R-6950 (1/22)

LOUISIANA DEPARTMENT of REVENUE

# Schedule AB - Louisiana Corporation Income Tax Add-Back Form

**Attach completed schedule to your CIFT-620**

| LDR Account ID | Filing Period |
|---|---|
| | |

**PLEASE PRINT OR TYPE**

| | **Recipient related member who received interest/ intangible/management fee income from the taxpayer:** | | **Related Member 1** | **Related Member 2** | **Related Member 3** | **Related Member 4** |
|---|---|---|---|---|---|---|
| 1a | Recipient related member FEIN | 1a | | | | |
| 1b | Recipient related member name | 1b | | | | |
| 2 | Intangible expense amounts that resulted from transactions with the recipient related member | 2 | | | | |
| 3 | Interest expense amounts that resulted from transactions with the recipient related member | 3 | | | | |
| 4 | Management fee expense amounts that resulted from transactions with the recipient related member | 4 | | | | |
| 5 | Total interest/intangible/management fee expenses that resulted from transactions with related recipient members (total lines 2, 3, and 4) | 5 | | | | |
| **To determine the exempt amount of interest/intangible/management fee expense, complete the applicable section(s) below.** | | | | | | |
| 6 | **Exemption related to R.S. 47:287.82(A)(2)** – LA tax avoidance not a principal purpose of transaction(s) | 6 | | | | |
| 7 | **Exemption related to R.S. 47:287.82(A)(3)** – Paid, accrued, or incurred to non-related person | 7 | | | | |
| 8 | **Exemption related to R.S. 47:287.82(A)(1):** | 8 | | | | |
| 8a | Jurisdiction(s) where recipient related member income is "subject to tax": | 8a | | | | |
| 8b | Enter the sum of Line 6 and Line 7 | 8b | | | | |
| 8c | Subtract Line 8b from Line 5, enter the difference | 8c | | | | |
| 8d | Exempt amount apportioned to a taxing jurisdiction. See instructions. | 8d | | | | |
| 8e | Exempt amount allocated\directly sourced to a taxing jurisdiction. See instructions. | 8e | | | | |
| 8f | Enter the sum of Line 8d and Line 8e | 8f | | | | |
| 9 | Exempt Amount. Enter the sum of Lines 6, 7, and 8f | 9 | | | | |
| 10 | **Total interest/intangible/management fee expenses paid to all related members.** (Sum all Line 5 for all related members from all pages, and enter the amount here and on Form CIFT-620, Schedule F, Line 2b. | 10 | | To qualify for the exemption provided in R.S. 47:287.82(A)(2), included in Line 6 of this form, an informed authorized representative must sign this form, certifying, under penalty of perjury, the following: The transaction(s) giving rise to the related member's interest/intangible/management fee expenses and costs, including both the direct interest/intangible/management fee expense transaction(s) between the taxpayer and the related member(s) and any prior organizational restructuring transaction(s) that facilitated such direct interest/ intangible/management fee transaction(s), avoidance of any Louisiana tax was not a principal purpose. | | |
| 11 | **Total Exempt Amount.** (Sum Line 9 for all related members from all pages, and enter the amount here and on Form CIFT-620, Schedule F, Line 3g. | 11 | | | | |

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

| Name | Title |
|---|---|
| | |
| Signature | Date *(mm/dd/yyyy)* |
| | |

**Attach additional pages as needed and enter the totals of Lines 5 and Lines 9 for all related members from all pages on Page 1, Line 10 and Line 11.**

LOUISIANA DEPARTMENT of REVENUE

# Instructions for Schedule AB – Louisiana Corporation Income Tax Add-Back Form

## EXPENSE ADD-BACK REQUIREMENTS AND EXCEPTIONS OF R.S. 47:287.82.

Pursuant to R.S. 47:287.82, when computing a corporation's Louisiana net income, a corporation shall add-back, subject to certain exceptions, otherwise deductible interest expenses and costs, intangible expenses and costs, and management fees resulting from direct or indirect transactions with one or more related members.

R.S. 47:287.82(A)(1) provides an exception to the add-back to the extent the corresponding item of income of the related member was subject to a tax on net income in Louisiana or any other state or a foreign nation (of which, the related member is a resident) which has an enforceable income tax treaty with the United States.

R.S. 47:287.82(A)(2) provides an exception to the add-back if the corporation establishes that the transaction that gave rise to the interest expenses , intangible expenses, or the management fees did not have as its principle purpose the avoidance of any Louisiana tax.

R.S. 47:287.82(A)(3) provides an exception to the add-back for the amount of the expenses that were paid, accrued, or incurred, directly or indirectly, by the related member during the same taxable year to a person that is not a related member.

## GENERAL INSTRUCTIONS

This form was designed to assist taxpayers in complying with the provisions of R.S. 47:287.82. Taxpayers that have incurred the expenses described in R.S. 47:287.82 are required to complete this form and report the amounts of add-back and exceptions thereto, on this form and on form CIFT-620 as instructed herein. See LAC 61:I.1115 for more information. Attach the completed form to Form CIFT-620.

