

GENERAL INFORMATION FOR FILING YOUR 2004 LOUISIANA RESIDENT INDIVIDUAL INCOME TAX RETURN

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

Free internet filing and E-Payment are available for most Louisiana taxpayers through the Department's website at www.revenue.louisiana.gov.

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 2004.
2. Any taxpayer who has overpaid his tax through withholding, declaration of estimated tax, or composite partnership filing payments made on behalf of the taxpayer 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 2004, **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.**
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/or income earned by a spouse, resident taxpayers are allowed a credit for this liability, provided such income is included on the Louisiana return. Any military personnel whose domicile is not Louisiana must report any nonmilitary Louisiana source income on Form IT-540B. Louisiana residents that are members of the armed services and were stationed out-of-state for 120 or more consecutive days may be entitled to an exemption of up to \$29,999 of military income. Please see the instructions for Schedule E, Line 4J on page 20.

5. Nonresident professional athletes should use Form IT-540B-NRA.
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 of 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 Nonrefundable Tax Credits, Schedule G, Line 1 to report taxes paid to the other state(s).
7. Surviving Spouses, Executors, Administrators, or Legal Representatives: A final return for a decedent must be filed if both of the following are true: You are the surviving spouse, executor, administrator, or legal representative; and, the decedent met the filing requirements at the date of death. Mark the decedent box on the face of the return and attach a copy of the death certificate along with Form R-6642 (Statement of Claimant to Refund Due on Behalf of Deceased Taxpayer).

FORMS

Forms and instructions may be obtained from any office of the Department of Revenue, and on the Department's website at www.revenue.louisiana.gov. 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, exemptions, 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, Federal 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 the original return. This information is already on file.

FEDERAL TAX ADJUSTMENTS

Louisiana Revised Statute 47:103(C), 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 16, 2005.
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

For all returns: Print your name(s) and Social Security Number(s) on any correspondence. Also, on a joint return, print the Social Security Numbers in the same order that you listed them on your federal return.

Returns reflecting a refund should be mailed to P.O. Box 3440, Baton Rouge, LA, 70821-3440.

Returns for which a payment is due should be mailed to P.O. Box 3550, Baton Rouge, LA 70821-3550. Please do not send cash, and **print your Social Security Number(s) on the check or money order.**

An electronic payment option is available on the Department's website at www.revenue.louisiana.gov.

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 the front of 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 (.20) of the total amount owed.

INTEREST AND PENALTIES

See Interest and Penalty Calculation Worksheets, page 24.

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.**

INSTRUCTIONS FOR PREPARING YOUR 2004 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(s) and address.
2. Print amounts only on those lines that are applicable.
3. Use only a black ink pen. Do not use red ink or pencil.
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 **2004** only.
7. If you are filing an amended return, mark an "X" in the "Amended Return" box.

NAME(S), ADDRESS, AND SOCIAL SECURITY NUMBER(S) –

Print your name(s) and Social Security Number(s) in the space(s) provided. 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 "Name Change" box and/or "Address Change" box.** If married, please give Social Security Numbers for both you and your spouse.

On a joint return, print 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 box(es). 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.

If you are not required to file a federal return, but had Louisiana income tax withheld in 2004, complete Lines 1 through 6D, enter your wages in the appropriate boxes above Line 7, and mark the indicator block to the right. Skip to Line 12, enter zero, "0," and complete the remainder of the return.

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 36, **OR** Federal Telefile worksheet, Line "I." If your federal adjusted gross income is less than zero, print "0." Residents with exempt income, recapture of START contributions, 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." As well, residents with 120 (or more) consecutive days of out-of-state active duty in the armed forces of the United States should refer to the instructions for Line 4J of Schedule E to determine if their income is exempt from Louisiana income tax. 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 – 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: This amount is taken from Line 10.

Federal Form **1040A** filers: This amount is taken from Line 36.

Federal Form **1040** filers: This amount is taken from Line 56, less the amount from Form 4972 included on Line 43.

Federal **Telefile**: This amount is taken from the right hand column of Line K of the Federal Telefile worksheet, [Line K (2) Tax].

