

GENERAL INFORMATION FOR FILING YOUR 2005 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 Services are available for most Louisiana taxpayers through the Department's website at www.revenue.louisiana.gov.

WHO MUST FILE A RETURN

1. If you are a Louisiana resident who is required to file a federal individual income tax return, you must file a Louisiana income tax return, reporting all income earned in 2005.
2. You must file a return to obtain a refund or credit, if you overpaid your tax through: (A) withholding, (B) declaration of estimated tax, (C) credit carried forward, or (D) composite partnership filing payments made on your behalf.
3. If you are **not required to file a federal return** but had Louisiana income tax withheld in 2005, **you must file a return to claim a refund of the amount withheld. Please refer to the IRS requirements for filing in order to determine if you must file a federal return.**
4. If you are military personnel whose home of record is Louisiana, and you meet the filing requirements of 1 or 2 above, you must file a return and report all of your income, regardless of where you were stationed. If you are single, you should file a resident return (Form IT-540), reporting 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), reporting 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 as a resident (Form IT-540), or filing as a nonresident (Form IT-540B). You may choose the option that is more beneficial to you and your spouse.

If you paid an income tax liability to another state on nonmilitary income, and/or income earned by your spouse, and you are a resident taxpayer, you are allowed a credit for this liability if that income is included on the Louisiana return. Any military personnel whose domicile is NOT in Louisiana must report any non-military Louisiana sourced income on Form IT-540B.

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. You must confirm your intention to change your domicile to another state by actions you have taken to establish a new domicile outside of Louisiana, and by actions you have taken to abandon the Louisiana domicile and its privileges. Examples of such actions taken include: registering to vote, registering and titling vehicles, obtaining a driver's license, changing children's school of attendance, obtaining a homestead exemption, or any other actions that show intent to establish a new domicile outside of Louisiana. **These are intended as examples and do not necessarily indicate a change in residency.** You are considered to be a Louisiana resident if you continue to maintain a residence in Louisiana while working in another state. 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: (1) You are the surviving spouse, executor, administrator, or legal representative; and (2) The decedent met the filing requirements at the date of death. If both conditions are applicable, (A) Mark the decedent box on the face of the return **for the appropriate taxpayer**, (B) Attach a copy of the death certificate, and (C) Attach completed 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 statewide 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 do the following: (1) File an amended (corrected) Louisiana return for the tax year being amended; (2) Include an explanation of the change(s); (3) Include a copy of the federal amended return, Federal Form 1040X, if one was filed; and (4) Mark clearly with an "X" in the "Amended Return" box on the face of Form IT-540. **NOTE: 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 2005 calendar year return is due **on or before May 15, 2006**.
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: (1) Print your name(s) and (2) Social Security Number(s) on any correspondence. **NOTE:** On a joint return, print the Social Security Numbers on the IT-540 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. **Print your Social Security Number(s) on your check or money order. Please do not send cash.**

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 Federal Form 4868 or a copy of your acknowledgement from the Internal Revenue Service which contains your confirmation number that your Federal extension has been approved.

An extension lengthens only the time to file the return. An extension does not extend the time to pay any tax that may be due.

Use Form R-2868 to request an extension beyond the date required for filing your federal return. You must submit Form R-2868 by October 15, 2006, if you have an approved federal extension, or by May 15, 2006, if you have not filed a federal extension. The form is included in this booklet on page 13 and on the Department's website at www.revenue.louisiana.gov.

INSTALLMENT REQUEST

If you are unable to pay the balance in full by the due date, you must submit this request. An installment request can be found on page 11 of this booklet.

INTEREST AND PENALTIES

See Interest and Penalty Calculation Worksheets, page 24.

KEEP YOUR RECORDS

You should keep copies of federal and state returns and W-2 statements for four years. In most cases, you should not submit a copy of your federal return. If you have completed all or part of Schedule H due to a federal casualty loss deduction or claiming federal disaster relief credits, submit the specified forms as indicated in the instructions for the Federal Income Tax Deduction Computation Worksheet.

2005 RESIDENT FEDERAL INCOME TAX DEDUCTION COMPUTATION WORKSHEET

The federal line numbers on this schedule refer only to 2005 Federal Form 1040.

1A & 1B	Enter the amount of your federal adjusted gross income from Line 38 of your Federal Form 1040 on Lines 1A and 1B.	1A	_____	1B	_____
2A	Enter the amount of your itemized deductions from Line 40 of your Federal Form 1040 on Line 2A. Enter this amount on Schedule H, Line 1.	2A	_____		
2B	<p>From your total itemized deductions (Line 2A above) remove the amount of your casualty loss associated with Hurricanes Katrina or Rita.</p> <p>1. Total Itemized Deductions from Line 2A above: _____</p> <p>2. Total casualty loss from Line 19 and/or Line 27 of your 2005 Schedule A (Form 1040): _____</p> <p>3. Subtract Line 2 above from Line 1 above: _____</p> <p>Line 3 is your Adjusted Itemized Deductions.</p> <p>Enter on Line 2B the GREATER of your Adjusted Itemized Deductions or the federal standard deduction available for your filing status. Enter this amount on Schedule H, Line 2.</p>			2B	_____
3A	Enter the amount from Line 41 of your Federal Form 1040 on Line 3A.	3A	_____		
3B	Subtract Line 2B from Line 1B and enter on Line 3B.			3B	_____
4A & 4B	Enter the amount from Line 42 of your Federal Form 1040 on Lines 4A & 4B.	4A	_____	4B	_____
5A	Enter the amount from Line 43 of your Federal Form 1040 on Line 5A. Enter this amount on Schedule H, Line 3.	5A	_____		
5B	Subtract Line 4B from 3B and enter on Line 5B.			5B	_____
6A	Enter the amount from Line 44 of your Federal Form 1040 on Line 6A.	6A	_____		
6B	Using the federal income tax tables or Federal Tax Computation Worksheet, compute the amount of federal income tax associated with your income on 5B and enter on Line 6B.			6B	_____
7A & 7B	Enter the amount from Line 45 of your Federal Form 1040 on Lines 7A and 7B. Enter the amount from Line 7A on Schedule H, Line 4.	7A	_____	7B	_____
8A	Enter the amount from Line 46 of your Federal Form 1040 on Line 8A. Enter the amount from Line 8A on Schedule H, Line 5.	8A	_____		
8B	Add Lines 6B and 7B and enter on Line 8B.			8B	_____
9A & 9B	Enter the amount from Line 56 of your Federal Form 1040 on Lines 9A and 9B. Enter the amount from Line 9A on Schedule H, Line 6.	9A	_____	9B	_____
10A	Enter the amount from Line 57 of your Federal Form 1040 on Line 10A.	10A	_____		
10B	Subtract Line 9B from 8B and enter on Line 10B. Note: If no casualty loss is claimed, enter the amount from Line 57 of Federal Form 1040; if only adjusting for federal disaster relief credits.			10B	_____
11	Enter the amount of your Federal disaster relief credits. See instructions. Enter this amount on Schedule H, Line 7.			11	_____
12	Add Lines 10B and 11 and enter the amount on Line 8 of Form IT-540. Important! See optional deduction information contained in Line 8 instructions on page 17. Please mark box on Line 8 of Form IT-540 indicating federal income tax has been adjusted.			12	_____

