



## Instructions for Partnership Return of Income Tax Year 2023

### **GENERAL INFORMATION**

All partnerships doing business in Louisiana or deriving any income from sources therein, must file Form IT-565, *Partnership Return of Income*, pursuant to Louisiana Revised Statute (R.S.) 47:201. Revenue Information Bulletin No. 24-008 provides administrative filing relief for eligible partnerships applicable to tax year 2023 and is effective until it is superseded by the adoption of Louisiana Administrative Code (LAC) 61:I.1402, which shall govern and be applicable at such time. IT-565 is an informational return and as such, the partnership is not subject to the income tax imposed.

#### **Nonresident Partners**

Partnerships having a nonresident individual as a partner must allocate and apportion their income within and without Louisiana pursuant to R.S. 47:241 through 247, and the share of any nonresident partner in the net income from Louisiana sources, so computed, must be allocated to Louisiana in the return of the nonresident partner.

A nonresident member of a partnership who does not have a valid agreement on file with Louisiana Department of Revenue (LDR) must be included on Schedule B, *Included Partner's Share of Income and Tax*, and their income reported on Schedule 6922, *Louisiana Composite Partnership Return*.

Nonresident partners who have a valid agreement or who have other income derived from Louisiana sources, must be listed on Schedule A, *NOT Included Partner's Share of Income and Tax*, and must include all income derived from Louisiana sources on Form IT-540B.

#### **Fiduciary Partners**

Partnerships having a nonresident estate or trust as a partner must allocate and apportion their income within and without Louisiana pursuant to R.S. 47:241 through 247, and the share of any nonresident estate or trust partner in the net income from Louisiana sources, so computed, must be allocated to Louisiana in the return of the nonresident estate or trust partner.

#### **Corporate Partners**

Partnerships having a corporation as a partner must allocate and apportion their income within and without Louisiana in accordance with the formulas and processes prescribed for corporations (R.S. 47:287.2 et seq.) and the share of any corporate partner in the net income from Louisiana sources, so computed, must be allocated to Louisiana in the return of the corporate partner.

#### **Different Computations for Corporate and Non-Corporate Partners**

Because a partnership must compute its income from Louisiana sources differently when it has corporate partners from when it has non-corporate partners, this return provides schedules for both computations. Schedules D, E, and G must be used to compute the income for non-corporate partners. Schedules H, I, and J must be used to compute the income for corporate partners. Examples of a non-corporate partner are individuals, estates, trusts, and partnerships.

#### **Electronic Filing Mandate**

Louisiana Administrative Code 61:III.1507 requires the electronic filing of the partnership return if the total assets of the partnership have an absolute value equal to or greater than \$250,000.

Revised Statute 47:201.1(F)(4) requires the electronic filing of any return containing Schedule 6922.

#### **When and where the return must be filed**

Returns for a calendar year must be filed with the Department of Revenue, P.O. Box 3440, Baton Rouge, LA 70821-3440, on or before May 15 of the year following the close of the calendar year. Returns for fiscal years 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 on the next business day.

#### **Extensions**

If you know you cannot file your return by the due date, you do not need to file for an extension. You will automatically be granted an extension of six months to November 15, 2024.

**Important: An extension does not relieve you of your obligation to pay all tax amounts due by the original due date.** If you anticipate that you will owe additional tax on your return, then you should submit your payment with a payment voucher (Form R-6467V) by May 15, 2024. An extension means only that you will not be assessed a delinquent filing penalty for filing your return after the due date but before the extended due date. Interest on the additional tax due from the due date of the return and any penalties will be assessed if applicable. If you file your return after the extended due date, you will be assessed delinquent filing penalty from the original due date of the return. NOTE: No paper or electronic extension form needs to be filed to obtain the automatic extension.

#### **Pass-through entity tax election**

Revised Statute 47:287.732.2 allows Subchapter S Corporations, and other flow-through entities taxed as partnerships for federal income tax purposes, to elect to pay Louisiana income tax at the entity level. An individual, estate, or trust who is a shareholder, member, or partner of the entity is allowed to exclude the income taxed at the entity level that is included in their federal adjusted gross income or federal taxable income, respectively. Once the election is made, it is effective for the entire taxable year for which it was made as well as all subsequent taxable years until the election is terminated.



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An entity must make the election on Form R-6980, *Tax Election for Pass-Through Entities*, and must receive LDR acceptance of the election. See LAC 61:I.1001 for requirements to make the election. The election can be made during the taxable year prior to the taxable year in which the election is first effective, during the taxable year in which the election is first effective, or on or before the 15th day of the fourth month after the close of the taxable year in which the election is first effective.

If the income earned by a partnership as a member, shareholder, or partner of an electing entity is passed through to a member, shareholder, or partner filing an individual or fiduciary income tax return in Louisiana in the same taxable year it is earned, the individual, estate or trust is allowed to take the exclusion of the distributed income on their individual or fiduciary income tax return for that taxable year. If the income is distributed to a corporation as a member, shareholder, or partner of an electing entity, the income is taxable to the corporation.

### **FILING REQUIREMENT FOR SCHEDULE 6922, LOUISIANA COMPOSITE PARTNERSHIP RETURN**

Partnerships engaging in activities in Louisiana that have nonresident partners are required to file Schedule 6922 unless:

- a. All nonresident partners are corporations, partnerships, or tax exempt trusts;
- b. All nonresident individual, estate, and trust partners have a valid agreement on file with the Department of Revenue; or
- c. The partnership made the pass-through entity tax election under R.S. 47:287.732.2.

All nonresident individual, estate, and trust partners who were partners at any time during the taxable year and who do not have a valid agreement on file with the Louisiana Department of Revenue (LDR) must be included on the Composite Partnership Return. Mark the box on the face of the return indicating that the Composite Partnership return, Schedule 6922, is being filed and complete Line M. The agreement, in the form of an affidavit, must include a statement that the taxpayer agrees to timely file a Louisiana Nonresident Individual Income Tax Return or a Louisiana Fiduciary Income Tax Return, and make payment of Louisiana Income Tax. See Louisiana Administrative Code (LAC) 61:I.1401 available on the Department's website at [www.revenue.louisiana.gov/policies](http://www.revenue.louisiana.gov/policies).

