

Who Must File a Return

Louisiana Revised Statute (R.S.) 47:162 provides that every resident estate or trust and every nonresident estate or trust deriving income from Louisiana sources is liable for an income tax under the following guidelines:

1. The net income of an estate or trust for the taxable year is \$2,500 or more;
2. The gross income of an estate or trust for the taxable year is \$6,000 or more, regardless of the amount of net income;
3. The beneficiary of an estate or trust is a nonresident of Louisiana.

Grantor trusts, defined in Louisiana R. S. 47:187, are also required to file a return if any part of the net Louisiana income is taxable to the trust or to the nonresident beneficiaries of the grantor trust.

Definitions

Resident Trust – A trust or a portion of a trust created by the last will and testament of a decedent domiciled in Louisiana at the time of death. If the trust instrument provides that the trust is governed by Louisiana law, the trust is considered to be a resident trust even if the decedent was domiciled in another state at the time of death. Any trust instrument that does not specify as to which state's governing law prevails and that is administered in this state is considered a resident trust.

Resident Estate – The estate of a decedent who was domiciled in Louisiana at the time of death.

Nonresident Trust – Any trust that is not considered to be a resident trust. If the trust instrument provides that the trust is governed by another state's law, the trust is considered to be a nonresident trust even if the decedent was domiciled in Louisiana at the time of death.

Nonresident Estate – The estate of a decedent who was not domiciled in Louisiana at the time of death.

Fiduciary – Any person, firm, partnership, or association in whom a legal or ethical relationship of trust is established between two or more parties to manage and protect property or money. A fiduciary will have sufficient knowledge of the affairs of the trust or estate to enable the preparation and filing of a true and correct return.

Louisiana Taxable Income – R. S. 47:300.6 defines Louisiana taxable income of a resident estate or trust as the amount of income taxed in accordance with federal law for the same taxable year, less the amount of the federal income tax deduction.

Estates and Trusts Located Outside the United States

Estates and trusts located outside the United States are generally not required to file a United States fiduciary income tax return. However, if the estate or trust derived income from Louisiana sources, the filing of a Louisiana fiduciary income tax return is required. The tax is imposed in the same manner as any other nonresident estate or trust. An alternate method of imposing the tax

provided under R.S. 47:300.3(3) allows estates and trusts located outside the United States to elect to be taxed on total gross income from Louisiana sources at the rate of 5%.

Fiduciary Responsibility

As an entity in whom a relationship of trust is established to manage and protect property and money, the fiduciary is responsible for the preparation and filing of a true and correct return. R.S. 47:300.5 provides that the fiduciary of an estate or trust is personally liable for the payment of all taxes, penalties, and interest due by the estate or trust. The tax liability imposed on any beneficiary of the estate and trust is not the responsibility of the fiduciary.

Income Taxed To Fiduciary

Under the provisions of R.S. 47:181 and R.S. 47:300.2, the income tax imposed on an estate or trust for which a fiduciary will file applies to the Louisiana taxable income of estates or of any kind of property held in trust, including:

1. Income accumulated in trust for the benefit of unborn or unascertained persons or persons with contingent interests, and income accumulated or held for future distribution under the terms of the will or trust;
2. Income that is to be distributed currently by the fiduciary to the beneficiaries and income collected by a guardian of a minor that is to be held or distributed as the court may direct;
3. Income received by the estates of deceased persons during the period of administration or settlement of the estate; and,
4. Income that, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

NOTE: Include all income from Electing Small Business Trusts (ESBTs) on this return. Also, there is no special tax calculation for this income and no need to file a separate return.

Tax Rates Applied to Louisiana Taxable Income

R.S. 47:300.1 provides the tax to be assessed, levied, collected, and paid upon the Louisiana taxable income of an estate or trust shall be computed at the following rates:

1. 2% on the first \$10,000 of Louisiana taxable income.
2. 4% on the next \$40,000 of Louisiana taxable income.
3. 6% on Louisiana taxable income in excess of \$50,000.

Information at Source

R. S. 47:164 provides that any person, firm, partnership, trust, corporation, or organization making payments aggregated \$1,000 or more during any taxable year for lease bonuses, delay rentals, mineral leases affecting lands located in Louisiana and rentals paid for real property located in Louisiana to a nonresident individual or a firm, partnership, trust, corporation, or organization not located in Louisiana shall file an information return with the Secretary of Revenue on or before June 1 of the following year for each payee. The Federal Information Return Form (Form 1099) used for

reporting such payments to the Internal Revenue Service may be used for reporting the required information. A completed Federal Form 1099 should include: the name and address of the entity receiving the payment, a Federal Employer Identification Number or the Social Security Number of the payor and payee, and the amount and description of the payment made to the payee. Federal Form 1099 should be included with the filing of Form R-1203, *L-3 Transmittal of Withholding Tax Statements*. Informational returns reporting other items of income that would normally appear on the Federal Form 1099 are required only upon the specific request of the Secretary of Revenue.

For this purpose, amounts distributable to beneficiaries will be reportable if the income shown on the fiduciary return is for lease bonuses, delay rentals, or royalties from mineral leases affecting lands located in Louisiana and rentals paid for the use of real property located in Louisiana.

Electronic Filing Mandate

Louisiana Administrative Code (LAC) 61:III.1509 requires the electronic filing of the IT-541 for income tax periods beginning on or after January 1, 2019 if the return is filed with more than 10 Schedules K-1 attached. For income tax periods beginning on or after January 1, 2020, electronic filing of the IT-541 is mandated if the return is filed with one or more Schedule K-1 attached.

Due Date of the Fiduciary Return

A 2018 calendar year return is due on May 15, 2019. Fiscal year returns must be filed on or before the 15th day of the fifth month after the close of the fiscal period. If the due date falls on a weekend or legal holiday, the return is due the next business day.

Where to File a Fiduciary Return

Fiduciary returns must be filed with the Louisiana Department of Revenue, P. O. Box 3440, Baton Rouge, Louisiana 70821-3440. DO NOT SEND CASH. Checks or money orders should be made payable to the Louisiana Department of Revenue.

An electronic payment option is available on the LDR website at www.revenue.louisiana.gov/latap. You can also pay your taxes by credit card over the internet or by telephone. Visit www.officialpayments.com or call 1.888.2PAY TAX (1.888.272.9829).

Extension of Time for Filing

The Secretary of the Louisiana Department of Revenue may grant an extension of time for filing returns not to exceed six months from the date the Louisiana income tax return is due. Extensions must be filed before the due date of the return. An extension can be requested through LaTAP available on LDR's website.

By requesting an extension, you are only requesting additional time to file your tax return. An extension does not extend the time to pay the tax. Payments received after the due date will be charged interest and penalties.

Amended Returns

If you file your fiduciary income tax return and later become aware of any changes you must make, you must file an amended Louisiana return along with an explanation of the change(s) and a copy of the federal amended return, if one was filed. The form should be clearly marked with an "X" in the "Amended Return" box.

Federal Tax Adjustments

R.S. 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 return.

Rounding to Whole Dollars

Round cents to the nearest whole dollar on Form IT-541. Total prepayments, including any credit carried forward from last year, should also be rounded to the nearest whole dollar.

Allocation and Apportionment of Net Income

The Louisiana income tax is imposed upon only that part of the net income of a nonresident estate or trust that is derived from sources within Louisiana. Nonresident estates and trusts are required to allocate and apportion their income. Use Schedule A – Computation of Louisiana taxable income before income distribution deduction and Schedule B – Computation of apportionment percentage to calculate the amount of Louisiana taxable income before the income distribution deduction. Estates and trusts located outside the United States may elect to be taxed on total gross income from Louisiana sources at the rate of 5%.

INSTRUCTIONS FOR COMPLETING FORM IT-541

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. Enter amounts only on those lines that are applicable.
2. Use only a pen with black ink.
3. Because this form is read by a machine, enter your numbers inside the boxes like this:

0	1	2	3	4	5	6	7	8	9	X
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4. All numbers should be rounded to the nearest dollar. Numbers should NOT be entered over the pre-printed zeros, in the boxes on the far right, which are used to designate cents (.00).

5. To avoid any delay in processing, use this form for 2018 only.
6. If you are filing an amended return, mark an "X" in the "Amended Return" box on the face of the return.

Information Required

Provide the LDR Account Number for the Estate or Trust, its Federal Identification Number, and the legal name of the estate or trust. Two lines are provided for the name. Provide the mailing address, city, state, and zip code. Mark all applicable boxes indicating whether the trust is a resident trust or a nonresident trust and whether the return being filed is an initial return, an amended return, a final return, or a short period return.

Mark the 2015 LEGISLATIVE RECOVERY box if you are claiming any of the recoveries allowed under Act 125 and Act 109 of the 2015 Regular Legislative Session. For more information, see Revenue

Information Bulletin 17-018 and the instructions for return Lines 10 and 13 and Schedules NRC-P1, RC-P2, and NRC-P3.