INSTRUCTIONS FOR FEDERAL INCOME TAX DEDUCTION COMPUTATION WORKSHEET

Federal disaster relief credits

Louisiana provides a deduction (from Louisiana income) for federal income taxes paid on Louisiana income. Generally, when the federal income tax liability is decreased by federal credits, the amount of Louisiana income tax liability increases. To prevent Louisiana taxpayers from paying additional state income tax because they received federal disaster relief credits, you may increase the amount of your Louisiana federal income tax deduction by the amount of certain federal disaster relief tax credits claimed on your 2005 federal income tax form. The modification to the Louisiana federal income tax deduction **can only be for federal disaster relief credits claimed in either the Hurricane Katrina or Hurricane Rita Disaster Areas**. At press time for this form, The Louisiana Secretary of Revenue has, through LAC 61:I.601, determined which federal credits are disaster relief credits. Below are the federal credits that have been established to be federal disaster relief credits:

1. Employee Retention Credit – Provides a credit of 40 % of the qualified wages paid by an eligible employer to an eligible employee in the Gulf Opportunity Zone (GO Zone) area or the Rita GO Zone area.
2. Work Opportunity Credit – Provides a credit to an employer who employs individuals from certain targeted groups. The Katrina Emergency Tax Relief Act designates Hurricane Katrina Employees as members of a targeted group. The credit can be up to 40 % of qualified first year wages, which are capped at \$6,000. For purposes of modifying the Louisiana federal income tax deduction, only the amount with respect to wages paid to Hurricane Katrina employees is the allowed credit
3. Rehabilitation Tax Credit – Provides an increase in the credit for Certified Historic Structures and Qualified Rehabilitated Buildings located in the GO Zone. The credit is increased from 20 % to 26 % for Certified Historic Structures and increased from 10 % to 13 % for Qualified Rehabilitated Buildings. The **INCREASE ONLY** in the Rehabilitation Tax Credit, with respect to the rehabilitation of buildings is the allowed credit for purposes of modifying the Louisiana federal income tax deduction.

Note: The Employee Retention Credit, the Katrina disaster relief portion of the Work Opportunity Credit and the **INCREASE ONLY** in the Rehabilitation Tax Credit are part of the general business credit under IRC §38. If the general business credit is limited, the lesser of the amount equal to total disaster relief credits that are components of the general business credit or the general business credit will be allowed as disaster relief credits granted for the Hurricane Katrina presidential disaster areas or Hurricane Rita Disaster presidential disaster areas.

4. Hope Scholarship and Lifetime Learning Credits – Both of these credits are available for “qualified tuition and related expenses” as defined by federal law. The Hope Scholarship and Lifetime Learning credits for students attending an eligible education institution located in the Gulf Opportunity Zone have been temporarily expanded. Originally, the Hope Scholarship Credit provided a nonrefundable credit of up to \$1,500 per student per year for qualified tuition and related expenses paid for the first two years of the student’s post-secondary education in a degree or certificate program. The Hope Scholarship Credit is increased to 100 % of the first \$2,000 in qualified tuition and related expenses and 50 % of the next \$2,000 of qualified tuition and related expenses for a maximum credit of \$3,000 per student. Originally, The Lifetime Learning Credit provided a credit equal to 20 % of qualified tuition and related expenses incurred during the taxable year on behalf of the taxpayer, the taxpayer’s spouse, or any dependents. Up to \$10,000 of qualified tuition and related expenses per taxpayer return are eligible for the Lifetime Learning Credit. The Lifetime Learning credit rate is increased from 20 % to 40 %. Thus, the maximum amount of the credit is \$4,000 or 40 % of \$10,000. The **INCREASE ONLY** in either the Hope Scholarship Credit or the Lifetime Learning Credit, is the allowed credit for purposes of modifying the Louisiana federal income tax deduction.
5. Employer-Provided Housing Credit – Provides for a temporary credit to a qualified employer of 30 % of the value of the lodging excluded from the income of a qualified employee. For purposes of modifying the Louisiana federal income tax deduction, only the amount with respect to the 30 % of the value of the lodging excluded from the income of a qualified Hurricane Katrina employee(s) is the allowed credit.

The above is only a brief summary of the federal credits. Consult your tax advisor or contact the IRS for complete information concerning the

federal credits. You must attach a copy of the appropriate federal form(s) to your return in order for your modified Louisiana federal income tax deduction to be allowed.

If you have claimed only federal disaster relief credits and not taken a casualty loss, do the following: (A) Enter the amount of your federal income tax from Line 57 from Federal Form 1040 on Line 10B, (B) Enter the amount of federal disaster relief credits on Line 11, (C) Add Lines 10B and 11 of the Federal Income Tax Deduction Computation Worksheet and print the result on Line 12, (D) Enter the amount from Line 12 on Line 8 of Form IT-540, and (E) enter the amount from Line 11 on Line 7 of the Louisiana Schedule H.

