



# 2002 *Louisiana* INCOME TAX RETURN Resident Form

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# GENERAL INFORMATION FOR FILING YOUR 2002 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 2002.
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 2002, **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. 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.

Nonresident professional athletes should use Form IT-540B-NRA.

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.

## WEB FILING

Free internet filing is available for most Louisiana taxpayers through the Department's website at [www.rev.state.la.us](http://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 instructions 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](http://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, 2003.
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 2002 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 **2002** 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(s), address, and Social Security Number(s) 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 1040EZ, Line 4, OR

federal Form 1040A, Line 21, OR federal Form 1040, Line 35, 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." **The deduction is limited to 57.5 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** – Print the amount of your federal tax liability on this line. This amount is taken from your federal return. Each federal return is listed below.

Federal Form 1040EZ filers: For taxpayers filing federal Form 1040EZ this amount is taken from Line 10.

Federal Form 1040A filers: For taxpayers filing federal Form 1040A this amount is taken from Line 36.

Federal Form 1040 filers: For taxpayers filing federal Form 1040 this amount is taken from federal Form 1040 Line 55, less the amount from Form 4972 included on Line 42 of federal form 1040.

Federal Telefile: For taxpayers who utilized federal Telefile, this amount is taken from the right hand column of Line K of the federal Telefile worksheet, [Line K (2) Tax].

**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-Part 1, Nonrefundable Tax Credits. See instructions for Louisiana Schedule A-Part 1, Nonrefundable Tax Credits.

**LINE 13A** – Subtract Line 12 from Line 11 and print the balance. If no federal return is required to be filed, 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, television, internet, outside the U.S., or another state.

If you made such purchases during 2002, 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** – Add Lines 13A and 13B and print the total.

**LINE 14A** – Print the amount of Louisiana income tax withheld in 2002. 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 from Line 4 of Schedule A-Part 2, Refundable Tax Credits and Payments.

**LINE 14C** – Add Lines 14A and 14B and print the result here.

**LINE 15** – Line 15 - If the amount on Line 13C is larger than the amount on Line 14C, additional tax is owed to Louisiana. Subtract Line 14C from Line 13C and print the balance on Line 15. If the return is delinquent, use the Interest and Penalty Calculation Worksheet to compute the total amount due.

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 14C is larger than the amount on Line 13C, you have overpaid your tax. Subtract Line 13C from Line 14C 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 3 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 2003 tax.

**Instructions for Excess Itemized Deductions Worksheet**  
R.S. 47:293(2)(C) and (D) limits the deductibility of excess itemized deductions to 57.5 percent 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 Form 1040, Schedule A, Line 28.

**LINE 2** – If your filing status is "1", print \$4,700; if "2" or "5", print \$7,850; if "3", print \$3,925; if "4", print \$6,900.

**LINE 3A** – Subtract Line 2 from Line 1.

**LINE 3B** – Multiply Line 3A by 57.5 percent (.575). 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

Use the chart below to calculate any interest and delinquent penalty due Louisiana.

#### Interest Calculation

- |   |              |
|---|--------------|
| 1. Number of days late from May 15  | _____        |
| 2. Interest rate per day  | _____ .00041 |
| 3. Interest rate (Multiply Line 1 by Line 2.)   | _____        |
| 4. Tax deficiency owed to Louisiana<br>(Line 13C minus Line 14C of Form IT-540.)  | _____        |
| 5. Total amount of interest due (Multiply Line 4<br>by Line 3 and print the product on Line 2 of<br>the Interest and Penalty section of<br>the return.) | _____        |

#### Delinquent Penalty Calculation

- |  |            |
|--|------------|
| 1. Number of days late from May 15   | _____      |
| 2. Divide Line 1 by 30 (days)  | _____ ÷ 30 |
| 3. Number of 30-day periods (If fraction of<br>days remain, increase to nearest whole<br>number.)  | _____      |
| 4. 30-day penalty percentage   | _____ .05  |
| 5. Total penalty percentage (Multiply Line 3<br>by Line 4. The product cannot exceed<br>25 percent.)   | _____      |
| 6. Tax deficiency owed to Louisiana<br>(Line 13C minus Line 14C of Form IT-540.)   | _____      |
| 7. Total amount of penalty due (Multiply Line 6<br>by Line 5 and print the product on Line 3 of<br>the Interest and Penalty section of<br>the return.) | _____      |