Indicate the date the entity was created in the space provided. Provide the number of Schedules K-1 and attach them to the return. Enter the code(s) that describes the entity for which you are filing the return. In some cases more than one code should be entered. For each entity type checked on Federal Form 1041, Box A, enter the code(s) from the following list:

Code	Entity Type
1	Decedent's Estate
2	Simple Trust
3	Complex Trust
4	Qualified Disability Trust
5	ESBT (<i>S portion only</i>)
6	Grantor Type Trust
7	Bankruptcy Estate - Ch. 7
8	Bankruptcy Estate - Ch. 11
9	Pooled Income Fund

COMPUTATION OF INCOME

Line 1 – Federal Taxable Income before Modifications

Resident bankruptcy estates enter the taxable income amount reported on Line 10 of the Federal Form 1040 that is an attachment to the Federal Form 1041. **Resident Electing Small Business Trusts (ESBT) enter the combined amount of the taxable income of the S portion of the ESBT, and the amount reported for the non-S portion on Federal Form 1041, Line 22.** All other resident trusts and resident estates enter the taxable income amount reported on Federal Form 1041, Line 22.

If the estate or trust is a **nonresident** estate or trust, **DONOT complete Lines 1 through 3F.** Complete **Schedule A – Computation of Louisiana Taxable Income before Income Distribution Deduction and Schedule B - Computation of Apportionment Percent, if any of the net income is subject to apportionment.** See instructions for Schedule A beginning on page 6.

ADDITIONS

Line 2A – Net Income Tax Paid to any State or Political or Municipal Subdivision

Enter the amount of net income tax paid to any state, political, or municipal subdivision that was deducted in the calculation of federal taxable income.

Line 2B – Interest Income from other States and their Political or Municipal Subdivisions

Enter the amount of interest on obligations of a state, political, or municipal subdivision other than Louisiana and its municipalities that are vested with the estate, trust, or fiduciary on or after January 1, 1980.

Line 2C – Donation to School Tuition Organization Credit

Enter the amount of the donation made to a school tuition organization (STO) that is required to be added back to income. R.S. 47:6301(A)(1)(a) provides for a prohibition on double state benefits for a donation to a STO. If you claimed the credit for a donation to a STO on IT-541, Schedule NRC-P3, you must add back certain deductions taken at the federal level otherwise deductible for state income tax purposes if the following condition is met: the fiduciary's

federal deductions for charitable contributions allowed by Internal Revenue Code Section 170 included a deduction for the donation made by the fiduciary to the STO.

The addition required to be made on Line 2C is the amount of the charitable contribution made to the STO claimed on the fiduciary's federal return. The addition is limited to the amount of the credit claimed on the return. See Revenue Information Bulletin 18-024 on for more information.

Line 2D – Federal Exemption

Resident bankruptcy estates enter the exemption amount reported on Line 42 of the Federal Form 1040 that is an attachment to the Federal Form 1041. Resident trusts, and all other resident estates, enter the exemption amount reported on Federal Form 1041, Line 20.

Line 2E – Federal Income Distribution Deduction

Resident bankruptcy estates enter zero. Resident trusts, and all other resident estates, enter the amount from Federal Form 1041, Line 18.

Line 2F – Total

Add Lines 2A through 2E.

SUBTRACTIONS

Line 3A – Interest on U.S. Government Obligations

Enter the amount of interest from U.S. government obligations or any income that is exempt from taxation under the laws of Louisiana.

Line 3B – Depletion in Excess of Federal Depletion

Enter the amount of Louisiana depletion in excess of federal depletion. In computing net income in the case of oil and gas wells, a deduction is allowed for cost depletion or percentage depletion, whichever is greater. Percentage depletion is calculated as 22% of gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents and royalties paid or incurred by the taxpayer from the property. The depletion deduction cannot exceed 50% of the net income of the taxpayer computed without allowance for depletion from the property. In determining net income from the property, federal income tax is considered an expense.

Line 3C – S Bank Exclusion

Enter the amount of the S Bank shareholder exclusion that the estate or trust can claim. The amount of the exclusion is considered nontaxable income. R.S. 47:297.3(B)(5) provides that "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 share's tax as provided in R.S. 47:1967.

Line 3D – Exemption

Enter 2,500.

Line 3E – Other Subtractions

On a separate schedule, list the source and amount of other subtractions allowed from federal net income. For the deduction for employment of certain qualified disabled individuals (R.S. 47:297.13), Form R-10605, *Application for Deduction for Employment of Certain Qualified Disabled Individuals*, must be attached to your return.

Line 3F – Total

Add Lines 3A through 3E.

Line 4 – Louisiana Taxable Income before Income Distribution Deduction

For **resident** estates and trusts, Louisiana taxable income before the income distribution deduction is calculated by adding the amount on Line 1 to the amount on Line 2F and subtracting the amount on Line 3F. Enter the result. For **nonresident** estates and trusts, complete Schedule A and Schedule B. Enter the result from Schedule A, Line 13.

Line 5 – Louisiana Income Distribution Deduction

Enter the portion of Louisiana income that was distributed or was required to be distributed to the beneficiaries. Complete Schedule C – Distributive Share of Beneficiaries by providing information for each beneficiary.

Line 6 – Louisiana Taxable Income before Federal Income Tax Deduction

Subtract Line 5 from Line 4.

Line 7A – Federal Income Tax Deduction

Enter the amount from Schedule D, Line 20.

Line 7B – Federal Disaster Relief Credits

Enter on Line 7B the amount of the estate or trust federal disaster relief credits attributable to Louisiana. This amount is taken from Schedule D, Line 18.

Louisiana provides a deduction for federal income taxes paid on Louisiana income. Generally, when the federal income tax liability is decreased by federal credits, the amount of the Louisiana income tax liability increases. R.S. 47:287.85(C)(2) expanded the relief granted to Louisiana taxpayers who claimed certain disaster credits granted for Hurricane Katrina or Hurricane Rita. To avoid paying additional income tax, Louisiana taxpayers who received these federal credits may increase the amount of their Louisiana federal income tax deduction by the amount of certain disaster relief credits claimed on the 2018 federal income tax form. Louisiana Administrative Code (LAC) 61:I.601 found on the LDR website at www.revenue.louisiana.gov/policies provides complete information regarding disaster relief credits and designates the following federal credits as disaster relief credits:

1. Employee Retention Credit
2. Work Opportunity Credit

3. Rehabilitation Tax Credit
4. Employer-Provided Housing Credit
5. Low Income Housing Credit
6. New Markets Tax Credit

Consult your tax advisor or the IRS for information concerning the federal credits. You must attach a copy of the appropriate federal forms to your return for your modified Louisiana federal income tax deduction to be allowed.

Line 8 – Louisiana Taxable Income

Subtract Line 7A from Line 6.

Line 9 – Total Tax

The Louisiana taxable income from Line 8 is taxed in three distinct brackets, at 2%, 4%, and 6%, respectively. Complete Worksheet 1 - Calculation of Income Tax found on page 4 to determine your income tax liability.

Line 10 – Credit for Net Income Taxes Paid to other States

Mark an “X” in the “2015 Legislation Recovery” box on the face of the return if you are claiming the recovery allowed under Acts 109 of the 2015 Regular Legislative Session. Section 3(C) of Act 109 allows a recovery of the credit amount reduced by the Act on a return filed after July 1, 2015, for which a valid extension was requested prior to July 1, 2015. You must attach Form R-6411, *2015 Legislation Recovery Worksheet - Corporation, Fiduciary, and Composite Partnership*, to your return to show the calculation of the recovery. Include the 2018 recovery amount in the amount claimed on Line 10. This amount could be in addition to any credit earned for the 2018 tax year. See Revenue Information Bulletin 17-018 for more information.

Resident estates or trusts are allowed a credit for net income taxes paid to other states. Note that you may not claim the tax withheld; you must file a return with the other state and claim the tax actually paid. You may not claim credit for taxes paid to cities or foreign countries. See Revenue Ruling 02-013 for information on taxes paid to the District of Columbia.

The credit is allowed ONLY if both of the following conditions are met:

- a. The other state provides a similar credit for Louisiana income taxes paid on income derived from property located in, or from services rendered in, or from business transacted in Louisiana.

Worksheet 1 - Calculation of Income Tax					
1	Louisiana Taxable Income – Enter the amount of taxable income from Line 8	\$			TAX
2	First bracket: If Line 1 is greater than \$10,000, enter \$10,000. If Line 1 is less than \$10,000, enter the amount from Line 1. Multiply the balance by 2% and enter the result in the TAX column.	\$	2	2% Rate	\$
3	Second Bracket: Subtract Line 2 from Line 1. If the balance is zero or less, enter zero. If the balance is greater than zero, enter the balance or \$40,000, whichever is less. Multiply balance by 4%, and enter the result in the TAX column.	\$	3	4% Rate	\$
4	Third Bracket: Subtract \$50,000 from Line 1, and enter the balance. If less than zero, enter “0.” Multiply the balance by 6%, and enter the result in the TAX column.	\$	4	6% Rate	\$
5	Total Tax: Add the amounts in the tax column on Lines 2, 3, and 4. Enter here and on Form IT-541, Line 9.	\$	5		\$

- b. The other state does not allow a nonresident a credit against the income taxes imposed by that state for taxes paid or payable to the state of residence.