If you are claiming disaster relief credits along with a casualty loss, complete the entire Federal Income Tax Deduction Computation Worksheet.

Casualty loss

Act 25 of the First Extraordinary Louisiana Legislative Session of 2006 expanded the casualty loss relief to include all incurred federal casualty losses. If you have claimed a casualty loss on your 2005 Federal Form 1040, you may increase the amount of your federal income tax deduction by the amount that your federal income tax decreased as a result of claiming your casualty loss. To compute your modified Louisiana federal income tax deduction, you will need to complete the Federal Income Tax Deduction Computation Worksheet on page 15 and have the following items: A copy of your Federal Form 1040 (pages 1 & 2), Schedule A (Federal Form 1040), and Federal Form 4684. You must attach these federal forms to your return. You will also need your Federal 1040 instruction booklet and accompanying federal tax tables or computation worksheet. Please see Revenue Information Bulletin 06-018.

Note: You may amend your 2005 return to account for all casualty losses if your original filing excluded other casualty losses.

The information for Lines 1A through 10A of the Federal Income Tax Deduction Computation Worksheet come from the specified line items of Federal Form 1040. For Lines 1B through 10B follow the computation instructions for each line item. Several line items of the Federal Income Tax Deduction Computation Worksheet require you to enter that line item amount on Louisiana Schedule H. These line items are denoted in red on the Federal Income Tax Deduction Computation Worksheet. Failure to complete Louisiana Schedule H will significantly delay the processing of your return.

Important: In order to compute Line 2B, your Adjusted Itemized Deductions, subtract the amount of your total casualty loss [Line 19 and/or Line 27 of your 2005 Schedule A (Form 1040)] from total itemized deductions [Line 28 of your 2005 Schedule A (Form 1040)] as indicated on the 2005 tax year Federal Income Tax Computation Worksheet.

If the amount of your Adjusted Itemized Deductions is **LESS THAN** your federal standard deduction, enter your federal standard deduction on Line 2B of the Federal Income Tax Deduction Computation Worksheet. Information on how to compute your federal standard deduction can be found on Page 2 of Federal Form 1040 in the left margin.

If the amount of your Adjusted Itemized Deductions is **GREATER THAN** your federal standard deduction, enter the amount of your Adjusted Itemized Deductions on Line 2B.

For Lines 3B through 5B either enter the requested amounts from Federal Form 1040 or perform the appropriate calculations.

To recompute your federal income tax for Line 6B, use the amount from Line 5B and refer to the instructions on Line 44 of the Federal Form 1040. Enter the recomputed amount on Line 6B.

For Lines 7B through 10B and Line 11, either enter the requested amounts from Federal Form 1040 or perform the appropriate calculations.

For Line 11, if you have federal disaster relief credits in addition to claiming casualty losses, see the information concerning disaster relief credits and enter the amount of federal disaster relief credits on Line 11 of the Federal Income Tax Deduction Computation Worksheet. If you do not have any disaster relief credits, enter zero (0) on Line 11.

For Line 12, add Lines 10B and 11 and enter the amount on Line 8 of Form IT-540. The amount on Line 12 may be increased by the amount of foreign tax credit claimed on Federal Form 1040, Line 47. If this additional deduction is claimed, no special allowable credit may be claimed on Louisiana Nonrefundable Tax Credits, Schedule G, Line 4.

INSTRUCTIONS FOR PREPARING YOUR 2005 LOUISIANA RESIDENT INDIVIDUAL INCOME TAX RETURN FORM IT-540

ABOUT THIS FORM

The return has been designed for electronic scanning, which 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 it is 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 pen with black ink.
4. Because this form is read by a machine, please print your numbers **INSIDE THE BOXES** like this:

0	1	2	3	4	5	6	7	8	9	X
---	---	---	---	---	---	---	---	---	---	---

5. All numbers should be rounded to the nearest dollar.
6. Numbers should **NOT** be printed over the pre-printed zeros, in the boxes on the far right, which are used to designate cents (.00).
7. To avoid any delay in processing, use this form for **2005** only.
8. If you are filing an amended return, mark an "X" in the "Amended Return" box on the face of the return.

Name(s), address, and social security number(s) – If you received a pre-addressed return print your Social Security Numbers in the space 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 there is a change in your name or address since last year's return (for example, new spouse), please mark the "Name Change" box and/or "Address Change" box on the face of the return.** If married, please print 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). Head of Household status is for unmarried people who paid over half the cost of keeping up a home for a qualifying person. If you file as Head of Household, you must show the name of the qualifying person in the space provided, if the person is not a dependent.

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: (A) you are listed as a dependent on someone else's return, (B) you are age 65 or over, or (C) you are blind. You must claim an exemption for yourself on Line 6A, even if someone else claimed you on his or her federal tax return. This box has already been marked with an "X" for you. In the box on Line 6D, print 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 2005, do the following: (A) Complete Lines 1 through 6D, (B) Enter your wages in the appropriate boxes above Line 7, and (C) Mark the indicator block to the right. Then, (D) 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: (A) Federal Form 1040EZ, Line 4, or (B) from Federal Form 1040A, Line 21, or (C) from Federal Form 1040, Line 37. If your federal adjusted gross income is less than zero, print "0."

The following residents should use Schedule E to determine their Louisiana adjusted gross income: (1) Residents with exempt income, (2) Residents with recapture of START contributions, (3) Residents with interest income from obligations of other states and their political subdivisions, or (4) Residents 65 years of age or over, with annual retirement income taxable to Louisiana. In order to complete Schedule E, you may need to first compute your modified federal income tax for Louisiana purposes **IF** you have claimed a federal casualty loss deduction or taken certain credits as a result of Hurricanes Katrina or Rita. 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 – If you **HAVE** claimed **federal disaster relief credits** and/or taken a **casualty loss deduction** on your 2005 Federal Form 1040 as a result of Hurricanes Katrina or Rita, please see the Federal Income Tax Deduction Computation Worksheet and the instructions on pages 15 and 16.

If you **HAVE NOT** claimed **federal disaster relief credits** and/or taken a **casualty loss deduction** as a result of Hurricanes Katrina or Rita, print your federal income tax liability on Line 8. This amount is taken from your federal return. Listed below are the federal returns and line numbers that indicate your federal income tax liability.

