

GENERAL INFORMATION FOR FILING YOUR 2001 LOUISIANA RESIDENT INDIVIDUAL INCOME TAX RETURN

Important: If provided, taxpayers should file the pre-printed tax form imprinted with their name and address. Please print in black ink only.

WHO MUST FILE A RETURN

1. All Louisiana resident individuals who are required to file a federal individual income tax return must file a return reporting all income earned in 2001.
2. Any taxpayer who has overpaid his tax through withholding or declaration of estimated tax must file a return to obtain a refund or credit.
3. If you are **not required to file a federal return**, but had Louisiana income tax withheld in 2001, **you may file a return to claim a refund of the amount withheld. Please refer to the IRS requirements for filing to determine if you must file a federal return.** On the face of the return above Line 7, print your wages as reported on your W-2 and mark the box indicating you are not required to file a federal return. Complete Lines 13A through 17C where applicable.
4. Any military personnel whose home of record is Louisiana and who meets the filing requirements of 1 or 2 above must file a return and report all of his income regardless of where he was stationed. If you are single, you should file a resident return (Form IT-540) and report all of your income to Louisiana.

If you are married and both you and your spouse are residents of the State of Louisiana, you should file a resident return (Form IT-540) and report all of your income to Louisiana. If you are married and one of you is not a resident of Louisiana, you have the option of filing a resident (Form IT-540) or nonresident (Form IT-540B) return. Nonresident professional athletes should use Form IT-540B-NRA. You may choose the option that is more beneficial to your current situation.

If an income tax liability was paid to another state on nonmilitary income and income earned by a spouse, resident taxpayers are allowed a credit for this liability, provided such income was included on the Louisiana return.

5. Any military personnel whose domicile is not Louisiana must report any nonmilitary Louisiana source income on Form IT-540B.
6. A temporary absence from the State of Louisiana does not automatically change your domicile for income tax purposes. The intention to change one's domicile to another state must be shown by actions taken to establish a new domicile outside Louisiana and to abandon the Louisiana domicile and privileges. Examples of actions taken include: registering to vote, registering and titling vehicles, obtaining a driver's license, changing children's school attendance, obtaining homestead exemption, or any other actions that show intent. **These are intended as examples and do not necessarily indicate a change in residency.** An individual who continues to maintain a residence in Louisiana while working in another state is considered a Louisiana resident. Use Schedule A to report taxes paid to another state.
7. Surviving Spouses, Executors, Administrators, or Legal Representatives – You must file a final return for a decedent (a person who died) if both of the following are true. (1) You are the surviving spouse, executor, administrator, or legal representative. (2) The decedent met the filing requirements at the date of death. For more information on rules for filing a decedent's final return contact the Department of Revenue at the locations listed on the back cover.

ELECTRONIC FILING SYSTEM

Those taxpayers who wish to file their returns electronically may obtain Form 8453 from their electronic filing vendor. Free internet filing is available for most Louisiana taxpayers through the Department's website at www.rev.state.la.us.

DECLARATION OF ESTIMATED TAX

Every individual whose Louisiana income tax liability can reasonably be expected to exceed \$1,000 (\$2,000 if joint declaration) after deducting all credits and income tax withheld is liable for the filing of a declaration of estimated tax. The underpayment of estimated tax is subject to a 12 percent penalty. See Form IT-540ES for details.

FORMS

Forms and instructions may be obtained from any office of the Department of Revenue, and on the Department's website at www.rev.state.la.us. The locations are listed on the back cover of this booklet.

AMENDED RETURNS

If you file your income tax return and later become aware of any changes you must make to income, deductions, or credits, you must file an amended Louisiana return. A corrected return for the tax year being amended should be

submitted along with an explanation of the change(s) and a copy of the federal amended return, Form 1040X, if one was filed. The form should be clearly marked with an "X" in the "Amended Return" box. Do not make any adjustments for refunds received or for payments made with original return. This information is already on file.

FEDERAL TAX ADJUSTMENTS

Louisiana Revised Statute 47:103C, requires taxpayers whose federal returns are adjusted to furnish a statement disclosing the nature and amounts of such adjustments within 60 days after the adjustments have been made and accepted. This statement should accompany your amended state return.

WHEN TO FILE AND PAY TAX

1. A calendar year return is due on or before May 15, 2002.
2. Returns for fiscal years are due on or before the 15th day of the fifth month after the close of the taxable year.