Interest and penalty must be included in Line 15 (Balance Due Louisiana). 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. To avoid delinquent penalty one must obtain an approved extension and file the return on or before the extension date. To avoid the assessment of the late payment penalty, ALL tax must be paid on or before May 15 even if one has 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 – Part I NONREFUNDABLE TAX CREDITS

**LINE 1 – CREDIT FOR NET INCOME TAX LIABILITIES PAID TO OTHER STATES** – (R.S. 47:33) 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 of net tax before withholding from the other state’s return. Round to the nearest dollar. **A copy of the return (s) filed with the other state(s) must be attached to your Louisiana return.**

**LINE 2 – CREDIT FOR CERTAIN DISABILITIES** – (R.S. 47:297(A)) 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.

**LINE 3 – CREDIT FOR CONTRIBUTIONS TO EDUCATIONAL INSTITUTIONS** – (R.S. 47:37) Taxpayers who donate computer equipment to educational institutions 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](http://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.

**LINE 4 – CREDIT FOR CERTAIN FEDERAL CREDITS** – (R.S. 47:297(B)) Taxpayers are allowed a credit of 10 percent of the credits taken on Lines 45, 46, and 47 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 29 and 30 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.

**LINE 5 – OTHER CREDITS** – [A] **Family Responsibility Program Credit** (R.S. 47:297(F) & 46:449) 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 Capital Companies Credit** (R.S. 51:1924) Louisiana law provides for a credit for investment in Louisiana Capital Companies. [C] **Dedicated Research Investment Fund Credit** (R.S. 51:2203) A credit of 35 percent of a cash donation of \$200,000 or more to the Dedicated Research Investment Fund is available. The Louisiana Board of Regents must certify the credit. [D] **Credit for Employment of the Previously Unemployed** (R.S. 47:6004) Business proprietors are possibly eligible for a credit for hiring the previously unemployed. [E] **Credit for Converting Vehicles to Alternative Fuel Usage** (R.S. 47:38) A credit is available for conversion of vehicles to alternative fuels. [F] **Small Town Doctor’s Credit** (R.S. 47:297(H)) Doctors affiliated with small town community hospitals may qualify for a tax credit. [G] **Credit for a Dentist Who Maintains a Primary Practice in a Dental Health Professional Shortage Area** (R.S. 47:297(H)(2) & (R.S. 47:305 (D)(1)(t))) [H] **Louisiana Basic Skills Training Tax Credit** (R.S. 47:6009) 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] **Credit for Gasoline and Special Fuels Taxes** (R.S. 47:297(C)) A credit is provided for gasoline and special fuels taxes paid for operating or propelling any commercial fishing boat. [J] **Credit for Educational Expenses Incurred for a Degree Related to Law Enforcement** (R.S. 47:297(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] **Credit for the Employment of Certain First-Time Drug Offenders** (R.S. 47:297(K)) A credit is available for the employment of certain first-time drug offenders. [L] **Bone Marrow Donor Expenses Credit** (R.S. 47:297(I)) An employer credit is provided for expenses associated with a bone marrow donor program. [M] **Credit for Purchase of a Bullet Proof Vest** (R.S. 47:297(L)) 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 or \$100, whichever is less. [N] **Credit for Donations to Assist Qualified Playgrounds** (R.S. 47:6008) A taxpayer may claim up to \$1000 or 50 percent of the value of a qualified donation to a qualified playground. [O] **Credit for Employment Related Expenses for Maintaining a Household for Certain Disabled Dependents** (R.S. 47:297.2) A credit is allowed for persons maintaining a household that includes dependents who are physically or mentally disabled. [P] **Motion Picture Investor Tax Credit** (R.S. 47:6007) Louisiana domiciled taxpayers may take a tax credit for investments in state certified motion picture productions. [Q] **Employment Tax Credit** (R.S. 47:1125.1) A motion picture production company may be entitled to a tax credit for the

## INSTRUCTIONS FOR SCHEDULE A – Part I NONREFUNDABLE TAX CREDITS *(continued)*

employment of Louisiana citizens. [R] **Qualified Recycling Equipment Credit** (R.S. 47:6005) A taxpayer who purchases qualified recycling equipment may be entitled to a credit. [S] **Rehabilitation of Historic Structures** (Act 60 of the 2002 Regular Session) A taxpayer may be eligible for a credit as a result of incurring certain expenses during the rehabilitation of a historic structure located in a downtown development district. [T] **New Markets Credit** (Act 66 of the 2002 Regular Session) A

taxpayer may qualify for a credit if the taxpayer makes certain qualified low-income community investments. [U] **Louisiana Quality Jobs Program Credit** (R.S. 51:2452 et. seq) [V] **Enterprise Zone Tax Exemption Contract** (R.S. 51:1782 et seq)

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

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## INSTRUCTIONS FOR SCHEDULE A – Part 2 REFUNDABLE TAX CREDITS

**LINE 1** – Print the total payments made on your estimated taxes including credits carried forward to this year, and payments remitted with extensions. For information concerning composite partnership payments. See LAC 61:I.1401(D)(6) on our website.