Act 6 of the 2018 2nd Extraordinary Session limited the credit to the amount of taxes paid to the other state or the amount determined by multiplying the taxpayer's Louisiana income tax liability by a fraction, the numerator of which is the taxpayer's Louisiana taxable income attributable to the other state to which net income taxes were paid, and the denominator of which is total Louisiana taxable income, whichever is less. See Revenue Information Bulletin 16-052 for information on qualifying states and Revenue Information Bulletin 18-029 for information on how to determine the amount of the credit. A copy of the returns filed with the other states must be attached to your return along with Form R-10606, *Supplemental Worksheet for Credit for Taxes Paid to Other States*.

Line 11 – Other Nonrefundable Priority 1 Income Tax Credits

Enter the amount from Schedule NRC-P1, Line 7.

Line 12 – Total Income Tax after Priority 1 Credits

Subtract Lines 10 and 11 from Line 9.

Line 13A – Louisiana Citizens Assessment Paid

Enter the amount of the Louisiana Citizens Property Insurance assessment that was included in your property's insurance premium. A copy of the declaration page from your premium notice must be attached to your return. For additional information regarding this credit, visit www.revenue.louisiana.gov/citizens.

Line 13 – Louisiana Citizens Insurance Credit

Multiply the amount on Line 13A by 25 percent (.25). Include this amount with any Act 125 recovery amount for this credit on Line 13.

Mark an "X" in the "2015 Legislation Recovery" box on the face of the return if you are claiming any of the recoveries allowed under Act 125 of the 2015 Regular Legislative Session. Section 7 of Act 125 allows a recovery of the credit amount reduced by the Act on a return filed after July 1, 2015, for which a valid extension was requested prior to July 1, 2015. You must attach Form R-6411 to your return to show the calculation of the recoveries.

Include the 2018 recovery amount in the amount claimed on Line 13. This amount could be in addition to any credits earned for the 2018 tax year. See Revenue Information Bulletin 17-018 for more information.

Line 14 – Other Refundable Priority 2 Credits

Enter the amount from Schedule RC-P2, Line 9.

Line 15 – Total Priority 2 Credits

Add Line 13 and Line 14.

Line 16 – Tax Liability After Priority 2 Credits

If Line 12 is greater than Line 15, subtract Line 15 from Line 12. Otherwise enter zero.

Line 17 – Overpayment After Priority 2 Credits

If Line 15 is greater than Line 12, subtract Line 12 from Line 15. Otherwise enter zero.

Line 18 – Nonrefundable Priority 3 Credits

Enter the amount from Schedule NRC-P3, Line 10. These credits are limited to the tax liability calculated on Line 16.

Line 19 – Tax Liability After Priority 3 Credits

Subtract Line 18 from Line 16. If the result is less than zero, enter zero.

Line 20 – Overpayment After Priority 2 Credits

Enter the amount from Line 17.

Line 21 – Refundable Priority 4 Credits

Enter the amount from Schedule RC-P4, Line 6.

Line 22 – Amount of Credit Carried Forward from 2017

Enter the amount of any credit carried forward from 2017. This amount is shown on your 2017 Form IT-541, Line 28.

Line 23 – For Nonresident Filers Only – Amount Paid on Your Behalf by a Composite Partnership Filing

Enter the amount of any payment made on your behalf by a composite partnership filing. Enter the name of the partnership on the line provided on the return. If more than one partnership made a payment on your behalf, attach a schedule labeled with your name and Federal Employer Identification Number (FEIN), and list each partnership and payment made.

Line 24 – Amount of Louisiana Tax Withheld for 2018

Enter the amount of Louisiana income tax withheld in 2018. You must attach copies of all W-2 and 1099 forms that indicate tax was withheld.

Line 25 – Amount of Estimated Payments for 2018 and Amount Paid with Extension Request

Enter the total amount of estimated payments made for the 2018 tax year and the amount of the payment made with your extension request from Schedule E, Line 6.

Line 26 – Total Refundable Tax Credits and Payments

Add Lines 20 through 25.

Line 27 – Overpayment

If Line 26 is greater than Line 19, subtract Line 19 from Line 26. If Line 26 is equal to Line 19, enter a zero on Lines 27 through 34. If Line 26 is less than Line 19, enter a zero on Lines 27 through 29 and go to Line 30.

Line 28 – Amount to be Credited to 2019

Enter the amount of available overpayment shown on Line 27 that you wish to credit to 2019.

Line 29 – Amount to be Refunded

Subtract Line 28 from Line 27. This amount is to be refunded.

Line 30 – Amount Owed

If Line 19 is greater than Line 26, subtract Line 26 from Line 19.

Line 31 – Interest

Interest is charged on all tax amounts not paid by the due date. Enter the amount from the Interest Calculation Worksheet, page 16, Line 5.

Line 32 – Delinquent Filing Penalty

If you fail to file your tax return by the due date – on or before May 15, 2019, for calendar year filers, or on or before your fiscal year due date, or on or before your approved extension date, you may be charged delinquent filing penalty. Enter the amount from the Delinquent Filing Penalty Calculation Worksheet, page 16, Line 7.

Line 33 – Delinquent Payment Penalty

If you fail to pay the tax due by the due date – on or before May 15, 2019, for calendar year filers, you may be charged delinquent payment penalty. Enter the amount from the Delinquent Payment Penalty Calculation Worksheet, page 16, Line 7.

Line 34 – Total Amount Due

Add Lines 30 through 33.

Signature on Return

In order to be considered complete and to meet the requirements of the Louisiana Income Tax Law, the return must be signed by the individual or authorized officer of the organization receiving or having custody or control and management of the income of the estate or trust. If two or more individuals act jointly as fiduciaries,

any one of them may sign the return.

Paid Preparer Instructions – If your return was prepared by a paid preparer, that person must also sign in the appropriate space, complete the information in the “Paid Preparer Use Only” box and enter his or her identification number in the space provided under the box. If the paid preparer has a Preparer Tax Identification Number (PTIN), the PTIN must be entered in the space provided under the box; otherwise enter the FEIN or LDR account number. If the paid preparer represents a firm, the firm’s FEIN must be entered in the “Paid Preparer Use Only” box. The failure of a paid preparer to sign or provide an identification number will result in the assessment of the unidentified preparer penalty on the preparer. The penalty of \$50 is for each occurrence of failing to sign or failing to provide an identification number.

INSTRUCTIONS FOR SCHEDULE A - Computation of Louisiana Taxable Income before Income Distribution Deduction

Use Schedule A when reporting income of nonresident estates and trusts that earn income from Louisiana sources. R.S. 300.3(2) provides that income items of nonresident estates and trusts are subject to allocation or apportionment as determined by R.S. 47:241 through R.S. 47:247.

Line 1 – Federal Taxable Income before the Exemption and Distribution Deduction

Nonresident bankruptcy estates enter the sum of the taxable income amount reported on Line 10, and the exemption amount reported on Line 42 of the Federal Form 1040 that is an attachment to the Federal Form 1041. Nonresident Electing Small Business Trusts (ESBT) enter the combined amount of the taxable income of the S portion of the ESBT, and the amounts reported for the non-S portion on Line 18, Line 20, and Line 22 of Federal Form 1041. All other nonresident trusts and nonresident estates enter the sum of the amounts reported on Line 18, Line 20, and Line 22 of Federal Form 1041.

Line 2 – Net Income Taxes Paid to any State or Political or Municipal Subdivision

Enter the amount of net income taxes paid to any state or political or municipal subdivision deducted on Federal Form 1041.

Line 3 – Donation to School Tuition Organization

Enter the amount of the donation made to a school tuition organization (STO) that is required to be added back to income. R.S. 47:6301(A)(1) (a) provides for a prohibition on double state benefits for a donation to a STO. If you claimed the credit for a donation to a STO on IT-541, Schedule NRC-P3, you must add back certain deductions taken at the federal level otherwise deductible for state income tax purposes if the following condition is met: the fiduciary’s federal deductions for charitable contributions allowed by Internal Revenue Code Section 170 included a deduction for the donation made by the fiduciary to the STO.

The addition required to be made on Line 3 is the amount of the charitable contribution made to the STO claimed on the fiduciary’s federal return. The addition is limited to the amount of the credit claimed on the return. See Revenue Information Bulletin 18-024 for more information.

Line 4A – Income Exempt from Taxation

Enter the amount of any income that is exempt from taxation under

the laws of Louisiana, or that is prohibited from taxation by the Constitution or laws of the United States. This amount must be subtracted from federal taxable income. An example of such income would be interest on U.S. government obligations.

Line 4B – Depletion in Excess of Federal Depletion

Enter the amount of Louisiana depletion in excess of federal depletion. In computing net income in the case of oil and gas wells, a deduction is allowed for cost depletion or percentage depletion, whichever is greater. Percentage depletion is calculated as 22 percent of gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents and royalties paid or incurred by the taxpayer from the property. Percentage depletion can not exceed 50 percent of the net income computed without allowance for depletion from the property. In determining net income from the property, federal income tax is considered an expense.

Line 4C – S Bank Exclusion

Enter the amount of the S Bank shareholder exclusion that the estate or trust can claim. The amount of the exclusion is considered nontaxable income. R.S. 47:297.3(B)(5) provides that “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 share’s tax as provided in R.S. 47:1967.

Line 4D – Other Subtractions

On a separate schedule, list the source and amount of other subtractions allowed from federal net income.