Optional deduction – The federal tax deduction above may be increased by the amount of foreign tax credit claimed on Federal Form 1040, Line 46. If this additional deduction is claimed, no special allowable credit may be claimed on Louisiana Nonrefundable Tax Credits, Schedule G, Line 4.

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

LINE 10 – Turn to the tax table that corresponds with your filing status. Locate the amount of your tax table income from Line 9 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 10 of the return. If you have more than eight exemptions, refer to the instructions at the top of the tax tables.

Line 11 – Federal Child Care Credit – If you are eligible for the Louisiana Child Care Credit, you must enter your Federal Child Care Credit on this line. To determine if you can take the Louisiana Child Care Credit, see the Louisiana Child Care Credit Worksheet on page 19. You **must** enter an amount here if you can take either a Refundable or Nonrefundable Louisiana Child Care Credit. The Federal Child Care Credit is taken from your Federal Form 1040A, Line 29, or Federal Form 1040, Line 47.

Line 11A – Print the amount of your Nonrefundable Louisiana Child Care Credit carried forward from 2003. **Refer to your 2003 Louisiana Child Care Credit Worksheet for the amount that was computed on Line 9 of the 2003 Carry Forward Provision area.**

Line 11B – Print the amount of your 2004 Louisiana Nonrefundable Child Care Credit. This amount is determined from the Louisiana Child Care Credit Worksheet on page 19.

Line 11C – Print the amount of the total Other Nonrefundable Tax Credits. This amount is from Schedule G, Line 33 of the Louisiana Form IT-540.

Line 11D – Add Lines 11A, 11B, and 11C and print the result.

LINE 12 – Subtract Line 11D from Line 10 and print the result. If no federal return is required to be filed, or if less than zero, print “0.” Please refer to the IRS requirements for filing to determine if you must file a federal return.

LINE 13 – If, during 2004, you purchased goods for use in Louisiana from out-of-state 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. See the Consumer Use Tax Worksheet on page 16.

Line 14 – Add Lines 12 and 13 and print the result.

Line 15A – Print the amount of your 2004 Louisiana Refundable Child Care Credit. This amount is from Line 4 of the Louisiana Child Care Credit Worksheet on page 19.

Line 15B – Print the amount of the total Other Refundable Tax Credits. This amount is from Schedule F, Line 5 of the Louisiana Form IT-540.

Line 15C – Print the amount of Louisiana income tax withheld in 2004. A copy of the withholding tax W-2 Form(s) must be attached to your return for credit to be allowed. If this amount exceeds 10 percent (.10) of the income shown on Line 7, attach a copy of your federal return.

Line 15D – Print the amount of any credit carried forward from 2003. This amount is from **Line 16C of your 2003** Louisiana Form IT-540.

Line 15E – Print the amount of any payment made on your behalf by a composite partnership filing. Enter on the line below the name of the partnership. If there is more than one partnership filing payment, attach a schedule [with your name(s) and Social Security Number(s)] listing the partnership filings and payments made by each partnership.

Line 15F – Print the total amount of estimated payments you made for the 2004 tax year.

Line 15G – Print the amount of any payment made with an extension request for the 2004 taxable year, if one was filed.

Line 15H – Add Lines 15A through 15G and print the result.

Line 16 – If Line 15H is less than or equal to Line 14, enter zero, “0,” and skip Lines 17A through 20. If Line 15H is greater than Line 14, then subtract Line 14 from Line 15H and print the result.

Lines 17A through 17D – Donations – Should you wish to donate any or all of your overpayment (Line 16) to any of the organizations listed on Lines 17A through 17D, print the amount on the appropriate line. The sum of the donations can not exceed the amount of your overpayment shown on Line 16.

Line 18 – Print the amount of Line 16 you wish to contribute to the START Savings Program. **Important:** If filing a joint return, you or your spouse must be a registered account owner in the START Savings Program in order to contribute any part or all of your overpayment. If you are not an account holder and wish to enroll in this program, you may contact the Louisiana Office of Student Financial Assistance at 1-800-259-5626, or through their website at www.startsaving.la.gov. All contributions made by means of your overpayment will be equally distributed amongst the account holder’s beneficiaries.