**LINE 2A** – 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. (R.S. 47: 6006) A copy of the inventory tax assessment and a copy of the cancelled check in payment of the tax must be attached to the return.

**LINE 2B** – 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 on the Department's website and Act 32 of the 2002 Regular Session. A schedule must be attached stating what entity(ies) paid the tax and obtained the credit on the individual's behalf.

**LINE 2** – Add Lines 2A and 2B and print the result here.

**LINE 3** – A refundable credit is allowed against income tax for purchases by a taxpayer of specialty apparel items from a Private Sector Prison Industry Enhancement (PIE) contractor. (R.S. 47:6016). Please contact the Department for further information concerning this credit.

**LINE 4** – Add Lines 1, 2, and 3 and print the result here and on Line 14B on the face of the return.

## INSTRUCTIONS FOR SCHEDULE E – Adjustments to Income

Residents with exempt income, interest income from obligations of other states and their political subdivisions, or residents 65 or over with annual retirement income taxable to Louisiana must use Schedule E to determine their Louisiana adjusted gross income. If one taxpayer on a joint return is a nonresident, do not use Schedule E. You must use Form IT-540B to determine your Louisiana income.

**LINE 1** — Print the amount of your federal adjusted gross income. This amount is shown on your federal Form 1040EZ, Line 4, OR federal Form 1040A, Line 21, OR federal Form 1040, Line 35, OR federal Telefile worksheet, Line “I”. If less than zero, print zero.

**LINE 2** — Interest income and dividends not reported on your federal return are taxable to Louisiana if all of the following conditions are met:

- a. You are filing as a resident of Louisiana.
- b. The interest is received from obligations of a state or political subdivision of a state other than Louisiana. (Obligations of the State of Louisiana, its political subdivisions, or public corporations created by them and their constituted authorities are exempt from Louisiana taxes.)
- c. The obligations were purchased on or after January 1, 1980.

Print on Line 2 the **total** taxable interest and dividends. Do not list interest and dividends separately.

**LINE 3** — Add Lines 1 and 2 and print the total.

**LINE 4A** — Print the amount of interest and dividends from U.S. government obligations that are included in the amount on Line 1 of Schedule E. Include here amounts received from mutual funds that are identified as income from investments in U.S. government obligations. If the amount is not specifically identified, it is taxable and cannot be excluded.

**LINE 4B** — Print the amount of retirement benefits received from the Louisiana State Employees’ Retirement System that is included in the amount on Line 1 of Schedule E. You must be **receiving** retirement benefits to complete this line.

**LINE 4C** — Print the amount of retirement benefits received from the Louisiana State Teachers’ Retirement System that is included in the amount on Line 1 of Schedule E. You must be **receiving** retirement benefits to complete this line.

**LINE 4D1** — Print the amount of retirement benefits received from the Federal Retirement System that is included in the amount on Line 1 of Schedule E. You must be **receiving** retirement benefits to complete this line.

**LINE 4D2** — Print the amount of retirement benefits received from any retirement system whose benefits are specifically exempted from Louisiana tax. You must be **receiving** retirement benefits to complete this line. **Print the name of the retirement system or the statute** exempting these benefits from Louisiana income tax in the space provided.

**LINE 4E** — **Six thousand dollars (\$6,000) of annual retirement income that is received by persons 65 or over is exempt from state taxation.** “Annual retirement income” is pension and annuity income reported on federal Form 1040, Lines 15b and 16b, OR federal Form 1040A, Lines 11b and 12b, which is taxable to Louisiana. Do **not** include retirement benefits claimed on Lines 4B, 4C, 4D1, and 4D2 of Schedule E. You must print the name of the pension or annuity.

To determine the exempt amount that should be printed on Line 4E, complete the following schedule.