- Federal Form **1040EZ** filers: This amount is on Line 10.
- Federal Form **1040A** filers: This amount is on Line 36.
- Federal Form **1040** filers: This is the amount on Line 57, minus the amount from Form 4972, which is on Line 44.

Optional deduction – The federal tax deduction above may be increased by the amount of foreign tax credit claimed on Federal Form 1040, Line 47. 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 enter that amount. If less than zero, enter "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. Enter 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 on either your Federal Form 1040A, Line 29; or on your Federal Form 1040, Line 48.

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

Line 11B – Print the amount of your Nonrefundable Louisiana Child Care Credit carried forward from previous years. **To determine the Carry Forward Amount, refer to the Louisiana Child Care Credit Worksheet on page 19.**

Line 11C – Print the amount of your 2005 Louisiana Nonrefundable Child Care Credit. This amount is determined from the Louisiana Child Care Credit Worksheet on page 19. Your Federal AGI must be greater than \$25,000 to claim this credit.

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

Line 12 – Subtract Line 11D from Line 10 and enter the result. If you are not required to file a federal return, or if the amount is less than zero, enter zero "0." Please refer to the IRS requirements for filing in order to determine if you must file a federal return.

Line 13 – During 2005, if 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 through catalogs, television, internet, from another state, or, from outside the U.S. See the Consumer Use Tax Worksheet below.

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

Line 15A – Enter the amount of your 2005 Louisiana Refundable Child Care Credit. This amount is from Line 4 of the Louisiana Child Care Credit Worksheet, on page 19.

Line 15B – Enter the amount of the total Other Refundable Tax Credits. This amount is from Schedule F, Line 9 of the Louisiana Form IT-540.

Line 15C – Enter the amount of Louisiana income tax withheld in 2005. You must attach a copy of the withholding tax W-2 Form(s) to your return, in order for credit to be allowed. If this amount exceeds ten percent (.10) of the income shown on Line 7, you must attach a copy of your federal return.

Line 15D – Enter the amount of any credit carried forward from 2004. This amount is on **Line 20 of your 2004** Louisiana Form IT-540.

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

Line 15F – Enter the total amount of estimated payments you made for the 2005 tax year.

Line 15G – If you filed an extension request for the 2005 taxable year, enter the amount of any payment you made with that extension request.

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

Line 16 – OVERPAYMENT – If Line 15H is equal to Line 14, enter zero, "0" on Lines 16 and 20 and go to Line 21. If Line 15H is greater than Line 14, then subtract Line 14 from Line 15H and print the result here. If Line 15H is less than Line 14, enter zero, "0" on Line 16 and skip Lines 17A through 19.

Line 17A – You may donate all or part of your overpayment (Line 16) to The Military Family Assistance Fund. This fund provides assistance to family members of activated Louisiana military personnel.

Line 17B – You may donate all or part of your overpayment (Line 16) to charity. The charities are listed on Lines 1 through 5 of Schedule D. Enter the amount from Line 6, Schedule D.

Line 17C – Enter 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 all or part 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 among the account holder's beneficiaries.

Line 17D – Enter the amount of Line 16 minus the amounts from Lines 17A through 17C, which you want credited to your 2006 tax.

Line 18 – Subtotal - Enter the amount from Lines 17A through 17D.

Line 19 – Enter the amount of Line 16 minus the amounts from Line 18, which you want refunded to you.

Line 20 – If Line 15H is greater than or equal to Line 14, enter zero "0." If Line 14 is greater than Line 15 H, then subtract Line 15H from Line 14 and enter the result.

Line 21 – You may make an additional donation or a donation over-and-above your tax payment to The Military Family Assistance Fund. This fund provides assistance to family members of activated Louisiana military personnel.

Line 22 – Interest is charged on all tax amounts that are not paid on time. Enter the amount from Line 5 of the Interest Calculation Worksheet. The worksheet is on page 24 of this booklet.

Line 23 – If you fail to file your tax return by the due date - **on or before May 15, 2006 for calendar year filers**, you will be charged Delinquent Filing Penalty. Print the amount from Line 7 on the Delinquent Filing Penalty Calculation Worksheet. The worksheet is on page 24 of this booklet.

Line 24 – If you fail to pay any tax owed by the due date - **on or before May 15, 2006 for calendar year filers**, you may be charged a Delinquent Payment Penalty. Please refer to the Delinquent Payment Penalty Calculation Worksheet on page 24.

Line 25 – If you have a tax deficiency that is greater than \$1,000 (\$2,000 if married filing jointly), you may be charged an underpayment penalty. Enter the amount from Line 19 of the 2005 Form R- 210R and attach this form to your return. If you are a farmer and your income derived from farming is at least 66.67% of your gross income from all sources, the provisions of R.S.47:117 provide that declarations of estimated tax are considered to be paid in full if the payment is filed on or before January 15 of the succeeding taxable year.

Line 26 – Balance due Louisiana – Add Lines 20 through 25 and enter the result. Make your check or money order payable to the Louisiana Department of Revenue. **PLEASE DO NOT SEND CASH.** Write your Social Security Number(s) on your check or money order, 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 you filed for an extension, 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, she/he must also sign in the appropriate space, and enter his or her identification number. **SUBMIT ONLY THIS ORIGINAL RETURN (DO NOT SUBMIT A PHOTOCOPY OF THE RETURN).**

Consumer Use Tax Worksheet

Under Louisiana Revised Statute 47:302(K), the Department is required to collect a use tax rate of 8 percent on out-of-state use taxable purchases. This 8 percent rate (which includes 4 percent to be distributed by the Department to local governments) is in lieu of the actual rate in effect in your area, and is payable regardless of whether the actual combined state and local rate in your area is equal to, higher than, or lower than 8 percent.

This law ensures that Louisiana businesses are not at a competitive disadvantage with out-of-state companies who are not required to collect sales tax.