- For the deduction for employment of certain qualified disabled individuals (R.S. 47:297.13), Form R-10605 must be attached to your return.
- Exclusion for compensation for disaster services – include the amount of income excluded as compensation for disaster services. Act 358 of the 2017 Regular Session provides an exclusion for income received by a nonresident business for performing disaster or emergency-related work within the state during a declared or emergency period beginning January 1, 2018. The exclusion applies only for income received in exchange for disaster or emergency-related work related to critical infrastructure that

is performed during the declared disaster period, which begins within 10 days of the first day of the declaration or proclamation made by either the governor, the president, or appropriate local government official and ends 60 days after its conclusion, unless a longer period is subsequently authorized. Requests for written notice concerning emergency-related services are posted as Revenue Information Bulletins on LDR's website. (R.S. 47:53.5)

Line 5 – Total Subtractions

Add Lines 4A through 4D.

Line 6 – Modified Federal Taxable Income before Distribution Deduction

Add Lines 1, 2 & 3, subtract the amount on Line 5, and enter the result.

Modified Federal Taxable Income Allocated or Apportioned to Louisiana

In accordance with R.S. 47:300.3(2), Louisiana taxable income of a nonresident estate or trust for a taxable year is computed by applying the allocation and apportionment provisions of R.S. 47:241 through R.S. 47:247 to the estate's or trust's federal taxable income for the same year modified by the provisions of R.S. 47:300.7(C).

In order to determine Louisiana taxable income, it is necessary to separate all items of income into two general classes, namely: those items that can be allocated directly to the state in which they are earned, and those items of income that arise from business partly within and without Louisiana. Louisiana's share of allocable items can be determined by direct allocation. In the case of net income from business partly within and partly without the state, a percentage of the net income must be apportioned to Louisiana on the basis of an apportionment percentage.

If the Louisiana portion is entirely separable from the remainder, and the use of the apportionment method would produce a manifestly unfair result, a separate accounting may be made for Louisiana business and the total net income. Prior written permission from the Secretary must be secured to report by the separate accounting method.

In computing net allocable income, all expenses, losses, and other deductions, except federal income taxes that are directly attributable to such income and a ratable portion of allowable deductions, except federal income taxes that are not directly attributable to any class of income should be deducted from gross allocable income.

Line 7A – Net Rents and Royalties

Enter the total amount of net rents and royalties earned by the estate or trust.

Line 7B – Royalties from the Use of Patents, Trademarks

Enter the total amount of royalties from the use of patents, trademarks, etc.

Line 7C – Income from Estates, Trust, and Partnerships

Enter the total amount of income derived from estates, trusts, and partnerships.

Line 7D – Income from Construction, Repair, Etc.

Enter the total amount of income derived from construction, repair, or other similar services.

Line 7E – Other Allocable income

Enter any other net allocable income. Other items of income such

as interest income, dividends on corporate stock, profits from sales and exchanges of capital assets, and salaries, wages, or other compensations received by a nonresident individual for personal services are considered allocable under the provisions of R.S. 47:243.

Line 7F – Total Allocable Income from All Sources

Add Lines 7A through 7E.

Line 8 – Net Income Subject to Apportionment

Subtract Line 7F from Line 6.

Line 9 – Net Income Apportioned to Louisiana

Multiply Schedule A, Line 8 by the percentage from Schedule B, Line 7.

Line 10A – Net Rents and Royalties

Enter the amount of Louisiana net rents and royalties. Rents and royalties from immovable or corporeal movable property must be allocated to the state where the property is located at the time the income is derived.

Line 10B – Royalties from the Use of Patents, Trademarks

Enter the amount of Louisiana royalties from the use of patents, trademarks, etc. Royalties or similar revenue from the use of patents, trademarks, copyrights, secret processes, and other similar intangible rights must be allocated to the states in which such rights are used by the licensee. Please attach a schedule showing your computation.

Line 10C – Income from Estates, Trust, and Partnerships

Enter the total amount of Louisiana income derived from estates, trusts, and partnerships. Estates, trusts, and partnerships having a corporation as a member or beneficiary must allocate and apportion their income within and without the state in accordance with the processes and formulas prescribed for corporations, and the share of any corporate member or beneficiary in the net income from sources in this state, so computed, must be allocated to this state in the return of the member or beneficiary.

Line 10D – Income from Construction, Repair, Etc.

Enter the amount of Louisiana income derived from construction, repair, or other similar services. Income from construction, repair, or other similar services must be allocated to the state in which the service is performed. The phrase "other similar services" means any work that has as its purpose the improvement of immovable property belonging to a person other than the taxpayer where a substantial portion of the work is performed at the location of such property, whether or not such services actually result in improvements to the property.

Line 10E – Other Allocable Income

Enter any other net Louisiana allocable income. Other items of allocable income such as interest income, dividends on corporate stock, and salaries, wages, or other compensations received by a nonresident individual for personal services are considered allocable under the provisions of R.S. 47:243. Please attach a schedule of your computations.

Profits from sales and exchanges of capital assets consisting of immovable or corporeal movable property are allocated to the state where such property is located at the time the income is derived. Profits from sales or exchanges not made in the regular course of business, of property, other than capital assets consisting of incorporeal property or rights, are allocated to the state where

such property is located at the time of the sale. A mineral lease, royalty interest, oil payment, or other mineral interest is considered to be Louisiana income if the property creating the mineral interest is located in Louisiana. Other profits from sales and exchanges of capital assets consisting of incorporeal property or rights is allocated to the state in which the securities or credits producing such income have their situs, which is the business situs of such securities or credits, if they have been so used in connection with the taxpayer's business as to acquire a business situs, or, in the absence of such a business situs, the legal domicile of the taxpayer. Please attach a schedule showing your computations.

Interest on customers' notes and accounts, except when such interest is from the primary business of making loans, must be allocated by reference to the transaction from which the receivable arose (to the state where delivery was made in the case of sales of merchandise; where services were performed in the case of charges for services, etc.). Interest on customers' accounts when the primary business is making loans is not allocable income.

Other interest and dividends must be allocated to the state in which the securities or credits producing such income have their situs, which is the business situs of such securities or credits, if they have been so used in connection with the taxpayer's business as to acquire a business situs, or, in the absence of such a business

situs, the legal commercial domicile of the taxpayer.

10F – Total Allocable Income from Louisiana

Add Lines 10A through 10E.

Line 11 – Modified Federal Taxable Income Allocated and Apportioned to Louisiana

Add Lines 9 and 10F.

Line 12 – Federal Itemized Deductions Attributable to Louisiana

Nonbusiness deductions are allowable to the extent that they are attributable to Louisiana. In particular, nonbusiness interest shall be attributed to Louisiana to the extent paid to persons or firms domiciled in this state and nonbusiness charitable contributions shall be attributed to Louisiana to the extent that they are made to Louisiana organizations. If a contribution is made to an organization that is present within and without Louisiana, the contributions shall be attributed to Louisiana if made to a Louisiana chapter or branch of the organization.

Line 13 – Louisiana Taxable Income before Income Distribution Deduction

Subtract Line 12 from Line 11. Enter the result here and Form IT-541, Line 4.

SCHEDULE B – Computation of Apportionment Percent

Computation of Apportionment Percent

Your principal type of business determines which factors apply in the calculation of your Louisiana apportionment percent. For Air Transportation, use factors (1) and (3); for Pipeline Transportation, use factors (1), (2), and (3); for Other Transportation, use factors (1) and (3); for Service Enterprises in which the use of property is not a material income producing factor, use factors (1) and (2), otherwise, use factors (1), (2), and (3); for Loan Business, use factors (2) and (4); for Merchandising and Manufacturing, use factors (1), (2), (3), and (5); and for Other Businesses, use factors (1), (2), and (3). Calculate your apportionment percent using Schedule B.

1. The Sales and Charges for Services Factor – The Louisiana sales factor shall include all sales made in the regular course of business where the goods, merchandise, or property is received in this state by the purchaser. In the case of delivery by common carrier or by other means of transportation, including transportation by the purchaser, the place where the goods are ultimately received after all transportation is completed shall be considered as the place at which the goods are received by the purchaser. The Louisiana factor shall also include all charges for services performed in Louisiana.

The sales factor for income from air transportation would be the ratio of the gross receipts derived from passenger journeys and cargo shipments originated in Louisiana and any other items of apportionable income or receipts derived entirely from Louisiana sources to total gross apportionable income of the taxpayer.

2. The Salaries and Wages Factor – There shall be included in the Louisiana factor the total salaries, wages, and other personal service compensation paid during the taxable year for services rendered in Louisiana in connection with the production of apportionable income.

3. The Property Factor – The Louisiana factor shall be the average of the value of the taxpayer's real property and tangible personal

property used in the production of apportionable income within this state at the beginning of the taxable year and at the end of the taxable year. For further information concerning the apportionment factors, refer to R.S. 47:245.

4. Loan Factor – In the case of a loan business, the Louisiana factor shall be the amount of loans made in this state during the period for which the return is filed. For further information concerning the apportionment factors, refer to R.S. 47:245.

5. Additional Sales Factor – Taxpayers whose net apportionable income is derived primarily from the business of manufacturing or merchandising (manufacturing, producing, and/or selling tangible personal property) are required to use a fourth ratio. This is the ratio of net sales made in the regular course of business and other gross apportionable income attributable to this state to the total net sales made in the regular course of business and other gross apportionable income of the taxpayer. These sales are the same as those reported on Schedule B, Line 1D.