1. Print pension and annuity income reported on federal Form 1040, Lines 15b and 16b, OR federal Form 1040A, Lines 11b and 12b. 1. \_\_\_\_\_
2. Print pension and annuity income claimed on Lines 4B, 4C, 4D1, and 4D2 of Schedule E. 2. \_\_\_\_\_
3. Subtract Line 2 from Line 1 and print the balance. 3. \_\_\_\_\_
4. **If either taxpayer is 65 or over, print \$6,000. If BOTH taxpayers are receiving retirement income and are 65 or over, print \$12,000.** 4. \_\_\_\_\_
5. Print the amount of Line 3 or Line 4, whichever is less, on Line 5 and also on Line 4E of Schedule E. 5. \_\_\_\_\_

**Print the name or source of the pension(s) or annuity(ies) on Line 4E of Schedule E.**

**LINE 4F** — The amount of Social Security benefits that is taxable on your federal return is exempt from Louisiana tax. Print the amount shown on your federal Form 1040, Line 20b, OR federal Form 1040A, Line 14b.

**LINE 4G** — Income earned or received by a tribal member living on the reservation or land held in trust for the tribe will not be subject to Louisiana income tax if such income is derived from sources within the boundaries of the tribal land or outside the State of Louisiana. If a tribal member or a nontribal member earns income or derives wages from services performed outside the boundaries of the tribal land, but within the State of Louisiana, such income shall be taxable. Income earned by nontribal members working within the boundaries of tribal land is subject to Louisiana tax. All income earned by a tribal member living off the reservation is subject to Louisiana income tax.

## INSTRUCTIONS FOR SCHEDULE E – Adjustments to Income (continued)

**Line 4H** — List the source and amount of other income included in Line 1 of Schedule E that Louisiana cannot tax. Do not list income earned in another state. Residents of Louisiana are taxed on all income regardless of where it was earned. Credit for taxes paid to other states may be deducted on Schedule A, Part 1, Line 1. Nonresidents and part-year residents should use Form IT-540B to determine their Louisiana tax. Nonresident professional athletes should use Form IT-540B-NRA. Disabled individuals claiming an exemption (R.S. 47:59.1) for making adaptations to their home should use this line to deduct the expenses from their gross income. Persons receiving disability income (R.S. 47:44.1(B)) for a permanent total disability may exclude up to \$6,000 of annual disability income from their taxable income.

**LINE 4I** — START Savings Program - R.S. 47:293 allows taxpayers to exempt from Louisiana income tax up to \$2,400 of income per START account owned per taxable year. Enter

the total amount contributed (up to \$2,400 per account) on Line 4I. For information concerning the carryforward provision of the START Savings Program, please refer to Revenue Information Bulletin 03-001 on our website.

**LINE 4J** — Add Lines 4A through 4I and print the total amount of exempt income.

**LINE 4K** — To determine the amount of federal tax applicable to the exempt income shown on Line 4J, refer to the instructions shown at the bottom of Schedule E.

**LINE 4L** — Subtract Line 4K from Line 4J and print the balance.

**LINE 5** — Subtract Line 4L from Line 3 and print the balance here and on Line 7 of Form IT-540. Mark the box indicating Schedule E was used.





State of Louisiana
Department of Revenue
P.O. Box 3440
Baton Rouge, LA 70821-3440
Application for Extension of Time to File
Louisiana Individual Income Tax

Please note: If you received an extension to file your federal tax return for this period, you do not need a separate extension for filing your state return. Louisiana will recognize and accept the federal extension authorizing the same extended due date as the federal.

Attach a copy of your federal application, Form 4868 or 8736, to your completed Louisiana return. If you have an approved Form 2688 or 8800, attach a copy of it to your Louisiana return.

If you do not have a federal extension, then you should use this form for making your request. The maximum time allowed is six months past the due date of the Louisiana return.

This is not an extension of time for payment of tax. Any tax not paid by the original due date of the Louisiana return will be assessed interest at the rate of 15 percent per annum from the due date to the payment date. A late payment penalty of up to 25 percent may also be imposed.

Individual Extension

- 1. Print total Louisiana income tax liability for tax year ended.
2. Print total Louisiana income tax withheld
3. Print total estimated tax payments. (Include overpayment carried forward from previous year.)
4. Print total prepayments (Add Lines 2 and 3.)