Line 19 – Print the amount of Line 16, less the amounts from Lines 17A through 18 you want refunded to you.

Line 20 – Print the amount of Line 16, less the amounts from Lines 17A through 19 you want credited to your 2005 tax.

Line 21 – If Line 14 is equal to Line 15H, enter zero, “0.” If Line 14 is greater than Line 15H, then subtract Line 15H from Line 14 and print the result.

Line 22 – Interest is due on all tax amounts that are not timely paid. Print the amount from Line 5 of the Interest Calculation Worksheet. The worksheet is located on page 24 of this booklet.

Line 23 – Delinquent filing penalty is assessed for failure to file a timely return. Print the amount from Line 7 on the Delinquent Filing Penalty Calculation Worksheet. The worksheet is located on page 24 of this booklet.

Line 24 – Delinquent payment penalty may be assessed for failure to pay any tax owed by the due date. Please refer to the Delinquent Payment Penalty Calculation Worksheet on page 24.

Line 25 – Underpayment penalty is assessed in certain situations where a tax deficiency is greater than \$1,000. Print the amount from Line 19 of the 2004 Form R-210 and attach this form to your return.

Line 26 – Balance due Louisiana – Add Lines 21, 22, 23, 24, and 25 and print the result. Make your payment payable to the Louisiana Department of Revenue. Do not send cash. Write your Social Security Number(s) on your remittance and attach it to your return. A direct debit option is available on the Department’s website at www.revenue.louisiana.gov.

Filing – You must sign and date your return. If married filing jointly, both spouses must sign. In the appropriate space, please indicate a daytime phone number. If an extension has been taken, please mark the extension box and place a copy of the extension as the first page of the return. 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.**

CHILD CARE CREDIT WORKSHEET

R.S. 47:297.4 allows for a certain percentage of your Federal Child Care Credit to be claimed as a credit against your Louisiana individual income tax. In order to take this credit, you must have claimed the federal credit on either Federal Form 1040 or Federal Form 1040A.

1. Enter the amount of your Adjusted Gross Income (AGI) from Line 7 of Form IT-540 or Schedule E, Line 1, if Schedule E is completed. _____ .00

2. From Federal Form 1040, Line 47, or Federal Form 1040A, Line 29, enter the amount of the Child Care Credit claimed. Enter this amount on Line 11 of the Form IT-540. _____ .00

Caution!! If the amount on Line 1 above is less than or equal to \$25,000 proceed to the next line. If Line 1 above is greater than \$25,000 proceed to Line 5.

3. Multiply Line 2 above by _____ .50

4. Enter this amount on Line 15A of Form IT-540 _____ .00

STOP!! Your AGI must be greater than \$25,000 to proceed to Line 5!!

5. Using AGI from Line 1 on this worksheet, determine applicable percentage from the chart below:

AGI	Percentage
\$25,001 – \$35,000	30% (.30)
\$35,001 – \$60,000	10% (.10)
over \$60,000	10% (.10)
Applicable percentage:	_____

6. Multiply amount on Line 2 by the percentage on Line 5. _____ .00

Important!! If AGI is greater than \$60,000 then the credit is limited to the LESSER of twenty-five dollars (\$25.00) or 10 percent (.10) of the federal credit. You may be required to carry forward some or all of your Nonrefundable Louisiana Child Care Credit. You must utilize the schedule below to determine your applicable credit for 2004 or any carry forward to 2005.

CARRY FORWARD PROVISION FOR NONREFUNDABLE CHILD CARE CREDIT

1. Enter the amount from Line 10 of Form IT-540. _____ .00

2. Enter the amount from Line 11A +11C of Form IT-540. _____ .00

3. Enter the amount from Line 15B of Form IT-540. _____ .00

4. Subtract Lines 2 and 3 from Line 1 above. _____ .00

5. If line 4 is greater than or equal to Line 6 of the Child Care Credit Worksheet above, your entire credit is allowed and there is no carry forward amount. Enter the amount from Line 6 of the Child Care Credit Worksheet above on Line 11B of Form IT-540.