This provision does not apply to the following:

- Any taxpayer subject to the tax imposed pursuant to Chapter 8 of Subtitle II of Title 47 of the Louisiana Revised Statutes (Tobacco Tax).
- Any taxpayer whose income is primarily derived from the production or sale of unrefined oil and gas.

6. Total Percentages – Add the percentages under Column 3 on Lines 1D, 2, 3, 4, and 5.

7. Average of Percents – Divide Line 6 by the number of factors used.

SCHEDULE C – Distributive Shares of Beneficiaries

Enter the name and Social Security Number, or FEIN, of each beneficiary and his distributive share of the estate or trust income allocated to the State of Louisiana. Each beneficiary's distributive share is deemed to apply to taxable and nontaxable income, and to income from sources within, as well as from sources without, the state. If additional space is needed, attach a separate schedule. Enter the result on IT-541, Line 5.

SCHEDULE D – Computation of Federal Income Tax Deduction

Both R.S. 47:300.6(A) for resident estates and trusts and R.S. 47:300.7(A) for nonresident estates and trusts allow for a federal income tax deduction to be computed following the provisions of R.S. 47:287.83 and 287.85. R.S. 47:287.85(C) allows a deduction in computing net income for that portion of the federal income tax levied on Louisiana income. The deductible portion of the federal income tax is the sum of the allowable portion of the federal income tax which is calculated at alternative capital gain rates and the allowable portion of the federal income tax that is taxed at the ordinary rates. As provided by R.S. 47:287.83, a federal income tax deduction is not allowed on income upon which no Louisiana income tax is incurred or paid.

If the taxpayer paid a tax pursuant to IRC Section 965 (a "Transition Tax"), the taxpayer must remove any Transition Tax paid from the standard calculation of the federal income tax deduction. IRC Section 965 inclusion based on the post-1986 deferred foreign income of the specified foreign corporations determined as of November 2, 2017, or December 31, 2017 was added to Subpart income. Louisiana generally recognizes and treats Subpart F income as dividends; therefore, 965 Income is deemed dividend income for Louisiana income tax purposes. Include amounts paid related to the net 965 tax liability attributable to the S portion of an ESBT with the Transition Tax.

2018 IRC Section 965 inclusion

If tax year 2018 is the year in which you include the IRC Section 965 inclusion, you are either paying the tax for 2018 or made the installment election to pay the federal tax over an eight-year period. A federal income tax deduction is allowed for the same taxable year for which the tax or installment was paid for federal purposes. The amount of federal income tax deduction allowed must be computed separately, see instructions for Line 19.

2017 IRC Section 965 inclusion – 2018 installment payment

If tax year 2017 is the year you included the IRC Section 965 inclusion and made the installment election to pay the federal tax over an eight-year period, a federal income tax deduction is allowed for the same taxable year for which the installment was paid for federal purposes. The amount of federal income tax deduction allowed must be computed separately, see instructions for Line 19.

Line 1. Louisiana Income before Federal Income Tax Deduction

Enter the amount of the Louisiana income before federal income tax deduction found on Form IT-541, Line 6.

Line 2. Adjustments to Convert Louisiana Net Income to a Federal Basis

In order to make Louisiana net income and federal net income comparable, Louisiana net income should be converted to a federal basis. Items of difference between federal and state net income are divided into "compensating items" and "noncompensating items." The modifications to federal taxable income provided in R.S. 47:300.6(B) and R.S. 47:300.7(C) would be treated as "noncompensating items" of difference between federal and state income. These items arise from a difference in tax law between federal and state and will never adjust themselves. Any items of income or expense allocated in full outside Louisiana need not be considered because a federal tax deduction cannot be allowed on

income that Louisiana will never tax.

The net adjustment to Louisiana income would be limited to the excess of the sum of the items of deduction attributable to Louisiana allowed by federal law, but not by Louisiana and the items of gross income attributed to and taxed by Louisiana, but not by the federal government over the items of deduction allowed by Louisiana, but not by the federal government. An adjustment would not be made for interest on U.S. government obligations since such an adjustment would allow a federal tax deduction on income that Louisiana will never tax.

Items of difference that relate to apportionable income should have the apportionment percentage applied before computing the adjustment amount. Items of difference that relate to allocable income are considered only if they relate to Louisiana allocable income. The apportionment percentage is not applied to these items.

Enter on Line 2 those items of difference between Louisiana and federal income such as state income taxes, interest on obligations of a state or political or municipal subdivision other than Louisiana, and the deduction for additional depletion. The adjustment for depletion is allowed only to the extent of the sum of the adjustments for state income taxes and interest on obligations of a state or political or municipal subdivision other than Louisiana.

Line 3. Louisiana Income on a Federal Basis

Subtract Line 2 from Line 1 and enter the result.

Line 4. Less Louisiana Income Taxed at Federal Special Rates

Enter the portion of the Line 3 amount that was taxed at the capital gains rate on the federal return, including the amount taxed at the zero percent rate. The amount on Line 4 cannot be larger than the amount on Line 3.

Line 5. Louisiana Ordinary Income on a Federal Basis

Subtract Line 4 from Line 3 and enter the result.

Line 6. Federal Taxable Income

Enter the amount of your federal taxable income from your federal Form 1041, or the Federal Form 1040 attached to the Federal Form 1041 if a bankruptcy estate. ESBTs enter the combined amount of the taxable income of the S portion of the ESBTs and the non-S portion of taxable income reported on Federal Form 1041. Do not include any IRC Section 965 amounts.

Line 7. Less Federal Income Taxed at Special Rates

Enter the amount of the income that is taxed at capital gains tax rates, from your Federal Form 1041, or the Federal Form 1040 attached to the Federal Form 1041 if a bankruptcy estate. ESBTs enter the combined amount of both the S and non-S income that is taxed at federal capital gains tax rates. The amount on Line 7 cannot be larger than the amount on Line 6.

Line 8. Federal Net Income—Ordinary

Subtract Line 7 from Line 6 and enter the result.

Line 9. Ratio—Louisiana Ordinary/Federal Ordinary

Enter the ratio obtained by dividing Line 5 by Line 8.

Line 10. Ratio—Louisiana Special/Federal Special

Enter the ratio obtained by dividing Line 4 by Line 7.

Line 11. Federal Income Tax Liability

Enter the actual federal tax liability after being reduced for all credits except the alternative minimum tax credit. Do not include any amounts paid under IRC Section 965.

Line 12. Less Federal Special Rates Tax

Enter the amount of your capital gains tax included in Line 11.

Line 13. Less Alternative Minimum Tax

Under most circumstances, the alternative minimum tax is not deductible on the Louisiana return. The tax is deductible only to the extent that Louisiana tax is paid on income on which alternative minimum tax has been paid and no regular federal income tax will be paid. Refer to Louisiana Administrative Code 61:I.1122 for further explanation.

Line 14. Federal Ordinary Tax

Subtract Lines 12 and 13 from Line 11 and enter the result.

Line 15. Federal Income Tax Attributable to Louisiana Ordinary Income

Enter the amount obtained by multiplying Line 14 by Line 9.

ESBT Special Instructions – Separate Lines 5, 8, and 14 into their S and non-S components. Divide the S component of Line 5 by the S component of Line 8 and multiply the result by the S component of Line 14. The result is the S portion of the federal income tax attributable to Louisiana ordinary income. Divide the non-S component of Line 5 by the non-S component of Line 8 and multiply the result by the non-S component of Line 14. The result is the non-S portion of the federal income tax attributable to Louisiana ordinary income. On Line 15 enter the sum of the S and non-S portions of the federal income tax attributable to Louisiana ordinary income.

Line 16. Federal Income Tax on Louisiana Income Taxed at Special Rates

Enter the amount obtained by multiplying Line 12 by Line 10.

Line 17. Federal Income Tax Disaster Relief Credits

R. S. 47:287.85(C)(2) provides that an estate or trust may increase the amount of its federal income tax deduction by the amount of

total Federal Disaster Relief Credits attributable to Louisiana. Enter the amount of your total Federal Disaster Relief Credits. Please refer to LAC 61:I.601 available on the Department’s website regarding federal credits deemed by the Secretary to be federal disaster credits.

Line 18. Federal Income Tax Disaster Relief Credits Attributable to Louisiana

Multiply Line 17 by Line 9. Enter the result here and on Form IT-541, Line 7A.

ESBT Special Instructions – Separate Lines 5, 8, and 17 into their S and non-S components. Divide the S component of Line 5 by the S component of Line 8 and multiply the result by the S component of Line 17. The result is the S portion of the federal income tax disaster relief credits attributable to Louisiana. Divide the non-S component of Line 5 by the non-S component of Line 8 and multiply the result by the non-S component of Line 17. The result is the non-S portion of the federal income tax disaster relief credits attributable to Louisiana. On Line 18 enter the sum of the S and non-S portions of the federal income tax disaster relief credits attributable to Louisiana.

Line 19. 2018 Net 965 tax liability attributable to Louisiana. Use the worksheet below to determine the additional federal income tax deduction allowed for the 2018 payment.