5. Print income tax balance due. (Subtract Line 4 from Line 1. If Line 4 is more than Line 1, enter 0.) Attach your remittance to this form. Make check payable to: Louisiana Department of Revenue and mail to above address. ... 5 .00

IE

Form fields for personal information: Your First Name and Initial, Last Name, Your Social Security Number, Present home address, Your Spouse's Social Security Number, City, town, or APO, State, ZIP, Tax period.

I request an extension of time until month, year, to file a Louisiana individual income tax return for the calendar year or fiscal year ending month, year.





### Installment Request for Individual Income

**This agreement cannot exceed six (6) months.**

Note: Do not file this form if you are currently making payments on an installment agreement. During the existence of this agreement, you must file all state tax returns and pay all state taxes timely.

Monthly installments are available to taxpayers who are unable to pay the full balance owed by the due date. During this period, you must submit monthly payments equal to the amount of the installment payment being requested on the reverse side of this form.

To apply for an installment agreement, complete the front and back of this form and attach it to the front of the IT-540 return. **20% of the total amount of tax owed must be remitted with the return and this request.** If this request is being made in response to a notice, mail this form, the coupon found at the bottom of the notice, and the down payment.

For more information about an installment request, contact the Collection Division at (225) 219-7448 or P. O. Box 201, Baton Rouge, LA 70821-0201.

A Notice of State Tax Lien may be filed to protect the State's interest until you pay in full.  
Please print or type.

_____ Your first name and middle initial	_____ Last name	_____ Social Security Number
_____ Spouse's first name and middle initial	_____ Last name	_____ Social Security Number
_____ Your current address (number and street)		_____ Apartment number
_____ City, State, ZIP		

Has your address changed since you filed your last return?  yes  no

(      )  
\_\_\_\_\_  
Your daytime telephone number

\_\_\_\_\_  
Best time to call

\_\_\_\_\_  
Name of your bank or other financial institution

_____ Address of your bank or other financial institution	_____ City, State, ZIP (      )
_____ Your employer	_____ Your work telephone number
_____ Your employer's address	_____ City, State, ZIP (      )
_____ Spouse's employer	_____ Your spouse's work telephone number
_____ Spouse's employer's address	_____ City, State, ZIP

What is the tax year(s) for which you are making this request? \_\_\_\_\_

What is the total amount you owe on your tax return(s)? \_\_\_\_\_

This agreement cannot exceed six months. To limit higher penalty and interest charges, submit the maximum amount possible. **Penalty and interest charges will continue to accrue until the balance is paid in full.**

_____ Your signature	_____ Spouse's signature	_____ Date
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**Scheduled payments are due on the 15th of each month. Penalty and interest will continue to accrue until the balance of tax is paid in full.**

In order to calculate the six (6) monthly installment payments, subtract the 20% down payment from the total tax due on Form IT-540.

Tax Due	\$ _____
Less down payment (20%)	\$ _____
Balance	\$ _____

Divide the balance due by six (6) to determine the monthly installment payment.

Installments:

Six installments of \$ \_\_\_\_\_ each.

Please contact the Collection Division at (225) 219-7448 for a final installment of any tax and/or accrued interest and penalties. Payments are due on the 15th of each month.

The normal billing process will continue. A part of that process is the issuance of a Final Notice Before Seizure. **Failure to make the scheduled monthly payment will result in seizure of bank accounts and/or garnishment of your wages.** Please ensure that your social security number is written on your remittance.



# DID YOU FILE YOUR CONSUMER USE TAX?!



## What is Consumer Use Tax?

The Consumer Use Tax is a tax due on purchases made outside of Louisiana for use, storage, or consumption in Louisiana. The Use Tax is paid to the Louisiana Department of Revenue by the buyer when the Louisiana Sales Tax has not been collected by the seller. Use Tax is not a new tax. It was first enacted in 1948.

## What is the Consumer Use Tax rate?



The Consumer Use Tax rate is calculated at a combined rate of 8% (4% state rate and 4% local rate).

## What items are subject to the Consumer Use Tax?

Whether purchased by mail order, catalog, shopping networks, or on the Internet, all purchases of tangible personal property that would be subject to the Sales Tax if purchased in Louisiana are subject to the Consumer Use Tax.

Some examples include books, cassettes, compact discs, computers, electronic equipment, clothing, jewelry, sporting goods, audio and video tapes, appliances, furniture or other home furnishings, and tobacco products.



## The Consumer Use Tax Law ensures that:

- services (education, public safety, healthcare, etc.) are available to Louisiana citizens and businesses; and,
- Louisiana businesses are not at a competitive disadvantage with out-of-state companies that are not required to collect Sales Tax.