1. Taxable purchases	\$ _____	.00	
Tax rate (8%)		X .08	
2. Total use tax due	\$ _____	.00	

Print here and on
Line 13 on the front
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 either on Federal Form 1040 or on Federal Form 1040A. The provisions that govern the child care credit allow for the credit to be either refundable or nonrefundable. In order for the credit to be refundable, your Federal AGI must be \$25,000 or less. Use Lines 1 through 4 to compute your refundable credit for 2005. If your Federal AGI is greater than \$25,000, you may be entitled to a nonrefundable credit for 2005, which can be carried forward for five (5) years if you are unable to claim the nonrefundable credit in the year in which it was earned. Use Lines 6 through 23 to compute your 2005 nonrefundable credit, and to appropriately claim any carry forward you may have from previous years.

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

2 From Federal Form 1040, Line 48, or from Federal Form 1040A, Line 29, enter the amount of the Federal Child Care Credit claimed. Here and on Line 11, of 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 6.

3 Multiply Line 2 above by .50

4 Enter this amount on Line 15A, of Form IT-540. *(This is the amount of your REFUNDABLE Child Care Credit)* .00

5 If you have a refundable Child Care Credit for 2005 and have a nonrefundable Child Care Credit Carryforward from previous years, you may be able to utilize some or all of this nonrefundable carryforward amount for 2005. **Use Lines 5a through 5f to determine this amount.**

5a Enter the amount from Line 10 of Form IT-540.

5b Enter the amount from Line 11A of Form IT-540. .00

5c Enter the amount from Line 15A of Form IT-540. .00

5d Enter the amount from Line 15B of Form IT-540. .00

5e Subtract Lines 5b, 5c and 5d from Line 5a above. .00

5f Enter the amount of any Child Care Credit Carryforward from previous years. .00

If Line 5f is less than or equal to Line 5e, your entire Child Care Credit Carryforward from previous years is utilized for 2005. Enter that amount (Line 5f) on Line 11B of Form IT-540. If Line 5f is greater than Line 5e, enter the amount of Line 5e on Line 11B of Form IT-540. **Do not proceed further if the conditions of this line apply to you.**

STOP! Your Federal Adjusted Gross Income (AGI) must be greater than \$25,000 to proceed to Line 6 of this worksheet.

Use Lines 6 and 7 to determine the amount of your 2005 Nonrefundable Child Care Credit.

6 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: _____

7 Multiply amount on Line 2 above by the percentage on Line 6. .00

Important!! If AGI (Adjusted Gross Income) is greater than \$60,000, then the credit is limited to the LESSER of twenty-five dollars (\$25.00), or ten 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 use the remaining worksheet to determine your applicable nonrefundable credit for 2005, or to determine any amount you can carry forward to 2006.

Use Lines 8 through 12 to determine if you can use any amount of your Nonrefundable Child Care Credit Carryforward from previous years and/or your 2005 Nonrefundable Child Care Credit.

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

9 Enter the amount from Line 11A of Form IT-540. .00

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

11 Subtract Lines 9 and 10 above from Line 8 above. .00

12 If Line 11 is less than or equal to zero, then your entire Child Care Credit for 2005 (Line 7 of the Child Care Credit Worksheet above) will be carried forward to 2006. Also, any available carryforward from previous years will be carried forward to 2006. If Line 11 above is less than or equal to zero, enter zero, (0) on Lines 11B and 11C of Form IT-540. **Do not proceed further if the conditions of this line apply to you.**

Use Lines 13 through 16 to determine the AMOUNT of Nonrefundable Child Care Credit Carryforward from previous years utilized for 2005.

13 If Line 11 above is greater than zero, enter the amount from Line 11 here. .00

14 Enter the amount of any Child Care Credit Carryforward from previous years. .00

15 Subtract Line 14 from Line 13. .00

16 If Line 15 is less than or equal to zero "0", then the amount of carryforward used for 2005 is equal to Line 13 above. Print that amount (Line 13) on Line 11B of Form IT-540 and record the remaining carryforward for possible use next year. Also, your entire Child Care Credit for 2005 (Line 7 of the Child Care Credit Worksheet) will be carried forward to 2006. **Do not proceed further if the conditions of this line apply to you.**

Use Lines 17 through 21 to determine the amount of Child Care Credit Carryforward utilized from previous years PLUS all of your 2005 Child Care Credit.

17 If Line 15 above is greater than zero "0", enter the amount of carryforward shown on Line 14 above on Line 11B of Form IT-540.

18 If line 15 above is greater than zero "0", enter the amount on Line 15 here. .00

19 Enter the amount of your 2005 Child Care Credit (Line 7 of the Child Care Credit Worksheet above). .00

20 Subtract Line 19 from Line 18 and print the result here. .00

21 If Line 20 above is greater than zero "0", then your entire Child Care Credit for 2005 (Line 7 of the Child Care Credit Worksheet) has been utilized for 2005. Enter the amount from Line 19 above on Line 11C of Form IT-540. **Do not proceed further if the conditions of this line apply to you.**

Use Line 22 to determine what amount of your 2005 Child Care Credit you can claim.

22 If Line 20 above is less than zero "0", then the amount of your 2005 child care credit used for 2005 is the amount shown on Line 18. Enter the amount on Line 18 on Line 11C of Form IT-540.

Use Line 23 to determine the amount of your 2005 Child Care Credit to be carried forward to 2006

23 If Line 20 above is less than zero "0", then subtract Line 18 from 19 to compute your Child Care Carryforward to 2006. Keep this amount for your records. .00

INSTRUCTIONS FOR SCHEDULE E – Adjustments to Income

LINE 1 — Print the amount of your Federal Adjusted Gross Income. This amount is shown either on: (A) your Federal Form 1040EZ, Line 4; **OR** (B) on your Federal Form 1040A, Line 21; **OR** (C) on your Federal Form 1040, Line 37. If the amount is less than zero, enter 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 — Enter any previously exempted START contributions that were refunded to you during 2005 by the Louisiana Office of Student Financial Aid.

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

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

LINE 4B — Print the amount of retirement benefits received from the Louisiana State Employees' Retirement System. This amount should be 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. This amount should be included in the amount on Line 1 of Schedule E.