If tax credits are claimed on the composite partnership return:

- ALL nonresident partners must be included on the return and on Schedule B, *Included Partner's Share of Income and Tax*.
- ALL partners, including residents, corporations, and other partnerships must be included on Schedule A, *NOT Included Partner's Share of Income and Tax*.

### **The following entities cannot be included in a composite partnership return filing:**

Corporations are required to file Form CIFT-620, *Louisiana Corporation Income and Franchise Tax Return*, to report any partnership income.

Resident estates and trusts are required to file Form IT-541, *Louisiana Fiduciary Income Tax Return*, to report partnership income.

Partners who are themselves partnerships cannot be included in a composite partnership return. These partners must file all applicable Louisiana tax returns. Refer to LAC 61:I.1401.

Partners who are Louisiana residents are required to file Form IT-540, *Louisiana Resident Individual Income Tax Return*, to report partnership income. Refer to LAC 61:1.1401.

### **Payments**

An Electronic Funds Transfer (EFT) payment is required for all payments of tax due that exceed \$5,000.

### **Tax rate**

A tax rate of 4.25 percent (.0425) is assessed on the total distributive shares for nonresident partners included on Schedule 6922.

### **SIGNATURES AND VERIFICATION**

The return must be signed by the General Partner or Limited Liability Company Member Manager. If receivers, trustees in bankruptcy, or assignees are operating the property or business of the partnership, such officials must execute the return for such corporation. Telephone numbers of General Partner or Limited Liability Company Member Manager and preparers should be furnished. This verification is not required when the return is prepared by a regular full-time employee of the taxpayer.

### **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 Federal Employer Identification Number (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.



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### INSTRUCTIONS FOR COMPLETING THE RETURN

This return is 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. If completing by hand, use a pen with black ink.
3. All numbers should be rounded to the nearest dollar.
4. Where appropriate, mark the box to the left of the entry field if the amount is less than zero. Do not use a negative sign or parentheses with the amount. For example, if your Federal net income on Schedule D, Line 1 is a \$10,000 loss, mark the box on Line 1 and enter 10,000.

Enter your legal and trade name, address, and LA Revenue Account Number on your return. For the unit type, use postal abbreviations such as APT, FL, STE, and RM. If you have a foreign address, enter the city name in the appropriate space. Follow the country's practice for entering the postal code and the name of the province, county, or state. Enter the foreign country name in the appropriate space. Don't abbreviate the country name. If there is a change in your address since last year's return, mark an "X" in the "Address Change" box. A direct address change can be accomplished by marking the "Address Change" box when filing your return, or can be submitted by accessing your account at [www.revenue.louisiana.gov/latap](http://www.revenue.louisiana.gov/latap).

You must file using your 10-digit Louisiana Revenue Account Number. The Federal Employer Identification Number (FEIN) cannot be used in place of the Revenue Account Number. A Revenue Account Number can be obtained by using our Online Business Registration application available on the LDR's website at [www.revenue.louisiana.gov/latap](http://www.revenue.louisiana.gov/latap).

#### Period to be covered by return

The return must be filed for a calendar year, or for a fiscal year of 12 months, ending on the last day of any month other than December, or for an annual period of 52/53 weeks if records are kept on that basis. Mark the box to indicate a calendar year return or a fiscal year return. For fiscal year and 52/53 week filers, the dates on which the reported period begin and end must be plainly stated in the appropriate space at the top of the return. The income tax period must be the same as that used for federal income tax purposes.

#### Returns for part of the year

Mark the appropriate box to indicate the filing of a short period return or a final return. For a short period return, the dates on which the reported period begin and end must be plainly stated in the appropriate space at the top of the return. The income tax period must be the same as that used for federal income tax purposes.

#### Final return

Mark the appropriate box to indicate the filing of a final return. For a final return, the dates on which the reported period begin and end must be plainly stated in the appropriate space at the top of the return. The income tax period must be the same as that used for federal income tax purposes. Marking the box for a final return does not close your account with LDR. To close a partnership account, the partnership must either send the Louisiana Secretary of State written notification of Termination of Registration when they terminate or file an Affidavit of Dissolution.

#### Amended returns

The "Amended Return" box should be clearly marked when filing an amended return. In order to amend the amounts reported for the partnership, the taxpayer must file a revised Form IT-565, along with a detailed explanation of the changes and a copy of Federal Form 1065 or 1065-X, if applicable.

#### Report of federal adjustments

Revised Statute 47:103(C) requires every taxpayer whose federal return is adjusted to amend the Louisiana return reporting such adjustments within 60 days of the final determination of the adjustments by the IRS. The "Amended Due to IRS Audit" box should be marked to indicate that an amended return is being filed and a statement should accompany the amended return disclosing the nature and amounts of such adjustments.

#### All filers are required to answer lines A through M

**Line B** – Enter the amount from Federal Form 1065, Line 23.

**Line C** – Enter the amount from Federal Form 1065, Line 1 of the Analysis of Net Income (Loss) schedule.

**Line F** – Enter the corporation's six digit 2022 North American Industry Classification System (NAICS) Code.

**Line H** – If you received acceptance of the pass-through entity tax election under R.S. 47:287.732.2, mark the box "yes".

**Lines J and K** – If you answered "yes" to Line J, Line K, or both, you must complete Schedules H, I, and J. If you answered "no" to both Lines J and K, do not complete Schedules H, I, and J.



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**Line L** – If you answered yes to Line L, you must complete Schedules D, E, and G.

**Line M** – Enter the total distributable income for nonresident partners from Schedule 6922, Line 1. If Schedule 6922 is not being filed, leave Line M blank.

**SCHEDULE A – NOT Included Partner’s Share of Income and Tax**

You must complete Schedule A if:

1. You are not including the filing of the Louisiana Composite Partnership return; or
2. You are including the filing of the Louisiana Composite Partnership return and need to report the share of income for each nonresident partner who has a valid agreement on file with LDR and is therefore not included on the composite return.

Attach additional sheets if necessary.

**Exception:** If tax credits are claimed on the composite return, all nonresident partners must be included on Schedule B regardless of having a valid agreement on file. All other partners, including residents, corporations and other partnerships must be included on Schedule A.

**Partner Number** – Begin with number one "1" and use consecutive numbering for each partner required to be listed on this schedule. Also, provide a total for all partners on this schedule as applicable. Complete each row with the requested information for each partner.