1.	Percentage of IRC Section 965 Income taxable to Louisiana from Form R-620-965, Part B, Line 7 that was filed with your 2017 Form IT-541.	%
2.	2018 net 965 tax liability paid from your 2018 Federal Form 1041, Line 24. Also include any amount not included on Line 24 that is included on Schedule G, Line 7 if you had a triggering event under section 965(i) during the year.	\$
3.	IRC Section 965 net tax liability apportioned to taxpayer. Multiply Line 1 by Line 2. Enter the result here and on Line 19 of Schedule D, Computation of Federal Income Tax Deduction.	\$

Line 20. Federal Income Tax Deduction

Add Lines 15, 16, 18 and 19. Enter the result here and on Form IT-541, Line 7A.

SCHEDULE E - Summary of Estimated Tax Payments and Extension Payment

Provide information regarding the estimated tax payments that you made for the 2018 tax year and the amount of payment made with the extension request.

GENERAL INFORMATION ON ALL 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, the Fiduciary’s name, and LDR account number. If documentation is required, you must submit the documentation with your return. For faster processing, you can upload all required information when you file your return electronically. Revenue Information Bulletins (RIB) are posted on www.revenue.louisiana.gov/policies under Policy Documents.

Note: If you are claiming a credit that is recorded in the Tax Credit Registry, you must attach a completed Form R-6140, *Credit Utilization Form*, (Section 2) and a copy of Form R-6135, *Credit Registration Form*, to the tax return. See Revenue Information Bulletin 14-005 for information on the Tax Credit Registry and Revenue Information Bulletin 17-008 for claiming a purchased transferable tax credit.

INSTRUCTIONS FOR NONREFUNDABLE PRIORITY 1 CREDITS, SCHEDULE NRC-P1

2015 LEGISLATION RECOVERY – Mark an “X” in the “2015 Legislation Recovery” box on the face of the return if you are claiming any of the recoveries allowed under Act 125 of the 2015 Regular Legislative Session. Section 7 of Act 125 allows a recovery of the credit amount reduced by the Act on a return filed after July 1, 2015, for which a valid extension was requested prior to July 1, 2015. You must attach Form R-6411 to your return to show the calculation of the recoveries. Include the 2018 recovery amount in the amount claimed on Schedule NRC-P1 for the appropriate credit. This amount could be in addition to any credits earned for the 2018 tax year. See Revenue Information Bulletin 17-018 for more information.

Below is a list of nonrefundable credits available for Louisiana income tax. Enter the credit description, identifying code, and the dollar amount claimed in the appropriate spaces on Lines 1 through 6. **NOTE: Use only the codes referenced in the table of Schedule NRC-P1. The codes listed here are not interchangeable with other codes listed in this booklet.**

Example:

Credit Description	Code	Amount of Credit Claimed
Premium Tax	100	500.00

LINE 7 – TOTAL INCOME TAX CREDITS

Add Lines 1 through 6 and enter the result here and on IT-541, Line 11.

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100 - Premium Tax – R.S. 47:227 provides a credit for premium taxes paid during the preceding twelve months by an insurance company authorized to do business in Louisiana. A copy of the premium tax return and cancelled checks in payment of the tax must be attached to the return.

120 - Bone Marrow – R.S. 47:297(I) provides a credit to employers authorized to do business in the state who incur bone marrow donor expense by developing a bone marrow donation program, educating employees related to bone marrow donations, making payments to a health care provider for determining tissue types of potential donors, and paying wages to an employee for time related to tissue typing and bone marrow donation. If the wage expense is used to obtain the credit, it cannot be deducted as an expense for income tax purposes. The amount of the credit is equal to 18 percent of the bone marrow donor expense paid or incurred by the employer during the tax year.

140 - Nonviolent Offenders – R.S. 47:297(O) provides a credit for a taxpayer who provides full-time employment to an individual who has been convicted of a first-time nonviolent offense, has completed a court-ordered program certified by the employee's probation officer, and has worked 180 days. A statement signed by both the employer and employee certifying the employee's full-time work status for the year and Form R-6311, *Tax Incentives with Job Creation Components*, must be attached to the return.

150 - Qualified Playgrounds – R.S. 47:6008 provides a credit for donations to assist qualified playgrounds. The credit is the lesser of \$720 or 36 percent of the value of the cash, equipment, goods, or services donated. For more information on this credit, see Revenue Ruling No. 02-020 posted on LDR's website.

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155 - Debt Issuance – R.S. 47: 6017 provides a credit for 72 percent of 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.

160 - Contributions to Educational Institutions – R.S. 47:37 and R.S. 47:287.755 provide a credit of 29 percent of the value of tangible property of a sophisticated and technical nature to educational institutions in the State of Louisiana. The institution that receives the donation must furnish to the donor or seller a certification of such donation, contribution, or sale below cost, which shall include the date and the value of the property donated, contributed, or sold.

170 - Donations to Public Schools – R.S. 47:6013 provides a credit for qualified donations made to a public school. The credit is equal to 28 percent of the appraised value of a qualified donation of property made to a public school. “Public school” is defined as a public elementary or secondary school. “Qualified donation” is defined as a donation of immovable property purchased or otherwise acquired by a corporation and donated to a public school immediately adjacent or contiguous to such property.

175 - Donations of Materials, Equipment, Advisors, or Instructors Act 125 Recovery – Section 7 of Act 125 of the 2015 Regular Legislative Session provides a recovery of the credit amount reduced by the Act if your return was filed after July 1, 2015, for which a valid extension was requested prior to July 1, 2015. Use this credit code to report one-third of the owner of newly constructed accessible home credit reduced on your return. Attach Form R-6410 to your return. See Revenue Information Bulletin 17-018 for more information.

185 - Conversion of Vehicle to Alternative Fuel – R.S. 47:6035 allows a credit for the purchase of, or conversion of a vehicle designed to run on an alternative fuel. The credit for the purchase of a qualifying new vehicle is equal to 10 percent of the cost of the qualified vehicle or \$2,500, whichever is less. The credit for vehicle conversions or building of fueling stations is equal to 30 percent of the cost of the qualified clean-burning motor vehicle fuel property. See Revenue Information Bulletin 13-023 for definition of alternative fuel and Revenue Information Bulletin 17-016 for more information. You must attach documentation verifying the conversion or purchase of the vehicle and the vehicle's registration with the Louisiana Department of Public Safety.

199 - Other – Reserved for Future Credits

INSTRUCTIONS FOR NONREFUNDABLE PRIORITY 3 CREDITS, SCHEDULE NRC-P3

2015 LEGISLATION RECOVERY – Mark an “X” in the “2015 Legislation Recovery” box on the face of the return if you are claiming any of the recoveries allowed under Act 125 of the 2015 Regular Legislative Session. Section 7 of Act 125 allows a recovery of the credit amount reduced by the Act on a return filed after July 1, 2015, for which a valid extension was requested prior to July 1, 2015. You must attach Form R-6411 to your return to show the calculation of the recoveries. Include the 2018 recovery amount in the amount claimed on Schedule NRC-P3 for the appropriate credit. This amount could be in addition to any credits earned for the 2018 tax year. See Revenue Information Bulletin 17-018 for more information.

Below is a list of nonrefundable credits available for Louisiana income tax. Enter the credit description, identifying code, and the dollar amount claimed in the appropriate spaces on Lines 1 through 6. **NOTE: Use only the codes referenced in the table of Schedule NRC-P3. The codes listed here are not interchangeable with other codes listed in this booklet.**

Example:

Credit Description	Code	Amount of Credit Claimed
Apprenticeship	236	500.00

LINES 7 THROUGH 9 – Complete Lines 7 through 9 ONLY if a transferable credit is claimed (credit codes 251 through 262). For Lines 7A, 8A, and 9A, enter the LDR State Certification number from Form R-6135, if applicable. For more information see Revenue Information Bulletin 17-008 regarding claiming a purchased transferable tax credit.

LINE 10 – TOTAL INCOME TAX CREDITS

Add Lines 1 through 9 and enter the result here and on IT-541, Line 18.

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200 - Atchafalaya Trace – R.S. 25:1226.4 provides a credit to certain heritage-based cottage industries that have entered into a contract with the State Board of Commerce and Industry. A copy of the contract must be attached to the return.

208 - Previously Unemployed – R.S. 47:6004 provides a credit for hiring a previously unemployed person who participates in the Family Independence Work Program in a newly created full-time job. A notarized statement from qualifying employee(s) certifying that they meet the qualifications for the credit and Form R-6311 must be attached to the return.

210 - Recycling Credit – R.S. 47:6005 provides a credit for the purchase of certain equipment 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.

212 - Basic Skills Training – R.S. 47:6009 provides a credit 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 \$180 per participating employee, not to exceed \$21,600 for the tax year.

213 - Donation to School Tuition Organization – R.S. 47:6301 provides a credit for donations made to a school tuition organization that provides scholarships to qualified students to attend a qualified school. Attach Form R-10604, *Receipt*

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of Donation for Louisiana Tuition Donation Tax Credit, to your return. See Revenue Information Bulletin 18-024 for more information.