LINE 4D1 — Print the amount of retirement benefits received from a Federal Retirement System. This amount should be 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 income tax. In the space provided, **print the name of the retirement system, or print the number of the statute** exempting these benefits from Louisiana income tax.

LINE 4E — Up to six thousand dollars (\$6,000) of your annual retirement income may be exempted from state taxation, if the following applies to you: (A) your filing status is single, head of household, married filing separately, or qualified widow(er), AND (B) you are 65 or over. Likewise if your filing status is (A) married filing jointly, (B) and **BOTH** taxpayers are receiving annual retirement income, (C) AND **BOTH** taxpayers are 65 or over, up to \$6,000 of annual retirement income that **each** taxpayer receives may be exempt from state taxation. "Annual retirement income" that is taxable in Louisiana is pension and annuity income you receive, which is reported on Federal Form 1040, Lines 15b and 16b, **OR** which is reported on Federal Form 1040A, Lines 11b and 12b. 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 entered on Line 4E, by completing the **FIRST COLUMN** of the worksheet provided.

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

	Taxpayer	Spouse
1. Enter pension and annuity income you received and reported on Federal Form 1040, Lines 15b and 16b, OR that you reported on Federal Form 1040A, Lines 11b and 12b on Line 1(b).	a. _____	b. _____
2. Enter 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 enter 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, enter 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), enter the amount from Line 5(a), above on Line 4E, of Schedule E. If your filing status is married filing jointly, add the amounts on Lines 5(a) and 5(b), above. Then enter the result on Line 4E, of Schedule E.		

SPECIAL NOTICE

The Department of Revenue will accept amended income tax returns and make appropriate refunds to couples filing joint returns and who were both sixty-five years of age or older, where only one spouse had retirement income as follows:

1. During calendar year 2006 the Department shall accept amended income tax returns for tax year 2002.
2. During calendar year 2007 the Department shall accept amended income tax returns for tax year 2003.
3. During calendar year 2008 the Department shall accept amended income tax returns for tax year 2004.

Please see Revenue Information Bulletin 05-015 at www.revenue.louisiana.gov

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 — If you are a tribal member living on the reservation, or living on land held in trust for the tribe your income earned or received will not be subject to Louisiana income tax, if: (A) your income is derived from sources within the boundaries of the tribal land or (B) your income is derived from sources outside the State of Louisiana. However, if you are a tribal member, or a nontribal member, who earns income or derives wages from services performed outside the boundaries of the tribal land, but within the State of Louisiana, then your income is taxable. If you are a nontribal member working within the boundaries of tribal land, your earned income is subject to Louisiana tax. Likewise, if you are a tribal member living off the reservation, your earned income 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, which Louisiana cannot tax. You must attach copies of supporting documentation in order 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 the income was earned. Credit for taxes paid to other states may be deducted on Nonrefundable Tax Credits, Schedule G, Line 1. Nonresident 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 under R.S. 47:59.1 for making adaptations to their home, should use this line in order 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 an amount equal to the S Bank shareholder's nontaxable income from Louisiana taxable income. "S Bank nontaxable income" means (A) the portion of the income reported by an S Bank on Federal Form 1120S (Schedule K-1), or (B) the portion of the income reported by an S Bank on an equivalent document, which is attributable to the net earnings used to compute the S Bank's shares tax as provided R.S. 47:1967.

Please note: (1) Depletion deduction is limited to the amount of federal depletion. Louisiana does not have a provision that allows excess depletion on Individual income tax. (2) Expenses not deducted on the federal return due to Internal Revenue Code Section 280C **are not allowed**. (3) Gambling losses claimed as itemized deductions on the federal return **are not allowed** on the Louisiana income tax return.

LINE 4I — START account holders with a filing status of single, married filing separately, head of household, and qualifying widow(er) can exempt up to \$2,400 per beneficiary from Louisiana taxable income. Account holders with a filing status of married filing jointly can each exempt up to \$4,800 per beneficiary from Louisiana taxable income. In certain situations, the exemption amount can be doubled. Please see Revenue Information Bulletin 06-003 on the Department's website.

LINE 4J — Add Lines 4A through 4I and enter the result.

LINE 4K — On Line 4K, enter the amount of federal tax applicable to the exempt income shown on Line 4J. 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. For a correct Line 8 total, you may need to first compute your modified federal income tax for Louisiana purposes **IF** you have claimed a federal casualty loss deduction or taken certain credits as a result of Hurricanes Katrina or Rita. See instructions for Line 8.

Option 1:	If Line 4J is:	Then print on Line 4K:
	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 4J by Line 1. (A) Carry out two decimal places in the percentage. For example, for 48.32%. **DO NOT ROUND UP.** (B) The percentage cannot exceed 100%, (C) 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 4L — Subtract Line 4K from Line 4J and enter the result.

LINE 5 — Subtract Line 4L from Line 3. Enter the result here and 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, Exclusions, and Deductions for Individual and Corporation Income Tax, Corporation Franchise Tax, and Inheritance and Gift Tax." This publication may be obtained on 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). Both 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 to political subdivisions in Louisiana on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities (R.S.47:6006).Both a copy of the tax assessment and a copy of the cancelled check in payment of the tax must be attached to the return.

LINE 3 — 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). The following must be attached to the return: (A) A copy of the inventory tax assessment, (B) a copy of the cancelled check in payment of the tax, along with (C) a completed Form LAT 11 from the Louisiana Tax Commission.

LINE 4 — A refundable credit (Acts 485 of the 2005 Regular Legislative Session) is allowed against income tax for investing in certain state-certified musical recording productions and infrastructure. The Department of Economic Development certifies the credit and a copy of the certification must be attached to the return.

LINE 5 — 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 to individuals through certain legal entities. 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 6 — 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 7 — A refundable credit (R.S. 51:1801) is allowed against income tax for investing in certain economically depressed areas of the state. The Department of Economic Development certifies the credit and a copy of the certification must be attached to the return.

LINE 8 — Reserved for future credits.