**ID Type** – Enter Social Security Number (SSN) if the partner is an individual. Enter FEIN if the partner is an entity such as a corporation, partnership, or trust.

**SSN** – If ID type is SSN, enter the Social Security Number of the partner required to be included on this schedule. If ID type is FEIN, enter the Federal Employer Identification Number of the partner.

**Name** – Enter the full name if the partner is an individual or the legal name of the entity.

**Address, City, State, and ZIP** – Enter the mailing address of each partner.

**Partner’s Share of Profit (%)** – Enter the year-end percentage of each partner. This percentage is generally based on the partnership agreement. Enter the total for all partners on this schedule.

**Partner’s Share of Loss (%)** – Enter the year-end percentage of each partner. This percentage is generally based on the partnership agreement. Enter the total for all partners on this schedule.

**Partner’s Share of Credits (%)** – Enter the year-end percentage of each partner. This percentage is generally based on the partnership agreement. Enter the total for all partners on this schedule.

**Resident of LA for Tax Year** – Enter “Yes” or “No.” Enter “No” if the partner is an entity such as a corporation, or partnership.

**Nonresident Partner Agreement on File** – Enter “Yes” or “No” indicating whether each nonresident partner has a valid agreement on file with LDR.

**Distributable Losses** – Enter the amount of distributable losses that were derived from or attributable to sources in this state. Add all distributable losses and enter the total for all partners in the Total column.

**Distributable Income** – Enter the amount of distributable income that was derived from or attributable to sources in this state regardless of income being distributed. Add all distributable income and enter the total for all partners in the Total column.

**Nonrefundable Priority 1 Credits** – For each partner, enter their share of Nonrefundable Priority 1 Credits. Add the amount of Nonrefundable Priority 1 Credits and enter the total for all partners in the Total column.

**Schedule NRC-P1** – Refer to the list of nonrefundable credits in the instructions for Schedule NRC-P1. For each nonrefundable credit being claimed, enter the identifying three-digit code. Each credit must be listed separately. For each partner, enter their share of the applicable credit. Enter the total for all partners on this schedule. **NOTE: Use only the codes referenced in the table of Schedule NRC-P1. The codes listed are not interchangeable with other codes listed in the instructions.**

**Refundable Priority 2 Credits** – For each partner, enter their share of Refundable Priority 2 Credits from Schedule RC-P2. Add the amount of Refundable Priority 2 Credits and enter the total for all partners in the Total column.

**Schedule RC-P2** – Refer to the list of refundable credits in the instructions for Schedule RC-P2. For each refundable credit being claimed, enter the identifying code. Each credit must be listed separately. For each partner, enter their share of the applicable credit. Enter the total for all partners on this schedule. **NOTE: Use only the codes referenced in the table of Schedule RC-P2. The codes listed are not interchangeable with other codes listed in the instructions.**



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**Nonrefundable Priority 3 Credits** – For each partner, enter their share of Nonrefundable Priority 3 Credits. Add the amount of Nonrefundable Priority 3 Credits and enter the total for all partners in the Total column.

**Schedule NRC-P3** – Refer to the list of nonrefundable credits in the instructions for Schedule NRC-P3. For each nonrefundable credit being claimed, enter the identifying three-digit code. Each credit must be listed separately. For each partner, enter their share of the applicable credit. Enter the total for all partners on this schedule. **NOTE: Use only the codes referenced in the table of Schedule NRC-P3. The codes listed are not interchangeable with other codes listed in the instructions.**

**Refundable Priority 4 Credits** – For each partner, enter their share of Refundable Priority 4 Credits. Add the amount of Refundable Priority 4 Credits and enter the total for all partners in the Total column.

**Schedule RC-P4** – Refer to the list of refundable credits in the instructions for Schedule RC-P4. For each refundable credit being claimed, enter the identifying code. Each credit must be listed separately. For each partner, enter their share of the applicable credit. Enter the total for all partners on this schedule. **NOTE: Use only the codes referenced in the table of Schedule RC-P4. The codes listed are not interchangeable with other codes listed in the instructions.**

**Reconciliation of Partners' Capital Accounts** – Self-explanatory. Attach additional sheets if necessary.

### **SCHEDULE B – Included Partner's Share of Income and Tax**

The *Included Partner's Share of Income and Tax* schedule is used to report the share of income and tax for each nonresident partner who does not have a valid agreement on file with LDR. If anything is reported on the Composite Partnership Return, this schedule must be completed. Nonresident partners with an agreement on file must be included on the Schedule A. Attach additional sheets if necessary.

**Exception:** If tax credits are claimed on the composite return, all nonresident partners must be included on Schedule B regardless of having a valid agreement on file. All other partners, including residents, corporations, and other partnerships must be included on Schedule A.

**Partner Number** – Begin with number 1 and use consecutive numbering for each partner who is a nonresident member of the partnership that is being included on the composite return. Also, provide a total for all partners on this schedule as applicable. Complete each row with the requested information for each partner.

**ID Type** – Enter the SSN if the partner is an individual. Enter FEIN if the partner is a trust.

**SSN** – If ID type is SSN, enter the Social Security Number of the partner required to be included on this schedule. If ID type is FEIN, enter the Federal Employer Identification Number of the partner.

**Name** – Enter the full name if the partner is an individual or the legal name of the trust.

**Address, City, State, and ZIP** – Enter the mailing address of each partner.

**Partner's Share of Profit (%)** – Enter the year-end percentage of each partner. This percentage is generally based on the partnership agreement. Enter the total for all partners on this schedule.

**Partner's Share of Loss (%)** – Enter the year-end percentage of each partner. This percentage is generally based on the partnership agreement. Enter the total for all partners on this schedule.

**Partner's Share of Credits (%)** – Enter the year-end percentage of each partner. This percentage is generally based on the partnership agreement. Enter the total for all partners on this schedule.

**Resident of LA for Tax Year** – Enter "Yes" or "No." Enter "No" if the partner is an entity such as a corporation, or partnership. Resident partners cannot be on this schedule.

**Credits Claimed on the Return** – Enter "Yes" or "No" indicating whether tax credits earned by the partnership flow through to the partners and are being claimed on the composite return. If tax credits are claimed on the composite return, all nonresidents must be included on this schedule.

**Distributable Losses** – Enter the amount of distributable losses that were derived from or attributable to sources in this state. Add all distributable losses and enter the total for all partners in the Total column.