6. If Line 4 is zero or less than zero, your Child Care Credit carry forward to 2005 is equal to Line 6 of the Child Care Credit Worksheet above. Enter zero, "0," on Line 11B of Form IT-540.

7. Enter the amount of Nonrefundable Child Care Credit from Line 6 of the worksheet above. _____ .00

8. If Line 4 is greater than zero but less than Line 7 above, Line 4 is your allowable Child Care Credit for 2004. Enter this amount on Line 11B of Form IT-540.

9. Subtract Line 4 from Line 7. This amount is your carry forward from 2004 to 2005. _____ .00

INSTRUCTIONS FOR SCHEDULE E – Adjustments to 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 36, **OR** Federal Telefile Worksheet, Line "I." If less than zero, print zero, "0."

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 2A — Print on this line any previously exempted START contributions that were refunded to you by the Louisiana Office of Student Financial Aid.

LINE 3 — Add Lines 1, 2, and 2A and print the result.

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.

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.

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.

LINE 4D2 — Print the amount of retirement benefits received from any retirement system whose benefits are specifically exempted from Louisiana tax. **Print the name of the retirement system or the statute** exempting these benefits from Louisiana income tax in the space provided.

INSTRUCTIONS FOR SCHEDULE E – Adjustments to Income (continued)

LINE 4E — If your filing status is single, head of household, married filing separately, or qualified widow(er), and you are 65 or over, up to six thousand dollars (\$6,000) of annual retirement income that you receive may be exempt from state taxation. If your filing status is married filing jointly and **BOTH** taxpayers are receiving annual retirement income and **BOTH** are 65 or over, up to \$6000 of annual retirement income that **each** taxpayer receives may be exempt from state taxation. “Annual retirement income” is pension and annuity income you receive that is reported on Federal Form 1040, Lines 15b and 16b, **OR** Federal Form 1040A, Lines 11b and 12b, that is taxable to Louisiana. Do not include retirement benefits claimed on Lines 4B, 4C, 4D1, and 4D2 of Schedule E. Print the name or source of the pension(s) or annuity(ies) on Line 4E of Schedule E.

If your filing status is single, head of household, married filing separately, or qualifying widow(er), determine the exempt amount that should be printed on Line 4E, by completing the **FIRST COLUMN** of the worksheet below.

If your filing status is married filing jointly, determine the exempt amount that should be printed on Line 4E by completing **BOTH COLUMNS** of the worksheet below.

- | | Taxpayer | Spouse |
|---|-------------------|-------------------|
| 1. Print pension and annuity income you received and reported on Federal Form 1040, Lines 15b and 16b, OR Federal Form 1040A, Lines 11b and 12b on Line 1(a). Print spouse’s amount on Line 1(b). | a. _____ | b. _____ |
| 2. Print pension and annuity income you received and claimed on Lines 4B, 4C, 4D1, and 4D2 of Schedule E on Line 2(a). Print spouse’s amount on Line 2(b). | a. _____ | b. _____ |
| 3. Subtract Line 2 from Line 1 and print the result here. | a. _____ | b. _____ |
| 4. Maximum exemption for individual 65 and over. | a. <u>\$6,000</u> | b. <u>\$6,000</u> |
| 5. For each taxpayer 65 or over, print the amount from Line 3 or Line 4, whichever is less. | a. _____ | b. _____ |
| 6. If your filing status is single, head of household, married filing separately, or qualifying widow(er) print the amount from Line 5(a) on Line 4E of Schedule E. If your filing status is married filing jointly add the amounts on Lines 5(a) and 5(b) and print the result on Line 4E of Schedule E. | | |

LINE 4F — Social Security benefits taxed on your federal return are 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.

LINE 4H — On a separate schedule, list the source and amount of other income included in Line 1 of Schedule E that Louisiana cannot tax. You must attach copies of supporting documentation to verify the exemption

claimed on this line. 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 Nonrefundable Tax Credits, Schedule G, 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.