WHERE TO FILE AND PAY TAX

MAIL forms and payment to: Louisiana Department of Revenue, P. O. Box 3440, Baton Rouge, LA 70821-3440, or DELIVER to any office of the Department listed on the back cover of this booklet. **DO NOT SEND CASH.**

Payments should be made payable to the **Louisiana Department of Revenue**. Cost for processing drafts or checks drawn on foreign banks will be charged to the taxpayer.

Print your Social Security Number on all payments and correspondence.

EXTENSION OF TIME FOR FILING A RETURN

Louisiana recognizes an extension granted by the Internal Revenue Service. Attach a copy of your automatic or approved federal extension to your Louisiana income tax return.

An extension only extends the time to file the return, not the time to pay any tax that may be due.

Use Form R-6465 to request an extension beyond the date required for filing your federal return. The form is included in the back of this booklet and on the Department's website.

INSTALLMENT AGREEMENT

An installment request, Form R-19025, is included in the back of this booklet and on the Department's website. If you are unable to pay the balance in full by the due date, this request must be submitted along with a minimum payment of 20 percent of the total amount owed.

INTEREST AND PENALTY

INTEREST — Interest is due on all items of tax not paid on time. Interest is computed at the rate of 15 percent per annum from the date due until the date paid.

DELINQUENT PENALTY — For failure to file a return on time, a penalty of 5 percent of the tax accrues if the delay in filing is not more than 30 days, with an additional 5 percent for each additional 30 days or fraction thereof during which the failure to file continues, not to exceed a total of 25 percent.

LATE PAYMENT PENALTY — For failure to pay the tax in full by the date the return is required by law to be filed, determined without regard to any extension of time for filing the return, a penalty of 0.5 percent of the tax not paid accrues for each 30 days during which the failure to pay continues, not to exceed a total of 25 percent.

KEEP YOUR RECORDS

Taxpayers should keep copies of federal and state returns and W-2 statements for four years. Do not submit a copy of your federal return, unless requested by the Department.

HELPFUL HINTS TO AVOID DELAYS

1. On a joint return, print the Social Security Numbers in the same order that you listed them on your federal return.
2. Do not complete Line 8 if you do not itemize your deductions on your federal return.
3. If you are reporting retirement benefits on Line 4D2 or 4E of Schedule E, you must print the name of your retirement system in the spaces provided.

INSTRUCTIONS FOR PREPARING YOUR 2001 LOUISIANA RESIDENT INDIVIDUAL INCOME TAX RETURN FORM IT-540

ABOUT THIS FORM

The return has been designed for electronic scanning that permits faster processing with fewer errors. In order to avoid unnecessary delays caused by manual processing, taxpayers should follow the guidelines listed below:

1. If provided, use the pre-addressed copy of the return imprinted with the taxpayer's name and address.
2. Print amounts only on those lines that are applicable.
3. Use only a black ink pen. Do not use red ink.
4. Because this form is read by a machine, please print your numbers inside the boxes like this:



5. All numbers should be rounded to the nearest dollar and numbers should **NOT** be printed over the zeros printed in the handprint boxes used to designate cents.
6. To avoid any delay in processing, use this form for **2001** only.
7. If you are filing an amended return, mark an "X" in the "Amended Return" box.

NAME, ADDRESS, AND SOCIAL SECURITY NUMBER – Print your Social Security Number(s) in the space provided. If there is an error on the pre-addressed return, please correct it on the return. Using the pre-addressed return helps identify your account, saves processing time, and speeds refunds. If you did not receive a booklet that was pre-addressed, print your name, address, and Social Security Number on your return. **If your name and/or address has changed since last year's return (for example, new spouse), please mark the appropriate box.** Print a daytime telephone number in the space provided. If married, please give Social Security Numbers for both you and your spouse.

On a joint return, show the Social Security Numbers in the same order that you show your first names. Your names and Social Security Numbers must be listed in the same order that you listed them on your federal return.

LINES 1-5 – Filing status – You must use the same filing status on your Louisiana return as you did on your federal return. In the box on the left, print the number corresponding to your filing status: "1" for Single, "2" for Married Filing Jointly, "3" for Married Filing Separately, "4" for Head of Household, and "5" for Qualifying Widow(er). If your filing status is Head of Household, you must show the name of the qualifying person in the space provided if the person is not a dependent. Head of household status is for unmarried people who paid over half the cost of keeping up a home for a qualifying person.