LINE 9 — Add Lines 1 through 8. Enter the result here and 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, 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. You may not claim credit 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). On Line 1, enter the amount of the paid income tax liabilities to the other state(s). Round off that number 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, is mentally incapacitated, or is 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 is required, certifying the disability.** If the physician's statement 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 lost permanently.
- MENTALLY INCAPACITATED is defined as one who is incapable of caring for him or herself, or of performing routine daily health requirements, due to a person's 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 entered on Line 2C. On Line 2D enter the total number of qualifying individuals. Multiply Line 2D by \$100, and enter 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. On Line 3A enter the value of the property donated to an educational institution in Louisiana. Multiply the amount on Line 3A by forty percent (.40), and enter the result on Line 3B. Round off that number to the nearest dollar.

LINE 4 – CREDIT FOR CERTAIN FEDERAL CREDITS – (R.S. 47:297(B)) Taxpayers are allowed a credit of ten percent (.10) of the credits taken on Lines 47 and 49 on Federal Form 1040, plus ten 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 ten percent (.10) of the credit on Line 30. If the credit was not used on the federal return because of the alternative minimum tax, you must reduce this amount by the portion of the credit that was not used. Print the total federal credit on Line 4A. Multiply Line 4A by ten percent (.10) and enter the result, or enter \$25, whichever is less, on Line 4B.

Additional nonrefundable credits Lines 5 through 10

Below, is a list of additional nonrefundable credits available for the taxable year ended December 31, 2005. Please print the credit description, identifying code, and the dollar amount claimed, in the appropriate spaces on Lines 5 through 10. **Please note:** The Motion Picture Investment Credit is pre-printed on Line 5.

Example:

Credit Description	Code	Amount of Credit Claimed
Vehicle Alternative Fuel	206	500.00

Line 11—Total Nonrefundable Credits – Add Lines 1, 2E, 3B, 4B, and 5 through 10. Print the result here and enter this amount on Line 11A of Form IT-540.

Code

100 Credit Description: **Premium Tax** – R.S. 47:227 provides 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 to individuals through certain legal entities (e.g. through a partnership). A schedule must be attached stating what entity(ies) paid the premium tax and generated the credit on behalf of the individual.

Code

- 105** Credit Description: **Commercial Fishing** – 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.
- 110** Credit Description: **Family Responsibility** – R.S. 47:297(F) provides 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.
- 115** Credit Description: **Doctor/Dentist** – R.S. 47:297(H) provides a credit for a certified medical doctor possessing an unrestricted license from the State of Louisiana to practice medicine, or for 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.
- 120** Credit Description: **Bone Marrow** – R.S. 47:297(I) provides 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.
- 125** Credit Description: **Law Enforcement Education** – R.S. 47:297(J) provides 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.
- 130** Credit Description: **First Time Drug Offenders** – R.S. 47:297(K) provides 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 (25) years of age at the time of initial employment. Please contact the Department for information on qualifying for this credit.
- 135** Credit Description: **Bulletproof Vest** – R.S. 47:297(L) provides 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.
- 140** Credit Description: **Nonviolent Offenders** – Acts 285 of the 2005 Regular Legislative Session provides a credit for a taxpayer who provides full-time employment to an individual who has been convicted of a first-time nonviolent offense. Please contact the Department for information on qualifying for this credit.
- 150** Credit Description: **Qualified Playgrounds** – R.S. 47:6008 provides 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. For taxable years 1993 through 2000, Acts 405 of the 2005 Regular Legislative Session allows an amended return to be filed if this credit was not originally claimed. The amended return must be filed by December 31, 2008. Please contact the Department for information on qualifying for this credit.
- 155** Credit Description: **Debt Issuance** – R.S. 47:6017 provides a credit against Louisiana income tax for the filing fee paid to the Louisiana State Bond Commission, which 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.

Code		Code	
200	Credit Description: Atchafalaya Trace – R.S. 25:1226.4 provides a credit to certain heritage-based cottage industries. You must attach a copy of your contract to the return.	252	Credit Description: Research and Development – R.S. 47:6015 provides a credit, for any taxpayer who claims 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.
202	Credit Description: Organ Donation – Acts 277 of the 2005 Regular Legislative Session provides a credit to offset certain expenses incurred by an individual and/or spouse for a living organ donation. Please contact the Department for information about this credit.	253	Credit Description: Historic Structures – R.S. 47:6019 provides a credit if the taxpayer incurs certain expenses during the rehabilitation of a historic structure, which is located in a Downtown Development District. For information on qualifying for this credit, please refer to Revenue Information Bulletin 06-002 on the Department’s website.
204	Credit Description: Household Expense – R.S. 47:297.2 provides 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.	254	Credit Description: Digital Interactive Media – Acts 346 of the 2005 Regular Legislative Session provides a credit to individuals for the investment in businesses specializing in digital interactive media. The credit is obtained through the Department of Economic Development and documentation from the Department of Economic Development must be attached to the return.
206	Credit Description: Vehicle Alternative Fuel – R.S. 47:38 provides a credit for the conversion of a vehicle to an alternative fuel source. You must attach documentation verifying the conversion.	255	Credit Description: Technology Commercialization – R.S. 51:2354 provides 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 certifies this credit. You must attach a copy of your certification to the return.
208	Credit Description: Previously Unemployed – 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.	256	Credit Description: Motion Picture Employment of Resident – R.S. 47:1125.1 provides 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 refer to Revenue Information Bulletin number 06-004 on the Department’s website.
210	Credit Description: Recycling Credit – R.S. 47:6005 provides a credit for the purchase of certain equipment and/or service contracts related to recycling. The credit must be certified by the Louisiana Department of Environmental Quality and a copy of the certification must be attached to the return.	257	Credit Description: Capital Company – R.S. 51:1924 provides a credit for any person who invests in a certified Louisiana Capital Company. This credit must be approved by the Commissioner of the Office of Financial Institutions. You must attach a copy of your certification to the return.
212	Credit Description: Basic Skills Training – R.S. 47:6009 provides 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.	300	Credit Description: Biomed/University Research – R.S. 46:813.1 and R.S. 17:3389 provide credits against the Louisiana individual income tax to persons who establish research activities, either in a Biomedical or in a University Research and Development Park. You must attach a copy of your contract to the return.
214	Credit Description: New Markets – R.S. 47:6016 provides a credit if the taxpayer makes certain qualified low-income community investments. Please contact the Department for information on qualifying for this credit.	305	Credit Description: Tax Equalization – R.S. 47:3202 provides a credit for tax equalization for certain businesses locating in Louisiana. You must attach a copy of your contract to the return.
216	Credit Description: Brownfields Investor Credit – Acts 156 of the 2005 Regular Legislative Session provides a credit to individuals to encourage the cleanup, redevelopment, and productive reuse of brownfields in the state. The credit is obtained through the Department of Economic Development and The Department of Environmental Quality. Please contact the Department for information on qualifying for this credit.	310	Credit Description: Manufacturing Establishments – R.S. 47:4305 provides a credit to certain manufacturing establishments which have entered into a contract with the Department of Economic Development. You must attach a copy of your contract to the return.
220	Credit Description: Dedicated Research – R.S. 51:2203 provides a credit of thirty-five percent (.35) of a cash donation of \$200,000 or more to the Dedicated Research Investment Fund, which is 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.	315	Credit Description: Enterprise Zone – R.S. 51:1782 et. seq. provides a credit against the Louisiana individual income tax for private sector investments in certain areas, which are designated as “Enterprise Zones.” You must attach a copy of your contract to the return.
222	Credit Description: LCDFI Credit – R.S. 51:3075 et. seq. provides a credit to encourage the expansion of businesses in economically distressed areas. The Louisiana Office of Financial Institutions administers this program. Please contact that office for further information.	320	Credit Description: Quality Jobs – R.S. 51:2452 et. seq. provides a credit against the Louisiana individual income tax for certain businesses to locate or to expand existing operations, within Louisiana. You must attach a copy of your contract to the return.
251	Credit Description: Motion Picture Investment – R.S. 47:6007 provides a credit for an individual taxpayer residing in Louisiana, who invests in a state-certified, motion picture production. For information on qualifying for this credit, please refer to Revenue Information Bulletin number 06-004 on the Department’s website.	500	Other – Reserved for Future Credits