**Distributable Income** – Enter the amount of distributable income that was derived from or attributable to sources in this state regardless of income being distributed. Each partner's share of the composite payment is calculated on this amount. Add all distributable income and enter the total for all partners in the Total column.

**Income Tax Due** – A tax rate of 4.25 percent (.0425) is assessed on the amount of Distributable Income. Calculate the tax due for each partner and enter the total for all partners in the Total column.



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**Nonrefundable Priority 1 Credits** – For each partner, enter their share of Nonrefundable Priority 1 Credits. Add the amount of Nonrefundable Priority 1 Credits and enter the total for all partners in the Total column.

**Schedule NRC-P1** – Refer to the list of nonrefundable credits on Schedule NRC-P1. For each nonrefundable credit being claimed, enter the identifying three-digit code. Each credit must be listed separately. For each partner, enter their share of the applicable credit. Enter the total for all partners on this schedule. **NOTE: Use only the codes referenced in the table of Schedule NRC-P1. The codes listed are not interchangeable with other codes listed in the instructions.**

**Income Tax Due after Nonrefundable Priority 1 Credits** – For each partner, subtract Total Nonrefundable Priority 1 Credits from Income Tax Due and enter the result. This amount cannot be less than zero. Enter the total for all partners on this schedule.

**Refundable Priority 2 Credits** – For each partner, enter their share of Refundable Priority 2 Credits from Schedule RC-P2. Add the amount of Refundable Priority 2 Credits and enter the total for all partners in the Total column.

**Schedule RC-P2** – Refer to the list of refundable credits on Schedule RC-P2. For each refundable credit being claimed, enter the identifying code. Each credit must be listed separately. For each partner, enter their share of the applicable credit. Enter the total for all partners on this schedule. **NOTE: Use only the codes referenced in the table of Schedule RC-P2. The codes listed are not interchangeable with other codes listed in the instructions.**

**Income Tax Due after Total Refundable Priority 2 Credits** – For each partner, subtract Refundable Priority 2 Credits from Income Tax Due after Total Refundable Priority 1 Credits and enter the result. This amount cannot be less than zero. Enter the total for all partners on this schedule.

**Nonrefundable Priority 3 Credits** – For each partner, enter their share of Nonrefundable Priority 3 Credits. Add the amount of Nonrefundable Priority 3 Credits and enter the total for all partners in the Total column.

**Schedule NRC-P3** – Refer to the list of nonrefundable credits on Schedule NRC-P3. For each nonrefundable credit being claimed, enter the identifying three-digit code. Each credit must be listed separately. For each partner, enter their share of the applicable credit. Enter the total for all partners on this schedule. **NOTE: Use only the codes referenced in the table of Schedule NRC-P3. The codes listed are not interchangeable with other codes listed in the instructions.**

**Amount Paid on Partner's Behalf** – For each partner, subtract Nonrefundable Priority 3 Credits from Income Tax Due after Total Refundable Priority 2 credits and enter the result. This amount cannot be less than zero. Enter the total for all partners on this schedule.

**Refundable Priority 4 Credits** – For each partner, enter their share of Refundable Priority 4 Credits. Add the amount of Refundable Priority 4 Credits and enter the total for all partners in the Total column.

**Schedule RC-P4** – Refer to the list of refundable credits on Schedule RC-P4. For each refundable credit being claimed, enter the identifying code. Each credit must be listed separately. For each partner, enter their share of the applicable credit. Enter the total for all partners on this schedule. **NOTE: Use only the codes referenced in the table of Schedule RC-P4. The codes listed are not interchangeable with other codes listed in the instructions.**

**Reconciliation of Partners' Capital Accounts** – Self-explanatory. Attach additional sheets if necessary.

**SCHEDULE C – Other Deductions**

Provide a brief description and amount for items included in "Other deductions" reported on Line 21 of Schedule G or Schedule J. Attach additional sheets if necessary and enter that subtotal in the appropriate space provided. Enter the total deductions on the Total line.

**GENERAL INSTRUCTIONS FOR SCHEDULES D, E, F, AND G**

If you answered "yes" to Page 1, Line L, you must complete Schedules D, E, and G. If a property ratio is required for the apportionment percent prescribed for your type of business, you must also complete Schedule F. If you answered "no" to Line L, skip Schedules D, E, F, and G and go to Schedule H.

**SCHEDULE D – Reconciliation of Federal and Louisiana Net Income for Partnerships with Non-Corporate Partners**

**Line 1** – Enter the amount of federal net income from Line 1 of the Analysis of Net Income (Loss) schedule of Federal Form 1065.

**Line 2a** – Enter the amount of interest and dividend income on obligations of a state, political, or municipal subdivision other than Louisiana and its municipalities.

**Line 2b** – Enter the amount of any other additions to federal net income. A schedule of the items on this line must be supplied.

**Line 2c** – Add Lines 2a and 2b.

**Line 3a** – Enter the amount of interest and dividend income from U.S. government obligations.

**Line 3b** – Enter the amount of any other subtractions from federal net income. A schedule of the items on this line must be supplied.



**IMPORTANT:** There is no exclusion from income for a partnership who is a shareholder, member, or partner of an entity that made the pass-through entity tax election under R.S. 47:287.732.2.

**Line 3c** – Add Lines 3a and 3b.

**Line 4** – Add Lines 1 and 2c and subtract Line 3c. This amount should agree with Schedule G, Line 23.

### **SCHEDULE E – Computation of Apportionment Percent for Partnerships with Non-Corporate Partners**

The Louisiana income tax law requires the apportionment reporting method when computing the Louisiana portion of a taxpayer's apportionable income, unless it can be clearly demonstrated that the use of the apportionment method produces a manifestly unfair result, and permission to use the separate accounting method has been granted by the Secretary.

Such permission, once secured, continues to be effective so long as there is no change in the nature and extent of the Louisiana operations or in the taxpayer's relationship to operations outside of this state. A statement of any such changes in operations should be communicated immediately to the Secretary of Revenue in order that a redetermination may be made as to whether the separate accounting method is permissible.

The statute contemplates that only one specific formula is used in determining the apportionment percent, that being the formula prescribed for the taxpayer's primary business. As a general rule, where a taxpayer is engaged in more than one business, the taxpayer's primary business is that which is the primary source of the taxpayer's net apportionable income. The class of income designated as "apportionable income" is all items of gross income which are not properly includible in allocable income. Therefore allocable income is not used in determining which specific formula to use for the apportionment percent, or in the calculations of the apportionment percent. For information regarding what types of income are considered allocable income, see the instructions for Line 24 of Schedule G.