Persons claiming an S Bank shareholder exclusion should use this line to report the exclusion. An S Bank shareholder may exclude from Louisiana tax table income an amount equal to the S Bank shareholder’s nontaxable income. “S Bank nontaxable income” means the portion of the income reported by an S Bank on Federal Form 1120S (Schedule K-1), or equivalent document, and which is attributable to the net earnings used to compute the S Bank’s shares tax as provided in R.S. 47:1967.

LINE 4I — **START Savings Program** - Enter the total amount contributed (up to \$2,400 per account plus any carry forward) on Line 4I. For information concerning the carry forward provision of the **START Savings Program**, please refer to Revenue Information Bulletin 03-001 on the Department’s website.

LINE 4J — Residents of Louisiana who served in the armed services of the United States may be able to exempt military compensation earned outside of Louisiana. If you served 120 or more consecutive days on active duty as a member of the armed services of the United States, the compensation paid to you and/or your spouse by the armed services while serving outside of Louisiana is exempt from Louisiana income tax. Example: On January 15, 2004, you went on active duty and continuously remained on active duty at least through May 13, 2004 (120 days), up to \$29,999 of compensation paid to you and/or your spouse by your branch of the armed services may be exempt from Louisiana income tax. The exempt portion is that amount of compensation earned outside of Louisiana during and after 120 plus consecutive days of active duty. In the above example, if you served 40 days in Louisiana and the remainder of duty outside of Louisiana, income from the 41st day forward is exempt once you have served 120 plus consecutive days of active duty. Please attach a copy of your official orders, including endorsements, that establish your 120 plus consecutive days of out-of-state active duty.

LINE 4K — Add Lines 4A through 4J and print the result.

LINE 4L — Print on Line 4L the amount of federal tax applicable to the exempt income shown on Line 4K. If Line 8 on the face of Form IT-540 is greater than zero, complete both options and use the option that results in the **lowest** federal tax.

Option 1:	If Line 4K is:	Then print on Line 4L:
	Less than \$15,000	-0-
	\$15,000 - \$50,000	25% of the amount over \$15,000
	more than \$50,000	\$8,750 plus 40% of the amount over \$50,000

Option 2: Divide Line 4K by Line 1. Carry out two decimal places in the percentage; for example, 48.32%. **DO NOT ROUND UP.** The percentage cannot exceed 100%. Multiply your total federal tax from Line 8 of Form IT-540 by the ratio obtained. If there is no applicable federal tax, print zero, “0.”

LINE 4M — Subtract Line 4L from Line 4K and print the result.

LINE 5 — Subtract Line 4M from Line 3. Print the result on Line 7 of Form IT-540. Mark the box on Line 7 of Form IT-540 indicating Schedule E was used.

GENERAL INFORMATION REGARDING CREDITS

If a schedule is required in the instructions below, you must attach a separate schedule for each credit claimed. The schedule should clearly identify the credit, your name(s), and Social Security Number(s). For complete information regarding the credits, refer to the publication, "Credits, Exemptions, Exclu-

sions, and Deductions for Individual and Corporation Income Tax, Corporation Franchise Tax, and Inheritance and Gift Tax." This publication may be obtained via the Department's website at www.revenue.louisiana.gov.

INSTRUCTIONS FOR REFUNDABLE TAX CREDITS, SCHEDULE F

LINE 1 – 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 2 – A refundable credit is allowed against income tax for 100 percent of the ad valorem taxes paid on vessels in Outer Continental Shelf Lands Act Waters (R.S. 47:6006.1). 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 along with a completed Form LAT 11 from the Louisiana Tax Commission.

LINE 3 – A refundable credit is allowed against income tax for up to 40 percent (.40) 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 (R.S. 47:6014). The credit may be passed through certain legal entities to individuals. See Revenue Information Bulletin 01-004 on the Department's website. A schedule must be attached stating what entity(ies) paid the tax and obtained the credit on the individual's behalf.

LINE 4 – 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. 47:6018). Please contact the Department for further information concerning this credit.

LINE 5 – Add Lines 1, 2, 3, and 4. Print the result on Line 15B of Form IT-540.