Interest and Penalty Calculation Worksheets

In general, you will be charged interest and penalties if you do not pay all amounts due on or before May 15, 2006. If the return is for a fiscal year, you will be charged interest and penalties if you do not pay on or before the fifteenth (15th) day, of the fifth (5th) month after the close of the taxable year.

Important: The granting of an extension DOES NOT relieve you of your obligation to pay all tax amounts due by the due date.

Interest – If your 2005 calendar year income tax amount is not paid by May 15, 2006, you will be charged interest at the rate of 14 percent (.14) per annum on tax obligations that have not become final and nonappealable through December 31, 2006. The rate of interest for subsequent years is governed by R.S.47:1601 and is yet to be determined.

Interest Calculation Worksheet	
1. Number of days late from *May 15, 2006 (*or days late from fiscal year due date)	
2. Interest rate per day	.0003835
3. Interest rate (Multiply Line 1 by Line 2.)	
4. Amount you owe (Line 20, of Form IT-540)	
5. Total interest due (Multiply Line 4 by Line 3, and enter the result on Line 22, of Form IT-540.)	.00

Important Notice: The sum of BOTH the delinquent filing and delinquent payment penalties cannot exceed twenty-five percent (.25) of the tax due. Thirty (30) day increments are used for the calculation of the delinquent filing and delinquent payment penalties. These 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 charged for failure to file a timely return (on or before May 15, 2006). A penalty of five percent (.05) of the tax due accrues if the delay in filing is not more than 30 days. An additional five percent (.05) is assessed **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 twenty-five percent (.25) of the tax due.

Delinquent Filing Penalty Calculation Worksheet	
1. Number of days late from *May 15, 2006 (*or days late from fiscal year due date)	
2. Divide Line 1 by 30 (days).	÷30
3. Number of 30-day periods (If fraction of days remain, increase to nearest whole number.)	
4. 30-day penalty percentage	.05
5. Total penalty percentage (Multiply Line 3 by Line 4. The result cannot exceed twenty-five percent [.25].)	.00
6. Amount you owe (Line 20, of Form IT-540)	
7. Total amount of Delinquent Filing Penalty due (Multiply Line 6 by Line 5 and enter the result on Line 23, of Form IT-540.)	.00

Delinquent Payment Penalty – If you fail to pay 90 percent (.90) of the tax due by the due date (May 15, 2006), 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 twenty-five percent (.25) of the tax due.

To determine if you owe a Delinquent Payment Penalty, answer the following questions:

1. Are you paying a 2005 **tax liability** after May 15, 2006?
2. Have you paid at least ninety percent (.90) of total tax due?
 - a. Enter the amount from Line 14, from Form IT-540. _____ .00
 - b. Enter the amount from Line 15A, from Form IT-540. _____ .00
 - c. Enter the amount from Line 15B, from Form IT-540. _____ .00
 - d. Subtract Lines “b” and “c” from Line “a” above. _____ .00
 - e. Multiply Line “d” by ten percent (.10). _____ .00
 - f. Enter the amount from Line 20, Form IT-540. _____ .00

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

If you are paying a 2005 tax liability after May 15, 2006, **AND have not paid** at least ninety percent (.90) of the total tax due, then you owe the Delinquent Payment Penalty. Use the worksheet below to calculate that penalty.

Delinquent Payment Penalty Calculation Worksheet	
1. Number of days late from *May 15, 2006 (*or days late from fiscal year due date)	
2. Divide Line 1 by 30 days.	÷30
3. Number of 30-day periods (If fraction of days remain, increase the amount to the nearest whole number.)	
4. 30-day penalty percentage	.005
5. Total penalty percentage (Multiply Line 3 by Line 4. The result cannot exceed twenty-five percent [.25].)	
6. Amount you owe (Line 20, of Form IT-540)	
7. Total amount of Delinquent Payment Penalty (Multiply Line 6 by Line 5 and enter the result on Line 24, of Form IT-540.)	.00

Underpayment Penalty – You may be charged an Underpayment Penalty if: (A) Your tax deficiency is greater than \$1,000; and (B) 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 may be charged 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 amount of the underpayment penalty, you must obtain Form R-210R.