218 - Inventory Tax Credit Carried Forward and ITEP – R.S. 47:6006 allows a credit against income tax for ad valorem taxes paid to political subdivisions in Louisiana on inventory held by manufacturers, distributors, or retailers. Manufacturers, distributors, or retailers should use this code for the carryforward of unused nonrefundable credits (not current year credit) from 2014 through 2017. Manufacturers who claimed the property tax exemption under the Industrial Tax Exemption program (ITEP) during the same year the inventory taxes were paid and members of their federal consolidated group, should use this code for the carryforward of unused nonrefundable credits from 2014 through 2017 and the current year credit calculated on the 2018 Form R-10610-ITE, *Schedule of Ad Valorem Tax Credit Claimed by ITEP Manufacturers and Related Parties for Ad Valorem Tax Paid on Inventory.*

219 - Ad Valorem Natural Gas Credit Carried Forward – R.S. 47:6006 allows a credit for 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. Use this code for the carryforward of unused nonrefundable credits (not current year credit) from 2014 through 2017.

224 - New Jobs Credit – R.S. 47:34 and R.S. 47:287.749 provide a credit to employers who establish or expand a business in the state. You must attach Form R-6311 and a schedule that includes the calculation of the credit must be attached to the return and must also include the name, address, and Social Security Number of each new employee; highest number of full-time and qualified part-time employees during the previous year; highest number of full-time and part-time employees during the current year; number of new employees hired for new jobs created during this taxable year; and the amount of credit carried forward from the previous year.

226 - Refunds by Utilities – R.S. 47: 287.664 provides a credit for certain court ordered refunds made by utilities to its customers.

228 - Eligible Re-entrants – R.S. 47:287.748 provides a credit to a taxpayer who employs an eligible re-entrant in Louisiana. An eligible re-entrant is defined as a person who has been convicted of a felony and who has successfully completed the Intensive Incarceration Program, as provided in R.S. 15:574.4. A list of eligible re-entrants and documentation to verify they have completed the Intensive Incarceration Program along with Form R-6311 must be attached to the return.

230 - Neighborhood Assistance – R.S. 47:35 and R.S. 47:287.753 provide a credit for an entity engaged in the activities of providing neighborhood assistance, job training, education for individuals, community services, or crime prevention in Louisiana. The credit is for up to 50 percent of the amount contributed and cannot exceed \$180,000 annually.

231 - Research and Development – R.S. 47:6015(K) provides a credit for any taxpayer who claims a federal income tax credit under 26 U.S.C. §41(a) for increasing research activities or for a taxpayer who employs fewer than 50 employees

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and who meets the requirements of R.S. 47:6015(B)(3)(i). Beginning with the 2018 tax year, credits earned based upon participation in the Small Business Technology Transfer program or the Small Business Innovative Research Grant program should be claimed using credit code 252. The credit is obtained through the Louisiana Department of Economic Development and documentation from that agency must be attached to the return. See Revenue Information Bulletin 15-019 on LDR's website.

232 - Cane River Heritage – R.S. 47:6026 provides a credit for a heritage-based cottage industry located or to be located in the Cane River Heritage Area Development Zone. The taxpayer must enter into a contract with the Department of Culture, Recreation, and Tourism, and a copy of the contract must be attached to the return.

236 - Apprenticeship – R.S. 47:6033 provides a credit to employers equal to one dollar for each hour of employment for an eligible apprentice, limited to 1,000 hours for each eligible apprentice. An eligible apprentice is a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program or who is enrolled in a training program accredited by the National Center for Construction Education and Research. For more information regarding this credit, please contact the Louisiana Workforce Commission.

238 - Ports of Louisiana Investor – R.S. 47:6036(C) provides a credit to encourage investment in state port facilities in Louisiana. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.

240 - Ports of Louisiana Import Export Cargo – R.S. 47:6036(I) provides a credit to encourage the use of state port facilities in Louisiana. The credit is based on the number of tons of qualified cargo imported and exported from or to manufacturing, fabrication, assembly, distribution, processing or warehousing facilities located in the state. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.

251 - Motion Picture Investment – R.S. 47:6007(C)(1) provides a credit for taxpayers domiciled in Louisiana, who invest in a state-certified motion picture production. Taxpayers taking this credit may attach Form R-10611, *Motion Picture Investment Tax Credit Schedule*, as documentation for this credit. See Revenue Information Bulletin 17-019 and www.revenue.louisiana.gov/CreditCaps for more information. This credit can only be claimed on Lines 7 through 9.

252 - 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. Use this code for Research and Development credits earned for expenditures made in tax years beginning before January 1, 2009. Also, use this code for credits earned based on participation in the Small Business Technology Transfer or the Small Business Innovation Research Grant program beginning with the 2018 tax year. This credit can only be claimed on Lines 7 through 9.

253 - Historic Structures – R.S. 47:6019 provides a credit if the taxpayer incurs certain expenses during the rehabilitation

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of a historic structure located in a Downtown Development or a cultural district. Refer to Revenue Information Bulletin 14-007 and 14-007A on LDR's website. This credit can only be claimed on Lines 7 through 9.

254 - Digital Interactive Media – R.S. 47:6022 provides a credit for the investment in businesses specializing in digital interactive media before January 1, 2012. See Revenue Information Bulletin 12-017 on LDR's website for more information. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. This credit can only be claimed on Lines 7 through 9.

257 - Capital Company – R.S. 51:1924 provides a credit for the investment in a certified Louisiana capital company. The credit must be approved by the Commissioner of the Office of Financial Institutions. A copy of the certification from the Office of Financial Institutions must be attached to the return. This credit can only be claimed on Lines 7 through 9.

258 - LA Community Development Financial Institution (LCDFI) – R.S. 51:3085 et seq. provide a credit for certain investments in an LCDFI to encourage the expansion of businesses in economically distressed areas. The Louisiana Office of Financial Institutions administers this program. This credit can only be claimed on Lines 7 through 9.

259 - New Markets – R.S. 47:6016 provides a credit if the taxpayer makes certain qualified low-income community investments, as defined in Section 45D of the Internal Revenue Code. The taxpayer must be certified by the Louisiana Department of Economic Development and approved by LDR. Information on the program investment limits are posted as Revenue Information Bulletins on LDR's website. This credit can only be claimed on Lines 7 through 9.

260 - Brownfields Investor Credit – R.S. 47:6021 provides a credit to encourage the cleanup, redevelopment, and productive reuse of brownfields in the state. The credit is obtained through the Louisiana Department of Economic Development and the Louisiana Department of Environmental Quality. This credit can only be claimed on Lines 7 through 9.

261 - Motion Picture Infrastructure – R.S. 47:6007(C)(2) provides a credit for an approved state-certified infrastructure project for a film, video, television, or digital production or post-production facility. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. Refer to Revenue Information Bulletin 17-019, and www.revenue.louisiana.gov/CreditCaps for more information. This credit can only be claimed on Lines 7 through 9.

262 - Angel Investor – R.S. 47:6020 provides a credit to encourage third party investment of taxpayers who make qualified investments to certified Louisiana entrepreneurial businesses on or after January 1, 2011. To earn the Angel Investor Tax Credit, taxpayers must file an application with the Louisiana Department of Economic Development. See Revenue Information Bulletin 12-009 on LDR's website. This credit can only be claimed on Lines 7 through 9.

299 - Other – Reserved for Future Credits

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300 - Biomed/University Research – R.S.17:3389 provides a credit for a company that establishes research activities in either a Biomedical or University Research and Development Park. The taxpayer must enter into a contract with the Louisiana Department of Economic Development and a copy of the contract showing the credit granted must be attached to the return.

305 - Tax Equalization – R.S. 47:3201 et seq. provides a credit for tax equalization for certain businesses locating in Louisiana. The taxpayer must enter into a contract with the Louisiana Department of Economic Development and a copy of the contract showing the credit granted must be attached to the return.

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310 - Manufacturing Establishments – R.S. 47:4301 et seq. provides a credit to certain manufacturing establishments that have entered into a contract with the Louisiana Department of Economic Development. A copy of the contract showing the credit granted must be attached to the return.

315 - Enterprise Zone – R.S. 51:1782 et. seq. provide a credit for private sector investments in certain areas, which are designated as “Enterprise Zones.” The taxpayer must enter into a contract with the Louisiana Department of Economic Development and a copy of the contract showing the credit granted must be attached to the return.

399 - Other – Reserved for Future Credits

INSTRUCTIONS FOR PRIORITY 2 REFUNDABLE CREDITS, SCHEDULE RC-P2

2015 LEGISLATION RECOVERY – Mark an “X” in the “2015 Legislation Recovery” box on the face of the return if you are claiming any of the recoveries allowed under Act 125 of the 2015 Regular Legislative Session. Section 7 of Act 125 allows a recovery of the credit amount reduced by the Act on a return filed after July 1, 2015, for which a valid extension was requested prior to July 1, 2015. You must attach Form R-6411 to your return to show the calculation of the recoveries. Include the 2018 recovery amount in the amount claimed on Schedule RC-P2 for the appropriate credit. This amount could be in addition to any credits earned for the 2018 tax year. See Revenue Information Bulletin 17-018 for more information.

Lines 1 through 5

Below is a list of refundable tax credits available for Louisiana income tax. Enter the credit description, identifying code, and the dollar amount claimed in the appropriate spaces on Lines 1 through 5. See Revenue Information Bulletin No. 15-021 for more information.