INSTRUCTIONS FOR NONREFUNDABLE TAX CREDITS, SCHEDULE G

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 one or more 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 the other state(s). Print on Line 1 the amount of the paid income tax liabilities to the other state(s). 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 deaf, has lost the use of a limb, mentally incapacitated, or blind. **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, 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. 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. MENTALLY INCAPACITATED is defined as one who is incapable of caring for himself or performing routine daily health requirements due to his mental condition. 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. 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 (.40) of the value of the property donated against their Louisiana income tax. The recipient certifies the donation of property by using the Certificate of Donation, Form R-3400. This form is available on the Department's website at www.revenue.louisiana.gov. 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 print 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 (.10) of the credits taken on Lines 46 and 48 on Federal Form 1040 plus 10 percent (.10) 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 (.10) of the credit on Line 30. 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 – R.S. 47:297(C) provides a credit for the amount of gasoline and special fuels taxes paid for operating or propelling any commercial fishing boat. Attach a schedule listing all invoices and taxes paid.

LINE 6 – R.S. 47:297(F) provides for a credit against an individual's income tax for the amount contributed in a family responsibility program under the provisions of R.S. 46:449. The amount of this credit shall not exceed thirty three and one third percent (.333) of the contribution or \$200 per year, whichever is less.

LINE 7 – R.S. 47:297(H) provides for a credit for a certified medical doctor possessing an unrestricted license from the State of Louisiana to practice medicine, or a dentist licensed by the State of Louisiana to practice dentistry, in certain geographic areas of Louisiana. The credit is limited to \$5,000. Please contact the Department for information on qualifying for this credit.

LINE 8 – R.S. 47:297(I) provides for a credit for any individual taxpayer required to file a Louisiana tax return, acting as a business entity authorized to do business in the state, operating as either a sole proprietorship, a partner in a partnership, or as a Subchapter S Corporation, for bone marrow donor expense. Please contact the Department for information on qualifying for this credit.

LINE 9 – R.S. 47:297(J) provides for a credit for certain law enforcement officers and specified employees of the Department of Public Safety and Corrections for specific post-secondary educational expenses incurred in the pursuit of an undergraduate degree related to law enforcement. Please contact the Department for information on qualifying for this credit.

LINE 10 – R.S. 47:297(K) allows a credit for a taxpayer who provides full-time employment to an individual who has been convicted of a first time drug offense and who is less than twenty-five years of age at the time of initial employment. Please contact the Department for information on qualifying for this credit.

LINE 11 – R.S. 47:297(L) provides for a credit for the purchase of a bulletproof vest for certain law enforcement personnel as designated in the statute. The credit is limited to \$100. Please contact the Department for information on qualifying for this credit.

LINE 12 – R.S. 47:297.2 provides for a credit against the individual income tax for a person who maintains a household which includes one or more dependents who are physically or mentally incapable of caring for themselves. The credit is equal to the applicable percentage of employment-related expenses allowable pursuant to Section 21 of the Internal Revenue Code. Please contact the Department for information on qualifying for this credit.

LINE 13 – R.S. 47:1125.1 provides for a credit against Louisiana income tax for the employment of residents of Louisiana in connection with the production of a motion picture. The credit may flow to an individual via a partnership, limited liability company, Subchapter S Corporation, or other entity. Please contact the Department for information on qualifying for this credit.

LINE 14 – R.S. 47:6004 provides that business proprietors are possibly eligible for a credit for hiring the previously unemployed. Please contact the Department for information on qualifying for this credit.

LINE 15 – R.S. 47:6007 provides for a credit for Louisiana domiciled taxpayers for an investment in a state certified motion picture production. For information on qualifying for this credit, please refer to Revenue Information Bulletin number 05-001 on the Department's website.

LINE 16 – R.S. 47:6008 provides for a credit against Louisiana income tax for donations to assist qualified playgrounds. The credit shall be an amount equal to the lesser of \$1,000 or one-half of the value of the cash, equipment, goods, or services donated. Please contact the Department for information on qualifying for this credit.

LINE 17 – R.S. 47:6009 provides for a credit against Louisiana income tax for employers who pay for training to bring employees' reading, writing, or mathematical skills to at least the 12th grade level. The credit is limited to \$250 per participating employee. Please contact the Department for information on qualifying for this credit.