# KNOW THE FACTS, PAY THE TAX!



# Consumer Use Tax Worksheet

Use this worksheet to track purchases throughout the year to report on next year's return.

Purchase	Amount	Purchase	Amount

Total Purchase Amount \_\_\_\_\_  
Tax Rate (8%) \_\_\_\_\_ x.08  
Total Use Tax Due \_\_\_\_\_



## TREASURER OF THE STATE OF LOUISIANA

**John Neely Kennedy**  
State Treasurer

Post Office Box 44154  
Baton Rouge, LA 70804  
(225) 342-0010

Dear Louisiana Taxpayer:

How would you like to reduce your taxes while saving for a child's education?

You can start by using the Student Tuition Assistance and Revenue Trust (START), Louisiana's 529 college savings program. START is one of the wisest financial decisions that anyone or any organization can make who wants to save for the cost of a child's higher education.

START is absolutely free, and anyone with \$10 can open an account for a qualified beneficiary and begin making deposits at any time. The program works just like a savings account, except you have to use all monies for undergraduate, graduate or professional education. This includes fees, books, supplies, equipment, and room and board, at any eligible university, community college, state technical college or vocational institute.

START earnings are completely tax-free from start to finish. There are no state or federal taxes due on the money earned on your account, and withdrawals for educational expenses are also tax-free, when used to pay qualified higher education expenses.

On top of that, you can exempt up to \$2,400 in deposits per START account per year from income reported on your state tax return. If you don't use the full \$2,400 exemption in one year, you can roll the balance over to the next tax year. These tax incentives, in addition to the interest earned on your START account, make saving for the cost of higher education easier than ever.

Now here's the best part about the program, in our opinion, Louisiana will even put up some of the money! That's right. If the child is related to you and if you or the child is a Louisiana resident, the state will match a portion of your deposits into a START account - from 2% to 14% of the amount you put up - depending upon your adjusted gross income. If the child is not a member of your family, the state will still provide a 2% match if the child is a Louisiana resident.

START lets you invest at a pace you are comfortable with, and when one considers state matches and interest earnings, accounts have historically earned 8 percent to 20 percent on annual deposits. Beginning this year, account owners will be able to choose from among a number of options for their START accounts, ranging from fixed income to equity investments.

If you are interested in enrolling in the best 529 college savings program in the country, please call toll-free 1-800-259-5626, ext. 1012. The State Treasury has information and application packets online at [www.latreasury.com](http://www.latreasury.com), or enroll online at the Office of Student Financial Assistance's website at [www.osfa.state.la.us](http://www.osfa.state.la.us).

Sincerely,

Handwritten signature of Jack L. Guinn in black ink.

Jack L. Guinn  
Executive Director  
Louisiana Office of Student  
Financial Assistance

Handwritten signature of John Kennedy in black ink.

John Kennedy  
State Treasurer

P.S. If you already have a START account, see page 12 to learn how to apply your tax refund to your account.

STATE OF LOUISIANA  
DEPARTMENT OF REVENUE  
617 NORTH THIRD STREET  
BATON ROUGE LA 70802-5428

PRESORT STD  
U.S. POSTAGE PAID  
STATE OF LOUISIANA  
DEPARTMENT OF REVENUE

*Tax assistance is available at the following offices of the Department of Revenue.*

**Alexandria Regional Office**

900 Murray Street, Room B-100  
318-487-5333

**Baton Rouge—Main Office**

617 North Third Street  
225-219-0102 (Assistance)  
225-219-2114 (TDD)

**Baton Rouge—Regional Office**

8549 United Plaza Boulevard, Suite 200  
225-922-2300

**Lafayette Regional Office**

825 Kaliste Saloom Road  
Brandywine III, Ste. 150  
337-262-5455

**Lake Charles Regional Office**

One Lakeshore Drive, Ste. 1550  
337-491-2504

**Monroe Regional Office**

122 St. John Street  
Room 105  
318-362-3151

**New Orleans Regional Office**

1555 Poydras Street, Ste. 900  
504-568-5233

**Shreveport Regional Office**

1525 Fairfield Avenue, Room 630  
318-676-7505

**Thibodaux Regional Office**

1418 Tiger Drive  
985-447-0976

**START**

**Louisiana's College Savings Program**  
**(800) 259-5626 Ext. 1012**