NOTE: Use only the codes referenced in the table of Schedule RC-P2. The codes listed here are not interchangeable with other codes listed in this booklet.

Example:

Credit Description	Code	Amount of Credit Claimed
Milk Producers	58F	400.00

Lines 6 through 8 – Complete Lines 6 through 8 ONLY if a transferable credit is claimed (credit code 62F). For Lines 6A, 7A, and 8A, enter the LDR State Certification number from Form R-6135, if applicable. For more information see Revenue Information Bulletin 17-008 regarding claiming a purchased transferable tax credit.

Line 9 – Total Income Tax credits – Add Lines 1 through 8 and enter the result here and on IT-541, Line 14.

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52F - Ad Valorem Offshore Vessels – R.S. 47:6006.1 allows a refundable credit for 100 percent of the ad valorem taxes paid on vessels in Outer Continental Shelf Lands Act Waters. Copies of the tax assessment, the canceled check in payment of the tax, and a completed Form LAT 11A from the Louisiana Tax Commission must be attached to the return.

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54F - Telephone Company Property – R.S. 47:6014 allows a refundable credit for up to 40 percent of the ad valorem taxes paid to Louisiana political subdivisions by a telephone company, with respect to that company’s public service properties located in Louisiana. The credit may be passed through to individuals who are shareholders or members of certain legal entities. See Revenue Information Bulletin 01-004 on LDR’s website. A schedule must be attached stating which entity paid the tax and obtained the credit on the taxpayer’s behalf.

55F - Prison Industry Enhancement – R. S. 47:6018 allows a refundable credit for 72 percent of the state sales and use tax paid by a taxpayer on purchases by a taxpayer of specialty apparel items from a private sector Prison Industry Enhancement (PIE) contractor. Contact LDR for further information regarding this credit.

57F - Mentor – Protégé – R.S. 47:6027 allows a refundable credit for a mentor business that fulfills the terms of a Mentor-Protégé Agreement as approved by the Louisiana Department of Economic Development. A copy of the certification of the credit must be attached to the return.

58F - Milk Producers – R.S. 47:6032 allows a refundable credit for a resident taxpayer engaged in the business of producing milk for sale. Those milk producers that have obtained permits under the Louisiana Administrative Code, Title 51 and have met the requirements of the Food and Drug Administration shall be certified by the Louisiana Department of Health to receive the credit. For more information see Revenue Information Bulletin 08-014 on LDR’s website.

59F - Technology Commercialization – R.S. 51:2351 et seq. allow a refundable credit for a qualifying business that invests in the commercialization of Louisiana technology. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.

62F - Musical and Theatrical Production – R.S. 47:6034 allows a refundable credit for the production expenses, employment of college and vocational-technical students, employment of residents, and for the construction, repair, or renovation of facilities related to the live performance industry. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification must be attached to the return.

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70F - Retention and Modernization – R.S. 51:2399.1 et seq. allow a refundable credit for an employer who incurs qualified expenditures to modernize existing operations in Louisiana to retain the business in the state. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return.

71F - Conversion of Vehicle to Alternative Fuel Act 125 Recovery – Section 7 of Act 125 of the 2015 Regular Legislative Session provides a recovery of the credit amount reduced by the Act if your return was filed after July 1, 2015, for which a valid extension was requested prior to July 1, 2015. Use this credit code to report one-

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third of the credit reduced on your return. Attach Form R-6410 to your return. See Revenue Information Bulletin 17-018 for more information. To claim a current year credit, use credit code 185 on Schedule NRC-P1.

73F - Digital Interactive Media – R.S. 47:6022 allows a refundable credit for the investment in businesses specializing in digital interactive media and software. Taxpayers must apply to the Louisiana Department of Economic Development to receive certification. A copy of the certification of the credit must be attached to the return. See Revenue Information Bulletin 12-017 on LDR’s website.

80F - Other Refundable Credit – Reserved for future credits.

INSTRUCTIONS FOR PRIORITY 4 REFUNDABLE CREDITS, SCHEDULE RC-P4

Lines 1 through 5

Below is a list of additional refundable tax credits available for Louisiana income tax. Enter the credit description, identifying code, and the dollar amount claimed in the appropriate spaces on Lines 1 through 5.

NOTE: Use only the codes referenced in the table of Schedule RC-P4. The codes listed here are not interchangeable with other codes listed in this booklet.

Example:

Credit Description	Code	Amount of Credit Claimed
Inventory Tax	50F	400.00

Line 6 – Total Income Tax credits – Add Lines 1 through 5 enter the result here and on IT-541, Line 21.

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50F - Inventory Tax – You must use Form R-10610, *Schedule of Ad Valorem Tax Credit Claimed by Manufacturers, Distributors, and Retailers*, to calculate the amount of credit you can claim. R.S. 47:6006 allows a credit against income tax for ad valorem taxes paid to political subdivisions in Louisiana on inventory held by manufacturers, distributors, or retailers. For purposes of the limitations on refundability, members included in a consolidated federal tax return will be treated as one taxpayer. If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000

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is refundable. For businesses formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts of \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable. Copies of the tax assessment and the canceled check in the payment of the tax must be attached. Copies of the tax assessment and the canceled check in payment of the tax must be attached. The inventory tax credit is nonrefundable for taxes paid on inventory by any manufacturer who claimed the property tax exemption under the Industrial Tax Exemption program (ITEP) during the same year the inventory taxes were paid. Copies of the tax assessment and the canceled check in payment of the tax must be attached.

51F - Ad Valorem Natural Gas – You must use Form R-10610 to calculate the amount of credit you can claim. R.S. 47:6006 allows a credit against income tax for ad valorem taxes paid to political subdivisions in Louisiana on natural gas held, used or consumed by providing natural gas storage services or operating natural gas storage facilities. For purposes of the limitations on refundability, members included in a consolidated federal tax return will be treated as one taxpayer. If the total amount eligible for the credit is less than or equal to \$500,000, 100 percent of any excess credit is refundable, and for total eligible amounts above \$500,000, 75 percent of any excess credit up to a maximum of \$750,000 is refundable. For businesses formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100 percent of any excess credit is refundable, and for total eligible amounts of \$10,000 or more, 75 percent of any excess credit up to a maximum of \$750,000 is refundable.

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 the due date.

1. A 2018 calendar year return is due on or before May 15, 2019.
2. Returns for fiscal years are due on or before the 15th day of the fifth month after the close of the taxable year.
3. If the due date falls on a weekend or legal holiday, the return is due the next business day.

Important: An extension does not relieve you of your obligation to pay all tax amounts due by the original due date.

Interest – If your income tax is not paid by the due date, you will be charged interest on the unpaid tax until the balance is paid in full. The interest rate is variable and the 2018 interest rate is posted on LDR’s website on Form R-1111, *Interest Rate Schedule Collected on Unpaid Taxes*. To compute the DAILY INTEREST RATE, multiply the 2018 monthly interest rate by 12 then divide the result by 365 and carry out to seven places to the right of the decimal. Example: Assume the 2018 monthly interest rate is 0.5833 percent, multiply 0.00583 by 12 then divide the result by 365 to get the daily interest rate of 0.0001917.

Interest Calculation Worksheet		
1	Number of days late from the due date.	
2	Daily interest rate (See instructions above.)	0. _____
3	Interest rate (Multiply Line 1 by Line 2.)	
4	Amount you owe (Form IT-541, Line 30.)	.00
5	Total interest due (Multiply Line 4 by Line 3, and enter the result on Form IT-541, Line 31).	.00

Delinquent Filing Penalty – A delinquent filing penalty will be charged for failure to file a return on or before your due date, or your approved extension date. The penalty is five percent of the tax **for each 30 days or fraction thereof** during which the failure to file continues. By law, the maximum delinquent filing penalty that can be imposed is 25 percent of the tax due.

Delinquent Filing Penalty Calculation Worksheet		
1	Number of days late from your due date, or your approved extension 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 25 percent.)	
6	Amount you owe (Form IT-541, Line 30.)	.00
7	Total amount of delinquent filing penalty due (Multiply Line 6 by Line 5 and enter the result on Form IT-541, Line 32.)	.00

Important Notice: The sum of both the delinquent filing and delinquent payment penalties cannot exceed 25 percent of the tax due. Thirty-day increments are used for the calculation of the delinquent filing and delinquent payment penalties. These penalties are based on the date LDR receives the return or payment. In addition to the delinquent penalties mentioned above, you may also incur a negligence penalty if circumstances indicate willful negligence or intentional disregard of rules and regulations.

Delinquent Payment Penalty – If you fail to pay the tax due by the due date, a delinquent payment penalty of 5 percent of the tax not paid by the due date will accrue **for each 30 days, or fraction thereof**, during which the failure to pay continues. This penalty cannot exceed 25 percent of the tax due. Use the worksheet below to calculate that penalty.

Delinquent Payment Penalty Calculation Worksheet		
1	Number of days late from the 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	.05
5	Total penalty percentage (Multiply Line 3 by Line 4. The result cannot exceed 25 percent.)	
6	Amount you owe (Form IT-541, Line 30.)	.00
7	Total amount of Delinquent Payment Penalty (Multiply Line 6 by Line 5 and enter the result on Form IT-541, Line 33.)	.00