



Net Capital Gains Deduction Worksheet
Louisiana Revised Statute 47:293 (9)(a)(xvii)

Attach Form R-6180 to your
 Form IT-540 or IT-540B.

Louisiana Revised Statute 47:293(9)(a)(xvii) provides a deduction for net capital gains resulting from the sale or exchange of an equity interest or from the sale or exchange of substantially all of the assets of a nonpublicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in Louisiana. **To qualify for the deduction, the business must have been held for a minimum of five years immediately prior to the sale or exchange.** See instructions for eligibility and required supporting documentation and Revenue Information Bulletins (RIB) 10-017 and 16-039 for additional information.

Provide the following for the entity from which the gain was derived:	
Name of Business	
LDR Account Number	Federal Employer Identification Number
Describe the business activity conducted in Louisiana.	
Where are the assets of the business held?	
Where are the management decisions of the business made?	
Where are day-to-day operational decisions made?	

Calculation of the Deduction																								
1	Enter the Net Capital Gains as reported on the federal return. (See RIB 10-017.)	1																						
2A	Enter the number of years that the business, or the assets that were sold or exchanged, was owned by the taxpayer prior to the sale or exchange. The taxpayer's holding period starts on the day the taxpayer acquires an equity interest in or the assets of the business.	2A																						
If the amount on Line 2A is less than 5, you are not allowed to claim this deduction. Stop here. You are finished with this worksheet. Otherwise, go to Line 2B.																								
2B	Enter the number of years the business was commercially domiciled in Louisiana prior to the sale or exchange.	2B																						
If the amount on Line 2B is less than 5, you are not allowed to claim this deduction. Stop here. You are finished with this worksheet. Otherwise, go to Line 3.																								
3A	Enter the amount from Line 2B. On Line 3B, enter the amount shown below that applies to the number on Line 3A.	3A																						
3B	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:30%;">If Line 3A is: at least</th> <th style="width:30%;">but less than</th> <th style="width:40%;">decimal amount</th> </tr> </thead> <tbody> <tr> <td>5 years</td> <td>10 years</td> <td>.50</td> </tr> <tr> <td>10 years</td> <td>15 years</td> <td>.60</td> </tr> <tr> <td>15 years</td> <td>20 years</td> <td>.70</td> </tr> <tr> <td>20 years</td> <td>25 years</td> <td>.80</td> </tr> <tr> <td>25 years</td> <td>30 years</td> <td>.90</td> </tr> <tr> <td>30 years or greater</td> <td></td> <td>1.00</td> </tr> </tbody> </table>	If Line 3A is: at least	but less than	decimal amount	5 years	10 years	.50	10 years	15 years	.60	15 years	20 years	.70	20 years	25 years	.80	25 years	30 years	.90	30 years or greater		1.00	3B	X _____ . _____
If Line 3A is: at least	but less than	decimal amount																						
5 years	10 years	.50																						
10 years	15 years	.60																						
15 years	20 years	.70																						
20 years	25 years	.80																						
25 years	30 years	.90																						
30 years or greater		1.00																						
4	Multiply Line 1 by the decimal amount on Line 3B. This is your capital gains deduction. Enter this amount on Form IT-540, Schedule E, using code 20E or Form IT-540B, Nonresident Part-Year Resident (NPR) worksheet, using code 20E.	4																						



Instructions for Net Capital Gains Deduction Worksheet

Eligibility

1. Net capital gains resulting from the sale or exchange of real property or other immovable assets may qualify for the deduction if more than 50 percent of the real property or other immovable assets are located within Louisiana, provided that the income from the related business was subject to Louisiana income tax prior to the sale or exchange.
2. Net capital gains resulting from the sale or exchange of tangible movable assets may qualify for the deduction if during the three years immediately preceding the sale or exchange, the tangible movable assets are located within Louisiana for at least 50 percent of the time in which the assets are in service, provided that the income from the related business was subject to Louisiana income tax prior to the sale or exchange. "In service" shall have the same meaning as it does for the purposes of calculating depreciation.
3. Net capital gains from the sale or exchange of an equity interest or from the sale or exchange of substantially all assets shall not qualify for the deduction if the transaction transfers ownership of the interest or assets to a related party.

Required Documentation

- A completed Form R-6180, *Net Capital Gains Deduction Worksheet*
- A copy of the K-1 from the entity from which the gain derived
- A complete copy of the Federal Form 1040 for the period in which the gain was recognized. (Please be sure to include the Schedule D and any corresponding schedules.)
- Documentation establishing the date the taxpayer acquired an equity interest in or the assets of the business. For example, documentation may include articles of incorporation or organization, acts of sale or exchange, or donative instruments.

In addition to the documentation required above, when the capital gain for which a deduction is being claimed is greater than \$250,000, taxpayers shall also submit the following:

- Copies of the last two returns on which the income from the business was reported. *Ex: If from a partnership, provide Form IT-565, Louisiana Partnership Return of Income, for the last two years.*
- If the gain is derived from a pass-through entity, provide detailed information on the pass-through structure.
- If the gain is from the sale of assets, please provide the following in addition to the required documentation:
 - An allocation of purchase price between assets, as required by IRC 1060, and generally reportable on IRS Form 8594 (See LAC 61:1.1312.C.2.c.ii.)
 - A depreciation schedule or fixed asset schedule showing a calculation of gross to net asset values