use special computer software to produce individual income tax substitute documents on laser printers with very precise positioning of the data so that they can be scanned. However, photocopies of these substitute documents are not scannable even though they may appear identical to the originals. For this reason, if photocopies are made for the taxpayer, they should be stamped "Taxpayer Copy" in red ink so only the original laser printed forms are submitted for processing. ■

## Rate of judicial interest determined

In accordance with Louisiana Civil Code Article 2924(B)(3), the rate of judicial interest for calendar year 1996 has been calculated at 9.75 percent.

Under provisions of Revised Statutes 47:1624 and 47:1576, interest payable on refunds made by the Department of Revenue and Taxation will be payable at this judicial rate during the 1996 calendar year. ■

*Tax Topics* is a monthly publication of the Louisiana Department of Revenue and Taxation. 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 Research and Technical Services Division at the address below, or by calling 504-925-6047.

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