LINE 18 – R.S. 47:6015 provides a credit for any taxpayer who claims for the taxable year a federal income tax credit under 26 U.S.C. §41(a) for increasing research activities. Please contact the Department for information on qualifying for this credit.

LINE 19 – R.S. 47:6016 provides for a credit if the taxpayer makes certain qualified low-income community investments. Please contact the Department for information on qualifying for this credit.

LINE 20 – R.S. 47:6017 provides for a credit against Louisiana income tax for the filing fee paid to the Louisiana State Bond Commission that is incurred by an economic development corporation in the preparation and issuance of bonds. Please contact the Department for information on qualifying for this credit.

LINE 21 – R.S. 47:6019 provides for a credit if the taxpayer incurs certain expenses during the rehabilitation of a historic structure located in a downtown development district. Please contact the Department for information on qualifying for this credit.

LINE 22 – R.S. 51:1924 provides for a credit for any person who invests in the certified capital of a certified Louisiana Capital Company. The credit must be certified by the commissioner of the Office of Financial Institutions. You must attach a copy of your certification to the return.

LINE 23 – R.S. 51:2203 provides for a credit of 35 percent (.35) of a cash donation of \$200,000 or more to the Dedicated Research Investment Fund administered by the Louisiana Board of Regents. The Board of Regents must certify that the person is qualified for the credit. You must attach a copy of your certification to the return.

LINE 24 – R.S. 47:227 provides for a credit against Louisiana income tax for premium taxes paid during the preceding twelve months by an insurance company authorized to do business in Louisiana. The credit may be passed through certain legal entities to individuals (e.g. a partnership). A schedule must be attached stating what entity(ies) paid the premium tax and generated the credit on behalf of the individual.

LINE 25 – R.S. 51:2354 provides for a credit of fifteen percent (.15) of the amount of money invested by the taxpayer in commercialization costs for one business location. The Louisiana Department of Economic Development must certify the technology commercialization credit. You must attach a copy of your certification to the return.

LINE 26 – R.S. 25:1226.4 provides for a credit to certain heritage-based cottage industries. You must attach a copy of your contract to the return.

LINE 27 – R.S. 46:813.1 and R.S. 17:3389 provide for credits against the Louisiana individual income tax to persons who establish research activities in either a Biomedical or University Research and Development Park. You must attach a copy of your contract to the return.

LINE 28 – R.S. 47:3202 provides for a credit for tax equalization for certain businesses locating in Louisiana. You must attach a copy of your contract to the return.

LINE 29 – R.S. 47:4305 provides for a credit to certain manufacturing establishments that have entered into a contract with the Department of Economic Development. You must attach a copy of your contract to the return.

LINE 30 – R.S. 51:1782 et. seq. provides for a credit against the Louisiana individual income tax for private sector investment in certain areas designated as “Enterprise Zones.” You must attach a copy of your contract to the return.

LINE 31 – R.S. 51:2452 et. seq. provides for a credit against the Louisiana individual income tax for certain businesses to locate or expand existing operations in Louisiana. You must attach a copy of your contract to the return.

LINE 32 – R.S. 47:38 provides for a credit for the conversion of a vehicle to an alternative fuel source. You must attach documentation verifying the conversion.

LINE 33 – Add Lines 1, 2E, 3B, 4B, and 5 through 32 and print the result on Line 11C of Form IT-540.

Interest and Penalty Calculation Worksheets

In general, interest and penalties will be charged if you do not pay all amounts due on or before May 16, 2005. If the return is for a fiscal year, then interest and penalties will be charged if you do not pay on or before the 15th day of the fifth month after the close of the taxable year. **Important: The granting of an extension does not relieve one of their obligation to pay all tax amounts due by the due date.**

Interest – Interest is due on all tax amounts that are not timely paid. Interest is charged at the rate of 15 percent (.15) per annum from the date due until the date paid.