LINE 6 – Exemptions – Mark an "X" in the appropriate boxes. You must use the same number of exemptions on your Louisiana return as you did on your federal return unless you are listed as a dependent on someone else's return or you are age 65 or over or blind. You must claim an exemption for yourself on Line 6A even if someone else claimed you on their federal tax return. This box has already been marked with an "X" for you. Print in the box provided on Line 6D the total number of exemptions claimed. The names of all dependents must be shown in the space provided.

LINE 7 – Print the amount of your federal adjusted gross income. This amount is taken from federal Form 1040, Line 33, OR federal Form 1040A, Line 19, OR federal Form 1040EZ, Line 4, OR federal Telefile worksheet, Line "I". If your federal adjusted gross income is less than zero, print zero. Residents with exempt income, interest income from obligations of other states and their political subdivisions, or residents 65 years of age or over with annual retirement income taxable to Louisiana should use Schedule E to determine their Louisiana adjusted gross income. See "Instructions for Schedule E." Mark the box if you used the amount from Louisiana Schedule E. **Nonresidents and part-year residents must use Form IT-540B to file their Louisiana return. Nonresident professional athletes must use Form IT-540B-NRA.**

LINE 8 – Leave Line 8 blank if you did not itemize your deductions on your federal return. If you did itemize, you must complete the "Excess Itemized Deductions Worksheet", located on the back of the return. **The deduction is limited to 50 percent of your federal excess itemized deductions.** Print the amount from Line 3B of the worksheet on Line 8 on the face of the return.

LINE 9 – See worksheet on page 23.

LINE 10 – Subtract Lines 8 and 9 from Line 7 and print the balance. If less than zero, print "0".

LINE 11 – Turn to the tax table that corresponds with your filing status. Locate the amount of your tax table income from Line 10 in the first two columns of the tax table. Read across to the column numbered the same as the total number of exemptions claimed on Line 6D. The amount shown in that column is your Louisiana tax liability. Print this amount on Line 11 of the return. If you have more than eight exemptions, refer to the instructions at the top of the tax tables.

LINE 12 – Print the total from Line 6 of Louisiana Schedule A. See instructions for Louisiana Schedule A.

LINE 13A – Subtract Line 12 from Line 11 and print the balance. If no federal return is required, or if less than zero, print "0".

LINE 13B – If you purchased goods for use in Louisiana from out-of-state companies and were not properly charged Louisiana state sales tax, you are required to file and pay the tax directly to the Louisiana Department of Revenue. This can include purchases from catalogs, televisions, internet, outside the U.S., or another state.

If you made such purchases during 2001, you must complete the Consumer Use Tax Worksheet included with the return. Print the Total Use Tax Owed on Line 13B on the face of the return.

LINE 13C – Print the total of Lines 13A and 13B.

LINE 14A – Print the amount of Louisiana income tax withheld in 2001. A copy of the withholding tax Form(s) W-2 must be attached to your return for credit to be allowed. If this amount exceeds 10 percent of the federal adjusted gross income shown on Line 7, attach a copy of your federal return.

LINE 14B – Print the total payments made on your estimated taxes including credits carried forward to this year, and payments remitted with extensions.

LINE 14C1 – A refundable credit is allowed against income tax for 100 percent of the ad valorem taxes paid to political subdivisions in Louisiana on inventory held by manufacturers, distributors, and retailers. A copy of the inventory tax assessment and a copy of the cancelled check in payment of the tax must be attached to your return.

LINE 14C2 – A refundable credit is allowed against income tax for up to 40 percent of the ad valorem taxes paid to Louisiana political subdivisions by a telephone company with respect to that company's public service properties located in Louisiana. The credit may be passed through certain legal entities to individuals. See Revenue Information Bulletin 01-004 at the Department's website and R.S. 47:6014. You must attach a schedule stating what entity(ies) paid the tax and obtained the credit on your behalf.

LINE 14C – Add Lines 14C1 and 14C2 and print the result here.

LINE 14D – Print the total of Lines 14A, 14B, and 14C.

LINE 15 – If the amount on Line 13C is larger than the amount on Line 14D, you owe additional tax. Subtract Line 14D from Line 13C and print the balance on Line 15. If return is delinquent, see Interest and Penalty Calculation Worksheet. Make payment to the Louisiana Department of Revenue. **DO NOT SEND CASH.** Write your Social Security Number on your payment and attach it to your return.

LINE 16 – If the amount on Line 14D is larger than the amount on Line 13C, you have overpaid your tax. Subtract Line 13C from Line 14D and print the balance on Line 16.

LINE 17A – Print the amount of Line 16 you wish to donate. You must attach Louisiana Schedule D. Line 17A must equal Line 5 of Louisiana Schedule D.