The income tax property ratio is calculated on Schedule F. All other ratios are calculated on Schedule E. On Lines 1D, and 2 through 5, mark the box if the ratio for that line is not being considered as described below.

For air transportation, use factors (1) and (5); for pipeline transportation, use factors (1), (2), and (5); for other transportation, use factors (1) and (5); 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 (5); for loan businesses, use factors (2) and (3); for merchandising, and manufacturing, use factors (1), (2), (4) and (5); and for other businesses use factors (1), (2), and (5).

**Air transportation** – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of transportation by aircraft is the arithmetical average of two ratios, as follows:

- (1) The ratio of the value of immovable and corporeal movable property, other than aircraft, owned, and located in Louisiana, to the value of all immovable and corporeal movable property, other than aircraft, owned and used in the production of apportionable income; and
- (2) The ratio of the amount of gross apportionable income derived from Louisiana sources to the total gross apportionable income. Gross apportionable income from Louisiana sources include all gross receipts derived from passenger journeys and cargo shipments originating in Louisiana, and any other items of gross apportionable income or receipts derived entirely from sources in this state.

**Other transportation** – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of transportation, other than by aircraft or pipeline, is the arithmetical average of two ratios, as follows:

- (1) The ratio of the value of immovable and corporeal movable property, owned and located in Louisiana, to the value of all immovable and corporeal movable property owned and used in the production of apportionable income; and
- (2) The ratio of the amount of gross apportionable income from Louisiana sources to the total amount of gross apportionable income of the taxpayer. Gross apportionable income from Louisiana sources includes all such income that is derived entirely from sources within this state, and a prorated portion of revenue from transportation partly without and partly within this state.

**Service enterprises** – The Louisiana apportionment percent used when net apportionable income is derived primarily from a service business in which the use of property is not a substantial income-producing factor, is the arithmetical average of two ratios, as follows:

- (1) The ratio of the amount paid for salaries, wages, and other compensation for personal services rendered in Louisiana, to the total amount paid for salaries, wages, and other compensation for personal services in connection with the production of the net apportionable income; and
- (2) The ratio of the gross apportionable income of the taxpayer from Louisiana sources to the total gross apportionable income of the taxpayer. The gross apportionable income from Louisiana sources includes the revenue from services performed in this state, and any other gross income derived entirely from sources within this state.



**Loan business** – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of making loans shall be the arithmetical average of two ratios, as follows:

- (1) The ratio of the amount paid for salaries, wages, and other compensations for personal services rendered in Louisiana, to the total salaries and wages paid in connection with the production of the net apportionable income; and
- (2) The ratio of the amount of loans made in Louisiana to the total amount of loans made everywhere.

**Manufacturing and merchandising businesses** – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of manufacturing or merchandising is computed by means of the property, salaries and wages, and sales ratios described as follows, except that the ratio of net sales shall be double-weighted or counted twice, and the Louisiana apportionment percent shall be the arithmetical average of the four ratios.

- (a) The ratio of the value of the immovable and corporeal movable property owned by the taxpayer and located in Louisiana, to the value of all immovable and corporeal movable property owned by the taxpayer and used in the production of the net apportionable income.
- (b) The ratio of the amount paid by the taxpayer for salaries, wages, and other compensation for personal services rendered in this state, to the total amount paid by the taxpayer for salaries, wages, and other compensation for personal services in connection with the production of net apportionable income.
- (c) 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. This ratio is double-weighted, or counted twice.

The term “business of manufacturing or merchandising” shall only include a taxpayer whose net apportionable income is derived primarily from the manufacture, production, or sale of tangible personal property. The term “business of manufacturing or merchandising” shall not include:

- (a) A taxpayer subject to the tax imposed pursuant to Chapter 8 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950.
- (b) Any taxpayer whose income is primarily derived from the production or sale of unrefined oil and gas.

**Pipeline transportation and other business** – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of transportation by pipeline, or from any business whose apportionment percent is not included elsewhere in the Schedule N instructions, is the arithmetical average of three ratios, as follows:

- (a) The ratio of the value of the immovable and corporeal movable property owned and located in Louisiana, to the value of all immovable and corporeal movable property owned and used in the production of the net apportionable income.
- (b) The ratio of the amount paid for salaries, wages, and other compensation for personal services rendered in this state, to the total amount paid for salaries, wages, and other compensation for personal services in connection with the production of net apportionable income.
- (c) 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.

#### **Sales\Revenue Ratio Attribution Information**

Sales of goods, merchandise, or property attributable to this state are all sales made in the regular course of business where the goods, merchandise, or property are received in this state by the purchaser. In the case of delivery of goods by common carrier or by other means of transportation, including transportation by the purchaser, the place at which the goods are ultimately received after all transportation has been completed shall be considered as the place at which the goods are received by the purchaser. However, direct delivery into this state to a person or firm designated by a purchaser from within or without the state constitutes delivery to the purchaser in this state.

Gross apportionable income attributable to this state derived from the transportation of crude petroleum, natural gas, petroleum products, or other commodities for others through pipelines includes all gross revenue derived from operations entirely within this state plus a portion of any revenue from operations partly within and partly without this state, based upon the ratio of the number of units of transportation service performed in Louisiana in connection with such revenue to the total of such units. A unit of transportation service shall be the transporting of any designated quantity of crude petroleum, natural gas, petroleum products, or other commodities for any designated distance.




**Salaries\Wages\Compensation Ratio Attribution Information**

Salaries, wages, and other compensation for personal services paid by a business whose principal office is located in Louisiana, to officers and employees responsible for the direction and supervision of operations of the business partly within and partly without Louisiana, and salaries, wages, and other compensation for personal services paid to general office employees whose duties pertain to the operations of the business partly within and partly without Louisiana, shall be allocated in part to this state on the basis of the ratio of the amount of direct operating salaries, wages, and other compensation for services rendered in Louisiana to the total of such direct operating salaries, wages, and other compensation paid in connection with the production of net apportionable income.

**SCHEDULE F – Computation of Property Ratio**
**IMPORTANT! You must complete both pages of Schedule F.**

If the partnership is required to include a property ratio in the apportionment percent computation on Schedule E or Schedule I, Schedule F must be completed.

