LOUISIANA DEPARTMENT of REVENUE

Schedule of Ad Valorem Tax Credit Claimed by ITEP Manufacturers and C Corporations for Ad Valorem Tax Paid on Inventory or Natural Gas

Louisiana Revised Statute 47:6006

IMPORTANT: Use this form if filing a 2025 tax return. See instructions.

PLEASE PRINT OR TYPE

Taxpayer Name

LDR Account Number

Filing Period

Parish Name of Louisiana parish that issued the assessment	**Assessment Number**	**Total Assessment**	**Inventory Assessment** Qualified inventory held by manufacturers, suppliers, or retailers	**Ratio** Inventory Assessment/ Total Assessment *Use only if using ratio method to determine eligible tax credit.**	**Total Assessed Tax Paid**	**Qualified Inventory Tax Credit Claimed on Current Year Return** List actual tax paid or apply ratio method to determine eligible tax credit.	**Check Number**	**Check Date**	**Check Amount**
Total									

LOUISIANA DEPARTMENT of REVENUE

Schedule of Ad Valorem Tax Credit Claimed by ITEP Manufacturers and C Corporations for Ad Valorem Tax Paid on Inventory or Natural Gas

Louisiana Revised Statute 47:6006

IMPORTANT: Use this form if filing a 2025 tax return. See instructions.

PLEASE PRINT OR TYPE

Taxpayer Name	
SSN/LDR Account Number	**Filing Period**

Check the box for the credit type this worksheet is used to calculate:

- ☐ Inventory Tax Credit Carried Forward, for C Corporations and/or ITEP (500)
- ☐ Ad Valorem Natural Gas Credit Carried Forward and for C Corporations (502)

See instructions to complete Lines 1A through 3 below.

1A	Amount of ad valorem taxes paid	
1B	Amount of ad valorem taxes paid on short-term rentals	
1C	Amount of ad valorem taxes paid qualifying for the credit	
2	Tax liability before applying the credit	
3	Amount of the credit exceeding tax liability	

The 2024 Third Extraordinary Session and the 2025 Regular Session provided significant changes to both the eligibility for earning the credit and the procedures for claiming the credit under La. R.S. 47:6006. These changes are applicable to taxable periods beginning in 2025 and later. Please see Revenue Information Bulletin 26-011 for additional information. See specific changes below:

C Corporations

For taxable periods beginning on or after January 1, 2025, taxpayers taxed as C-corporations for federal income tax purposes can no longer receive a refund if the inventory tax or natural gas credit exceeds their tax liability. The credit can only be used as a credit against their corporation income tax liability. Any excess credit can be carried forward for up to ten years. The credit must be claimed on Form CIT-620, Schedule NRC-P3, using Code 500 or 502.

For payments of ad valorem taxes made on or after July 1, 2026, taxpayers taxed as C-corporations for federal income tax purposes cannot earn the inventory tax or natural gas credit. This includes those filing short period returns and fiscal year filers. Any remaining credits may be carried forward for an additional ten years from the dates the credits would have expired. This additional carryforward period does not apply to any credits for which the carryforward period expired prior to January 1, 2025. For most taxpayers, this means unused credits earned in 2015 and thereafter can now be carried forward for 20 years.

Note: Credits earned by a pass-through entity taxed as a partnership for federal income tax purposes and subsequently distributed to a member or partner taxed as a C corporation for federal income tax purposes are not subject to the prohibition on refundability applicable to credits earned by taxpayers taxed as C corporations. The member or partner may claim the distributed credit as refundable or carry the credit forward in accordance with La. R.S. 47:6006(B).

Corporations Operating as a Cooperative Association

For taxable periods beginning on or after January 1, 2025, taxpayers taxed as C-corporations for federal income tax purposes can no longer receive a refund if the inventory tax or natural gas credit exceeds their tax liability. The credit can only be used as a credit against their corporation income tax liability. Any excess credit can be carried forward for up to ten years. The credit must be claimed on Form CIT-620, Schedule NRC-P3, using Code 500 or 502.

For payments of ad valorem taxes made on or after July 1, 2026, cooperatives, that file as a C-corporation, that are allowed a federal income tax deduction for any patronage dividend paid or allocated to its members, can earn the inventory tax or natural gas credit. The credit will not be eligible for a refund but can be used as a credit against the corporation income tax liability. Any excess credit can be carried forward for up to ten years. To claim this exception, a copy of the Federal Form 1099-PATR must be submitted with the return.

Estates or Trusts

For payments of ad valorem taxes made on or after July 1, 2026, taxpayers taxed as an estate or trust for federal income tax purposes cannot earn the inventory tax or natural gas credit. This includes those filing short period returns and fiscal year filers. Any remaining credits may be carried forward for an additional ten years from the dates the credits would have expired. This additional carryforward period does not apply to any credits for which the carryforward period expired prior to January 1, 2025. For most taxpayers, this means unused credits earned in 2015 and thereafter can now be carried forward for 20 years.