LINE 17A1 – Print the amount of Line 16 you wish to contribute to the START Savings Program. Important: You or your spouse (if filing a joint return) must be a registered account owner in the START Savings Program in order to contribute your refund. If you are not an account holder and wish to contribute please see the Treasurer's letter on the inside back cover for information on how to join the START Savings Program. All contributions to the START Savings Program will be equally distributed amongst the account holder's beneficiaries.

LINE 17B – Print the amount of Line 16 you want **REFUNDED** to you.

LINE 17C – Print the amount of Line 16 you want **CREDITED** to your 2002 tax.

**Instructions for Excess Itemized Deductions Worksheet
Located on the Back of the Return**

Act 38 of the Regular Session of the 2000 Louisiana Legislature limits the deductibility of excess itemized deductions to one-half of the total amount. This worksheet is used to compute the amount of allowable excess itemized deductions claimed on Line 8 of the face of your return. It should be completed only if you itemized your deductions on your federal return.

LINE 1 – Print the amount of your federal itemized deductions from federal Forms 1040, Schedule A, Line 28.

LINE 2 – If your filing status is "1", print \$4,550; if "2" or "5", print \$7,600; if "3", print \$3,800; if "4", print \$6,650.

LINE 3A – Subtract Line 2 from Line 1.

LINE 3B – Multiply Line 3A by 50 percent (.50). Enter the result on Line 3B and on Line 8 on the face of the return. Round up to the nearest dollar.

Interest and Penalty Calculation Worksheet

If your return is delinquent, you may owe penalties and/or interest. See the "General Information" section on the inside front cover. To calculate delinquent penalty and interest, use the worksheet below. Round to the nearest dollar.

- | | |
|---|-------|
| 1. Number of days late from May 15 | _____ |
| 2. Divide by 30 days. | ÷ 30 |
| 3. Number of 30-day periods
(If fraction of days remain, increase to
nearest whole number.) | _____ |

Interest Calculation

- | | |
|---|--------|
| 4. Balance Due Louisiana (Amount on
Line 15 of return) | \$.00 |
| 5. Interest rate per day | .00041 |
| 6. Days late (Line 1 above) | x |
| 7. Interest rate (Multiply Line 5 by Line 6.) | _____ |
| 8. Total amount of interest due
(Multiply Line 4 by Line 7.) | \$.00 |

Delinquent Penalty Calculation

- | | |
|--|--------|
| 9. 30-day penalty percentage | .05 |
| 10. Number of 30-day periods
(Line 3 above) | _____ |
| 11. Total penalty percentage (Cannot exceed
25 percent) (Multiply Line 9 by Line 10.) | _____ |
| 12. Total amount of penalty due
(Multiply Line 4 by Line 11.) | \$.00 |

Total Amount Due

- | | |
|---|--------|
| 13. Total of Lines 4, 8, and 12. Include this
amount on Line 15 of the return. | \$.00 |
|---|--------|

If the full amount of tax is not paid on the due date, a late payment penalty will be assessed. The combined amount of delinquent penalty and late payment penalty cannot exceed 25 percent. If you have obtained an approved extension and file your return on or before the extension date, a delinquent penalty is not assessed. To avoid the assessment of the late payment penalty, all taxes must be paid on or before May 15, even if you have an approved extension.

FILING – You must sign and date your return. On a joint return, your spouse must also sign in the space provided. If your return was prepared by a paid preparer, they must also sign in the appropriate space and enter their identification number. **DO NOT SUBMIT A PHOTOCOPY OF THE RETURN.**

INSTRUCTIONS FOR SCHEDULE A – Tax Credits Schedule

PART 1: CREDIT FOR NET INCOME TAX LIABILITIES PAID TO OTHER STATES – If you were a resident of Louisiana for the entire year, you are allowed a credit for the net income tax liabilities paid to other states of the United States. Please note the “net income tax liability” is generally not the amount withheld. No credit may be claimed for taxes paid to cities, the District of Columbia, or foreign countries. The credit allowed on your Louisiana return must be for the same taxable year for which the tax was paid to other states or in the succeeding taxable year. Print on Line 1 the amount paid to other states. Round to the nearest dollar. **A copy of the return (s) filed with the other state(s) must be attached to your Louisiana return.**