The property ratio is composed of real and tangible assets less real and tangible assets not used in the production of net apportionable income. The value of immovable and corporeal movable property owned by the taxpayer and used in the production of net apportionable income is included in this ratio. Where only a part of the property is used in the production of apportionable income, only the value of that portion so used shall be included in the property ratio. However, where the entire property is used in the production of both allocable and apportionable income the value of the entire property is included in the property ratio. Idle property and property under construction, during such construction and prior to being placed in service, is not included in the property ratio. Property held as reserve or standby facilities, or property held as a reserve source of materials, is considered to be used in the production of apportionable income. Non-productive mineral leases are considered to be held for such use and should be included in the property ratio. The value of inventories of merchandise in transit is allocated to the state in which their delivery destination is located in the absence of conclusive evidence to the contrary.

**SCHEDULE G – Computation of Louisiana Net Income for Partnerships with Non-Corporate Partners**
**Separate Accounting Method**

Those partnerships that have been granted permission to use the separate accounting method should mark the box on the line above Line 1A and report the Louisiana amounts for the items on Lines 1A through 23. Skip Lines 24A through 27J. On Line 28, subtract Line 22 from Line 8. A copy of the federal return should be attached to the return.

**Lines 1 through 6** – Enter the amounts from the partnership's Federal Form 1065 on the corresponding lines of this schedule.

**Line 7 – Other Income** – This amount should be equal to the result of adding the amount on Line 7 of Federal Form 1065, the amounts on Lines 2 through 11 of Schedule K of Federal Form 1065, and any amounts of income added to federal net income on Form IT-565, Schedule D, less any amounts of income subtracted from federal net income on Form IT-565, Schedule D. Please attach a schedule of other income as reported on Federal Form 1065.

**Lines 9 through 20** – Enter the amounts from the partnership's Federal Form 1065 on the corresponding lines of this schedule.

**Line 21 – Other Deductions** – This amount should be equal to the result of adding the amount on Line 21 of Federal Form 1065; the amounts on Lines 12 through 13e on Schedule K of Federal Form 1065; the amount of foreign taxes reported on Schedule K-3 of Federal Form 1065, Part III, Section 4; and any amounts of expense subtracted from federal net income on Form IT-565, Schedule D, less any amounts of expense added to federal net income on Form IT-565, Schedule D. Form IT-565, Schedule C must be completed if reporting other deductions.

**Line 24 – Allocable Income** – Louisiana does not apply the business/nonbusiness concepts outlined in the Multistate Tax Compact. Irrespective of whether the net income derived from sources within Louisiana is determined by use of the apportionment method or the separate accounting method, the law designates certain classes of income as allocable income that must be accounted for on a separate (direct) basis. The classes of income designated as allocable income and the basis upon which such income should be allocated are as follows:

- A. 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.
- B. Royalties or similar revenue from the use of patents, trademarks, copyrights, secret processes, and other similar intangible rights must be allocated to the state in which such rights are used. The use referred to is that of the licensee rather than that of the licensor.
- C. Estates, trusts, and partnerships having a partnership as a partner or beneficiary must allocate and apportion their income within and without the state in accordance with the processes and formulas prescribed for nonresident individuals, and the share of any partner or beneficiary in the net income from sources in this state, so computed, must be allocated to this state in the return of the partner or beneficiary.



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- D. 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.
- E. Interest on customers' notes and accounts must be allocated to the state in which such customers are located. Other interest must be allocated to the state in which the securities or credits producing such income have their situs, which shall be at the business situs of such securities or credits if they have been so used in connection with the partnership's business as to acquire a business situs, or, in the absence of such a business situs, shall be at the commercial domicile of the partnership.
- F. & G. Dividends and profits (losses) from sales and exchanges of capital assets consisting of incorporeal property or rights must be allocated to the state in which the securities or credits producing such income have their situs, which shall be at the business situs of such securities or credits if they have been so used in connection with the partnership's business as to acquire a business situs, or, in the absence of such a business situs, shall be at the commercial domicile of the partnership.
- H. Profits (losses) from sales or exchanges not made in the regular course of business, of property, other than capital assets consisting of incorporeal property or rights, must be 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 located in the state in which the property subject to such mineral interest is situated.

**Calculation Of Net Allocable Income** – From the total gross allocable income from all sources and from gross allocable income from Louisiana sources, there is deducted all expenses, losses, and other deductions, except federal income taxes, allowable under the Louisiana income tax law that are directly attributable to such income, plus a ratable portion of the allowable deductions, except federal income taxes, that are not directly attributable to any item or class of gross income. Please attach a schedule of all allocable expenses and Louisiana expenses directly attributable to any item or class of gross income.

Although LAC 61:I.1130 was promulgated to provide guidance for determining corporation income tax liability, its guidance can also be used for determining net allocable income for partnerships with non-corporate partners. LAC 61:I.1130 provides that overhead expense attributable to items of gross allocable income derived from sources within and without Louisiana, except gross allocable income from rent of immovable or corporeal movable property or from construction, repair, or other similar services, may be determined by any reasonable method that clearly reflects net allocable income from such items of income.

### **LAC 61:I.1130.B.2.a PROVIDES:**

- i. Overhead expense attributable to Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services shall be deducted from such income for the purposes of determining Louisiana net allocable income or loss from such items of income. The amount of overhead expense attributable to such income shall be determined by multiplying overhead expense attributed to total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services by the arithmetical average of two ratios, as follows:
  - (a) the ratio of the amount of Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total gross allocable income from such sources;
  - (b) the ratio of the amount of direct cost incurred in the production of Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total direct cost incurred in the production of such income.
- ii. Overhead expense attributable to total gross allocable income derived from rent of immovable or corporeal movable property or from construction, repair, or other similar services shall be deducted from such income for the purposes of determining total net allocable income or loss from such items of income. The amount of overhead expense attributable to such income shall be determined by multiplying total overhead expense by the arithmetical average of two ratios, as follows:
  - (a) the ratio of the amount of total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total gross income derived from all sources;
  - (b) the ratio of the amount of direct cost incurred in the production of total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total direct cost incurred in the production of gross income from all sources.
- iii. If the taxpayer has not maintained documents or records sufficient to compute the ratios required by this Subparagraph, the Secretary shall, upon examination, determine the method by which to attribute overhead expense.