For purposes of the form and these instructions, "recipient related member" means a related member that the taxpayer transacted with to incur interest expenses, intangible expenses, or management fee expenses and therefore has a corresponding item of income for these taxpayer expenses. Columns are provided on Schedule AB to report each recipient related member separately. Use additional pages as needed.

All dollar amounts should be rounded to the nearest dollar.

**Line 1a:** Enter the Federal Employer Identification Number of each recipient related member.

**Line 1b:** Enter the name of each recipient related member.

**Line 2:** Enter the amount of intangible expense that arose from transactions with the related member.

**Line 3:** Enter the amount of interest expense that arose from transactions with the related member.

**Line 4:** Enter the amount of management fee expense that arose from transactions with the related member.

**Line 5:** Enter the total of the amounts in Lines 2 through 4.

**Line 6:** Line 6 is used for the amount exempted from add-back provided in R.S. 47:287.82(A)(2) –principal purpose of transaction(s) not to avoid Louisiana tax. If a transaction giving rise to the interest expense and cost, intangible expense and cost, or management fee expense has a substantial business purpose and economic substance and contains terms and conditions comparable to a similar arm's length transaction between unrelated parties, the transaction shall be presumed to not have as its principal purpose tax avoidance, subject to rebuttal by the secretary of the Department of Revenue. Enter the amount of the recipient related member's income, included in Line 5, arisen from transactions not having avoidance of a Louisiana tax as a principal purpose.

**Line 7:** Line 7 is used for the amount exempted from add-back provided in R.S. 47:287.82(A)(3) – amounts paid to a nonrelated person. Enter the amount, included in Line 5, **but not included in Line 6**, that was paid, accrued, or incurred, directly or indirectly, by the recipient related member during the same taxable year to a person that is not a related member.

**Lines 8a through 8f** are used to determine the amount excluded from add-back provided in R.S. 47:287.82(A)(1) – the portion of the recipient related member's corresponding income that was subject to a tax based on or measured by net income. See R.S. 47:287.82 for more details.

LOUISIANA DEPARTMENT of REVENUE

# Instructions for Schedule AB – Louisiana Corporation Income Tax Add-Back Form

**Line 8a:** Enter the name of the jurisdiction(s) where the recipient related member is "subject to tax." State abbreviations are acceptable. The recipient related member's intangible/interest/management fee income must be "subject to tax" on a post-allocation and apportionment basis in these jurisdictions. Attach a separate sheet to list the jurisdictions if the space provided is not sufficient. Do not include consolidated/combined return jurisdictions where intercompany expenses are eliminated or are offset. The portion of an item of income which is attributed to a taxing jurisdiction having a tax on net income is considered subject to a tax even if no actual taxes are paid on the item of income in the taxing jurisdiction by reason of deductions or otherwise. Any portion of an item of income that is not attributed to a taxing jurisdiction through allocation, apportionment, or other sourcing methodology is not considered "subject to tax."

**Line 8b:** Enter the sum of Line 6 and Line 7

**Line 8c:** Subtract Line 8b from Line 5.

**Line 8d:** Amount of recipient related member's income, that's included in Line 8c, "subjected to tax" because it was attributed by apportionment to one or more taxing jurisdictions having a tax on net income. For each such taxing jurisdiction multiply the recipient related member's apportionment percentage by the amount included in Line 8b that was subject to apportionment in the jurisdiction. Enter the total of the amounts calculated for each of the taxing jurisdictions. Example of calculation for a jurisdiction: Taxpayer incurs $100 in management fee expense in transactions with R, a related member. Of the $100 management fee, $20 is exempt from add-back by R.S. 47:287.82(A)(2) or (3) – included in Line 6 or 7. All of the $100 of R's management fee income is subject to apportionment in State A. R has an apportionment percentage of 10% in State A. The amount qualifying for exemption is $8 (10% of $100-$20).

**Line 8e:** Amount of recipient related member's income, that's included in Line 8c, "subjected to tax" because it was attributed by allocation, or sourcing method other than apportionment, to one or more taxing jurisdictions having a tax on net income. Enter the total amount attributed to all such jurisdictions by allocation or sourcing method other than apportionment. Example: Taxpayer incurs $200 in intangible expense in transactions with R, a related member. Of the $200 intangible expense, $40 is exempt from add-back by R.S. 47:287.82(A)(2) or (3) – included in Line 6 or 7. Of the $160 income that corresponds to the $160 expense that is not exempt from add-back by R.S. 47:287.82(A)(2) or (3), $16 was allocated to State B's net income tax base. Of the $40 income that corresponds to the $40 expense that is exempt from add-back by R.S. 47:287.82(A)(2) or (3), $4 was allocated to State B's net income tax base. The amount qualifying for exemption is $16 (the amount not otherwise exempted).

**Line 8f:** Enter the sum of Lines 8d and 8e.

**Line 9:** Exempt amount. Enter the sum of Lines 6, 7, and 8f.

**Line 10:** Total the Line 5 amounts for all recipient related members from all pages and enter the sum on Line 10 of page 1, and on Form CIFT-620, Schedule F, Line 2b.

**Line 11:** Total the Line 9 amounts for all recipient related members from all pages and enter the sum on Line 11 of page 1, and on Form CIFT-620, Schedule F, Line 3g. This amount cannot be greater than Line 10.