PART 2: CREDIT FOR CERTAIN DISABILITIES – A credit of \$100 against the tax is permitted for the taxpayer, spouse, or dependent who is blind, deaf, mentally incapacitated, or has lost the use of a limb. **Only one credit is allowed per person.** The disability must exist at the end of the taxable year, or if death occurred during the taxable year, at the date of death. If you are claiming this credit for the first time, **a physician’s statement certifying the disability is required.** If one is not submitted with the return, it will be requested later. For purposes of this credit, BLIND is defined as one who is totally blind or whose central field of acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is limited to a field no greater than 20 degrees. MENTALLY INCAPACITATED is defined as one who is incapable of caring for himself or performing routine daily health requirements due to his mental condition. LOSS OF LIMB is defined as one who has lost one or both hands at or above the wrist or one or both feet at or above the ankle. This credit also applies if use of the limb or limbs has been permanently lost. DEAF is defined as one who cannot understand speech through auditory means alone (even with the use of amplified sound) and must either use visual means or rely on other means of communication. The name(s) of the qualifying dependent(s) must be printed on Line 2C. Print on Line 2D the total number of qualifying individuals. Multiply Line 2D by \$100 and print the result on Line 2E.

PART 3: CREDIT FOR CONTRIBUTIONS TO EDUCATIONAL INSTITUTIONS – Taxpayers who donate computer equipment to educational institutions defined by Louisiana R.S. 47:37 are allowed a credit of 40 percent of the value of the property donated against their Louisiana income tax. The recipient certifies the donation or contribution of property by using the Certificate of Donation, Form R-3400. This form is available on the Department’s website at www.rev.state.la.us. The completed certification form must be attached to the individual income tax return. Print on Line 3A the value of the property donated to an educational institution in Louisiana. Multiply the amount on Line 3A by 40 percent (.40) and enter the result on Line 3B. Round to the nearest dollar.

PART 4: SPECIAL ALLOWABLE CREDITS – Taxpayers are allowed a credit of 10 percent of the credits taken on Lines 43, 44, and 45 on federal Form 1040 plus 10 percent of any investment tax credit or jobs credit computed on federal Form 3800. If federal Form 1040A is used, the allowed credit is 10 percent of the credits on Lines 27 and 28 of the federal return. If the credit was not utilized on the federal return because of the alternative minimum tax, you must reduce this amount by the portion of the credit that was not utilized. Print the total federal credit on Line 4A. Multiply Line 4A by 10 percent (.10) and print the result or \$25, whichever is less, on Line 4B.

PART 5: OTHER CREDITS – (A) Family Responsibility Program Credit – Individuals who have a contract with the Louisiana Department of Social Services to contribute to medical care in the family responsibility program are eligible for a credit of 1/3 of their contribution, limited to \$200 per year. (B) Louisiana law provides for a credit for investment in Louisiana Capital Companies. (C) Louisiana law provides for a credit for a donation of at least \$200,000 to a Dedicated Research Investment Fund. (D) Business proprietors are possibly eligible for a credit for hiring the previously unemployed. (E) A credit is available for conversion of vehicles to alternative fuels. (F) Doctors affiliated with small town community hospitals may qualify for a tax credit. (G) Losses from investments in motion pictures with substantial Louisiana content may entitle the investor to tax credits if the investment in the motion picture exceeds \$2,353,000. (H) Employers who pay for training to bring employees’ reading, writing, or mathematical skills to at least the 12th grade level may be entitled to a credit of \$250 per participating employee. (I) A credit is provided for gasoline and special fuels taxes paid for operating or propelling any commercial fishing boat. (J) A credit is provided for certain law enforcement officers and certain employees of the Department of Public Safety and Corrections for certain post-secondary educational expenses incurred in the pursuit of an undergraduate degree related to law enforcement. (K) A credit is available for the employment of certain first-time drug offenders. (L) An employer credit is provided for expenses associated with bone marrow donor program. (M) A tax credit is allowed under the Louisiana Quality Jobs Program, whereby individuals are employed in new direct jobs that offer a basic health benefit plan. Qualifying establishments must enter into a contract with the Department of Economic Development. (N) Qualified law enforcement officers and certain employees of the Department of Public Safety and Corrections are eligible for a credit for the purchase of a bulletproof vest. The credit is limited to the purchase price of the bulletproof vest or \$100, whichever is less. (O) A credit is available for donations to assist Qualified Playgrounds, R.S. 47:6008. (P) A credit is available for employment-related expenses for maintaining a household for certain disabled dependents, R.S. 47:297.2.

PART 6: TOTAL SCHEDULE A CREDITS – Add Lines 1, 2E, 3B, 4B, and 5. Print the total on Line 6 and on Line 12 of Form IT-540.