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In addition to direct expenses and a ratable portion of overhead expenses, LAC 61:I.1130 specifies the method for attributing a portion of interest expense to allocable income. The method of allocation and apportionment for interest set forth in the regulation is based on the approach that money is fungible and that interest expense is attributable to all activities and property regardless of any specific purpose for incurring an obligation on which interest is paid. Exceptions to the fungibility method are set forth in LAC 61:I.1130.B.1.b. The fungibility approach recognizes that all activities and property require funds and that management has a great deal of flexibility as to the source and use of funds and that the creditors of the taxpayer look to its general credit for repayment and thereby subject the money loaned to the risk of all of the taxpayer's activities. You must refer to LAC 61:I.1130 for information regarding the computation of interest expense.

**Lines 24A through 24H – Allocable Income From All Sources** – Enter the TOTAL net allocable income of each class, from all sources.

**Line 24I – Allocable Expenses** – Enter the total of all allocable expense. Attach a schedule detailing the expense by allocable income type.

**Line 24J – Net Allocable Income From All Sources** – Add Lines 24A through 24I.

**Line 25 – Net Income Subject To Apportionment** – Subtract Line 24J from Line 23.

**Line 26 – Net Income Apportioned To Louisiana** – Multiply the amount on Line 25 by the percentage from Schedule E, Line 7.

**Lines 27A through 27H – Allocable Income From Louisiana Sources** – Enter the total LOUISIANA allocable income of each class, from all sources.

**LINE 27I – Louisiana Allocable Expenses** – Enter the total of the allocable expense associated with allocable income sourced to Louisiana. Attach a schedule detailing the expense by allocable income type.

**LINE 27J – Net Allocable Income From Louisiana Sources** – Add Lines 27A through 27I. This is the LOUISIANA net allocable income.

**LINE 28** – Add the net income apportioned to Louisiana, Line 26, to the net income allocated to Louisiana, Line 27J. If the separate accounting method was used, subtract Line 22 from Line 8.

### **GENERAL INSTRUCTIONS FOR SCHEDULES H, I, J, AND F**

If you answered “yes” to Line J, Line K, or both, on Page 1 you must complete Schedules H, I, and J. See the instructions for Schedule I to determine if you also have to complete Schedule F. If you answered “no” to both Lines J and K, do not complete Schedules H, I, and J.

### **SCHEDULE H – Reconciliation of Federal and Louisiana Net Income for Partnerships with Corporate Partners**

See R.S. 47:287.71 and R.S. 47:287.73 for information.

**Line 1** – Enter the amount of federal net income from Line 1 of the Analysis of Net Income (Loss) schedule of Federal Form 1065.

**Line 2a** – Enter the total amount of any additions to federal net income. A schedule of the items on this line must be supplied.

**LINE 3a – Bank Dividends** – R.S. 47:287.71 provides a deduction from federal net income for dividend income from banking corporations organized under the laws of Louisiana, from national banking corporations doing business in Louisiana, and from capital stock associations whose stock is subject to ad valorem taxation.

**LINE 3b – All Other Dividends** – R.S. 47:287.738(F)(1) allows a deduction for dividends that would otherwise be included in gross income.

**LINE 3c – Interest** – R.S. 47:287.738(F)(2) allows a deduction for interest that would otherwise be included in gross income.

**LINE 3d – Road Home** – R.S. 47:287.738(G) provides that any grant, loan, or other benefit directly or indirectly provided to a taxpayer by the Disaster Recovery Unit of the Office of Community Development is excluded if such income was included in the taxpayer's federal taxable income. Benefits may include payments from Restore Louisiana for recovery from the Great Flood of 2016.

**LINE 3e – Expenses Not Deducted On The Federal Return Due To IRC Section 280C** – Whenever an otherwise allowable expense for purposes of computing federal net income is disallowed under the provisions of IRC Section 280C, an additional deduction in the amount of the disallowed expense is allowed under the provisions of R.S. 47:287.73. An example of such an expense is salary expense disallowed due to the utilization of the federal jobs credit.



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**LINE 3f – Other Subtractions** – A schedule of the items on this line must be supplied. Refer to R.S.47:287.71, 47:287.73, and R.S.47:287.734 through 287.747 for other subtractions from federal net income. **IMPORTANT:** There is no exclusion from income for a partnership that is a shareholder, member, or partner of an entity that made the pass-through entity tax election under R.S. 47:287.732.2. Also, include on this line:

**Compensation for Disaster Services**

R.S.47:53.5 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. 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.

**Expenses Not Deducted On The Federal Return Due To Internal Revenue Code Section 280E**

Whenever an otherwise allowable expense for purposes of computing federal net income is disallowed under the provisions of IRC Section 280E, an additional deduction in the amount of the disallowed expense is allowed under the provisions of R.S. 47:287.73(C) (1). The deduction is only allowed for a licensee engaged in the production or dispensing of therapeutic marijuana recommended for therapeutic use by patents clinically diagnosed as suffering from a debilitating medical condition as defined in R.S. 40:1046.

**COVID-19 Relief Benefits Exemption**

R.S. 47:287.738(H) provides that any gratuitous grant, loan, rebate, tax credit, advance refund, or other qualified disaster relief benefit provided directly or indirectly by the state or federal government as a COVID-19 relief benefit is excluded if such income was included in the taxpayer's federal net income. Benefits may include payments from the Louisiana Main Street Recovery Fund. See Revenue Information Bulletin 21-019 and Revenue Ruling 22-002. Attach a schedule detailing the source and amount of the excluded benefits and a copy of the Federal Form 1065.

**Line 3g – Total Subtractions** – Add Lines 3a through 3f.

**LINE 4 – Louisiana Net Income From All Sources** – Add Lines 1 and 2a and subtract Line 3g. This amount should agree with Schedule J, Line 23.