Interest Calculation Worksheet

- | | |
|--|---|
| 1. Number of days late from *May 16, 2005
(*or days late from fiscal year due date) | |
| 2. Interest rate per day | .00041
<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> |
| 3. Interest rate (Multiply Line 1 by Line 2.) | |
| 4. Amount you owe
(Line 21 of Form IT-540.) | |
| 5. Total interest due (Multiply Line 4 by Line 3
and print the result on Line 22 of Form IT-540.) | .00
<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> |

Important note: The sum of BOTH the delinquent filing and delinquent payment penalties cannot exceed 25 percent (.25) of the tax due. The 30-day increments used for the calculation of the delinquent filing and delinquent payment penalties are based on the date the Department receives the return and/or payment, not the date the envelope is postmarked.

Delinquent Filing Penalty – A delinquent filing penalty will be assessed for failure to file a timely return. A penalty of 5 percent (.05) of the tax due accrues if the delay in filing is not more than 30 days, with an additional 5 percent (.05) **for each additional 30 days, or fraction thereof**, during which the failure to file continues. By law, the maximum delinquent filing penalty that can be imposed is 25 percent (.25) of the tax due.

Delinquent Filing Penalty Calculation Worksheet

- | | |
|---|---|
| 1. Number of days late from *May 16, 2005
(*or days late from fiscal year due date) | |
| 2. Divide Line 1 by 30 (days) | ÷ 30
<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> |
| 3. Number of 30-day periods (If fraction of days remain, increase to nearest whole number.) | |
| 4. 30-day penalty percentage | .05
<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> |
| 5. Total penalty percentage [Multiply Line 3 by Line 4. The result cannot exceed 25 percent (.25).] | |
| 6. Amount you owe
(Line 21 of Form IT-540.) | |
| 7. Total amount of delinquent filing penalty due
(Multiply Line 6 by Line 5 and print the result on Line 23 of Form IT-540.) | .00
<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> |

Delinquent Payment Penalty – If you fail to pay 90 percent (.90) of the tax due by the due date (May 16, 2005), a delinquent payment penalty will be assessed. A penalty of 0.5 percent (.005) of the tax not paid by the due date will accrue **for each 30 days, or fraction thereof**, during which the failure to pay continues. This penalty cannot exceed 25 percent (.25) of the tax due.

To determine if a delinquent payment penalty is owed, answer the following questions:

1. Are you paying a 2004 **tax liability** after May 16, 2005?
2. Have you paid in at least 90 percent (.90) of total tax due?

a. Enter amount from Line 10, Form IT-540.	.00
b. Enter amount from Line 13, Form IT-540.	.00
c. Add Lines “a” and “b” above.	.00
d. Multiply Line “c” by 10 percent (.10).	.00
e. Enter the amount from Line 21 from Form IT-540.	.00

If the amount on Line “e” is **less** than or equal to the amount on Line “d,” then you **have paid** ninety percent (.90) of the total tax due. If the amount on Line “e” is **greater** than the amount on Line “d,” then you **have not** paid ninety percent (.90) of the total tax due.

If you are paying a 2004 tax liability after May 16, 2005, **AND have not** paid ninety percent (.90) of the total tax due, then you owe delinquent payment penalty. Use the worksheet below to calculate the penalty.

Delinquent Payment Penalty Calculation Worksheet

- | | |
|--|---|
| 1. Number of days late from *May 16, 2005
(*or days late from fiscal year due date) | |
| 2. Divide Line 1 by 30 (days) | ÷ 30
<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> |
| 3. Number of 30-day periods (If fraction of days remain, increase to nearest whole number.) | |
| 4. 30-day penalty percentage | .005
<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> |
| 5. Total penalty percentage [Multiply Line 3 by Line 4. The result cannot exceed 25 percent (.25).] | |
| 6. Amount you owe
(Line 21 of Form IT-540.) | |
| 7. Total amount of delinquent payment penalty due
(Multiply Line 6 by Line 5 and print the result on Line 24 of Form IT-540.) | .00
<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> |

Underpayment Penalty – An underpayment penalty may be charged if your tax deficiency is greater than \$1,000 and your filing status is either single, married filing separately, head of household, or qualifying widow(er). If your filing status is married filing jointly, you might incur an underpayment penalty if your tax deficiency is greater than \$2,000. In order to determine if an underpayment penalty is due, and to compute the underpayment penalty, you must obtain Form R-210.