S Corporations

For credits earned between January 1, 2025 and December 31, 2025, there were no changes to the tax credit. For payments of ad valorem taxes made on or after January 1, 2026, an S corporation may earn the credit only with respect to amounts that flow through to qualifying shareholders. The credit must be allocated based on the ratio of shares owned by qualifying shareholders to the total number of issued and outstanding shares of the S corporation. Qualifying shareholders include Louisiana resident individuals, estates, and trusts, and nonresident shareholders whose Louisiana income tax liability attributable to their share of the S corporation's income has been satisfied in accordance with Louisiana law.

Credits that are passed through from partnerships or S corporations can be claimed by the partner/shareholder regardless of their inability to earn the credit.

For taxable periods beginning on or after January 1, 2026, inventory tax credits earned by an S corporation, including previously unused earned credits, flow through to its shareholders. An S corporation filing a composite return may claim each participating shareholder's pro rata share of the credit on the composite return. A credit claimed on the composite return may not also be claimed on any other return filed by or on behalf of that shareholder for the same taxable period.

Entities Making the Pass-Through Entity Election

Entities making the pass-through entity election pursuant to La. R.S. 287.732.2 may continue to earn the inventory tax credit. S corporations and partnerships that made the PTE tax election will earn the ITC at the entity level and will claim the credit on the corporate return. See Revenue Information Bulleting 26-011 for additional information.

GENERAL INSTRUCTIONS

1. Complete this form to calculate the credit for ad valorem taxes paid on inventory and natural gas.
2. This worksheet was designed to assist the following taxpayers in calculating the credit and provide necessary computation to LDR:
    - A manufacturer who has claimed the property tax exemption under the Industrial Tax Exemption Program (ITEP) during the taxable year in which the local inventory taxes were levied
    - Manufacturers, distributors, or retailers taxed as a C-corporation for federal income tax purposes for credit amounts earned on January 1, 2025 through June 30, 2026
    - Manufacturers, distributors, or retailers that are cooperatives but file as a C-corporation for payments of ad valorem taxes made on or after January 1, 2025
3. If you are one of the taxpayers described in #2 above, your credit is limited to tax. See aforementioned changes above for carryforward provisions.
4. This form should be used for tax year 2025.
5. Enter the taxpayer's name, SSN/LDR account number, and filing period for the return to which this worksheet is attached in the space provided. Check the box for the credit type you are calculating on this worksheet.

LINE INSTRUCTIONS

1A. Enter the amount of the ad valorem taxes paid to local subdivisions in Louisiana on inventory held by manufacturers, distributors, and retailers, OR natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage.

1B. Enter the amount of Line 1A that is the ad valorem taxes paid to local subdivisions in Louisiana on inventory held by manufacturers, distributors, and retailers, that is available for or subject to a short-term rental that will subsequently or ultimately be sold by the retailer that will be included on Line 1C.

For the purpose of this credit, inventory is defined in La. R.S. 47:6006 as items of tangible personal property that are held for sale in the ordinary course of business, in the process of production for subsequent sale, or are to physically become a part of the production of such goods. The definition contains a listing of specific items that are included and not included in inventory. In addition to items that are clearly included by the definition, the following items are included in inventory: used goods or trade-in merchandise; by-products of a manufacturer; raw materials and supplies that will be consumed in the Louisiana manufacturing process; and goods that are available for short-term rental that will subsequently or ultimately be sold by taxpayers classified under code numbers 532412 and 532310 of the North American Industry Classification System. A “short-term rental” is defined as a 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.

Not included in inventory unless otherwise stated are the following: oil stored in tanks held by a producer prior to the first sale of the oil; items that have been leased by the taxpayer; items that the taxpayer has depreciated for federal income tax purposes; items that have been used by the taxpayer and have been owned for more than eighteen months; and certain items stored in the state for use in interstate commerce.

1C. Enter the amount of ad valorem taxes paid to local subdivisions in Louisiana on inventory held by manufacturers, distributors, retailers, OR natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage reported on Line 1A that meets the definition of inventory under La. R.S. 47:6006. Your credit for the inventory held is limited to tax, and the excess can be carried forward for up to 10 years. Taxpayers prohibited from earning the inventory tax credit on ad valorem taxes paid on inventory or natural gas on or after July 1, 2026, are allowed an additional 10-year carryforward for existing credits. For most taxpayers, this means unused credits earned in 2015 and thereafter can now be carried forward for 20 years.

2. Enter the amount of your adjusted tax liability from your tax return. See chart below for line numbers.

Tax Year	IT-540	IT-540B	IT-541	IT-565	CIT-620
2025	Line 22	Line 23	Line 15	Schedule 6922, Line 9	Line 9

3. Enter the amount of the credit exceeding tax liability. Subtract Line 2 from Line 1C. If less than zero, enter zero.

If Line 3 is equal to zero, your entire credit on Line 1C will be used to offset tax. Enter the amount from Line 1C on Schedule NRC-P3 (Business) or Schedule J (Individual) with the identifying three-digit code listed below. If Line 3 is greater than zero, Line 3 is your credit carry forward, and the amount on Line 2 is the amount of the credit that can be used to offset tax. Enter the amount from Line 2 on Schedule NRC-P3 or Schedule J using code 500 (Inventory) or 502 (Natural Gas).