**SCHEDULE I – Computation of Apportionment Percentage for Partnerships with Corporate Partners**

Except for certain oil and gas businesses, a single revenue ratio is used to apportion income. Specific revenue ratios are prescribed for air, pipeline, other transportation businesses, and certain service enterprises. A general revenue ratio is prescribed for manufacturing, merchandising and any other business for which a formula is not specifically prescribed. A specific apportionment formula, consisting of four ratios is prescribed for certain oil and gas businesses. The statute contemplates that only one specific formula is used in determining the apportionment percent, that being the formula prescribed for the primary business. As a general rule, where more than one type of business is transacted, the primary business is that which is the primary source of net apportionable income. The class of income designated as "apportionable income" is all items of gross income which are not properly includible in allocable income. Therefore allocable income is not used in determining which specific formula to use for the apportionment percent, or in the calculations of the apportionment percent. For information regarding what types of income are considered allocable income, see the instructions for Line 24 of Schedule J.

The income tax revenue and wage ratios are calculated on Schedule I. The income tax property ratio is calculated on Schedule F. Mark the box on Line 2 if the wage ratio is not considered as described below. Mark the box on Line 3 if the property ratio is not considered as described below. Mark the box on Line 4 if the double-weighted sales ratio is not considered as described below.

**Television and Radio Businesses** – See R.S. 47:287.95(K)

**Oil And Gas Businesses** – The Louisiana apportionment percent used when net apportionable income is derived primarily from the exploration, production, refining, or marketing of oil and gas is the arithmetical average of four ratios, as follows:

- The ratio of the value of the immovable and corporeal movable property owned and located in Louisiana to the value of the immovable and corporeal movable property owned and used in the production of the net apportionable income.
- The ratio of the amount paid for salaries, wages, and other compensation for personal services rendered in this state to the total amount paid for salaries, wages, and other compensation for personal services in connection with the production of net apportionable income.
- 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. This ratio is counted twice (double-weighted).



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This provision applies to the following:

- Any taxpayer whose income is primarily derived from the production or sale of unrefined oil and gas.
- Any taxpayer defined as an integrated oil company per the United States Internal Revenue Code – 26 USC 291(b)(4), or integrated oil companies that refine, produce, and have marketing operations, whose income in Louisiana is principally derived from production and sale of unrefined oil and gas, and who also engage in significant marketing of refined petroleum products in Louisiana. However, any corporation, whose activities during the taxable year do not include gross receipts from retail sales of oil and/or natural gas or gross receipts from refinery activities of oil and/or natural gas, will not be considered as an integrated oil company for Louisiana tax purposes.

When the numerator and denominator are zero in any one or more ratios in the apportionment formula, such ratio is dropped from the apportionment formula and the arithmetical average determined from the total remaining ratios.

**Air Transportation** – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of transportation by aircraft is computed by means of a single ratio, the ratio of the amount of gross apportionable income derived from Louisiana sources to the total gross apportionable income of the taxpayer.

Gross apportionable income from Louisiana sources includes all gross receipts derived from passenger journeys and cargo shipments originating in Louisiana and any other items of gross apportionable income or receipts derived entirely from sources in Louisiana.

**Transportation Other Than Air or Pipeline** – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of transportation, other than aircraft or pipeline, is computed by means of a single ratio, the ratio of the amount of gross apportionable income from Louisiana sources to the total amount of gross apportionable income of the taxpayer. Gross apportionable income from Louisiana sources includes all such income that is derived from sources within the state and a portion of revenue from transportation partly without and partly within Louisiana.

**Service Enterprises** – The Louisiana apportionment percent used when net apportionable income is derived primarily from a service business in which the use of property is not a substantial income producing factor is computed by means of a single ratio, the ratio of the gross apportionable income from Louisiana sources to the total gross apportionable income.

Gross apportionable income from Louisiana sources include the revenue from services sourced to Louisiana, and any other gross income derived entirely in this state. The general rule for sourcing service receipts to Louisiana is that service receipts are sourced to Louisiana if and to the extent the service is delivered to a location in Louisiana (market based). Refer to R.S. 47: 287.95(L) for specific sourcing rules.

**Manufacturing, Merchandising, Pipeline Transportation, and Other Businesses Not Addressed Above** – The Louisiana apportionment percent used when net apportionable income is derived primarily from the business of manufacturing or merchandising (manufacturing, producing, and/or selling tangible personal property) or pipeline transportation or other business not addressed above is computed by means of a single ratio, 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.

### **SCHEDULE J – Computation of Louisiana Net Income of Partnerships with Corporate Partners**

#### **Separate Accounting Method**

Those corporations that have been granted permission to use the separate accounting method should mark the box on the line above Line 1A and report the Louisiana amounts for the items on Lines 1A through 23. Skip Lines 24A through 27G. On Line 28, subtract Line 22 from Line 8. A copy of the federal return should be attached to the return.

#### **Instructions**

**Lines 1 through 6** – Enter the amounts from the partnership's Federal Form 1065 on the corresponding lines of this schedule.

**Line 7 – Other Income** – This amount should be equal to the result of adding the amount on Line 7 of Federal Form 1065, the amounts on Lines 2 through 11 of Schedule K of Federal Form 1065 and any amounts of income added to federal net income on Form IT-565, Schedule H, less any amounts of income subtracted from federal net income on Form IT-565, Schedule H. Please attach a schedule of other income as reported on Federal Form 1065.

**Lines 9 through 20** – Enter the amounts from the partnership's Federal Form 1065 on the corresponding lines of this schedule.

**Line 21 – Other Deductions** – This amount should be equal to the result of adding the amount on Line 21 of Federal Form 1065; the amounts on Lines 12 through 13e on Schedule K of Federal Form 1065; the amount of foreign taxes reported on Schedule K-3 of Federal Form 1065, Part III, Section 4; and any amounts of expense subtracted from federal net income on Form IT-565, Schedule H, less any amounts of expense added to federal net income on Form IT-565, Schedule H. Form IT-565, Schedule C must be completed if reporting other deductions.



**Line 24 – Allocable Income** – Louisiana does not apply the business/nonbusiness concepts outlined in the Multistate Tax Compact. Irrespective of whether the net income derived from sources within Louisiana is determined by use of the apportionment method or the separate accounting method, the law designates certain classes of income as allocable income that must be accounted for on a separate (direct) basis. See LAC 61:I.1130 available on the Department’s website. The classes of income designated as allocable income and the basis upon which such income should be allocated are as follows:

- A. 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.
- B. Royalties or similar revenue from the use of patents, trademarks, copyrights, secret processes, and other similar intangible rights must be allocated to the state in which such rights are used. The use referred to is that of the licensee rather than that of the licensor. A mineral lease, royalty interest, oil payment, or other mineral interest is allocated to the state in which the property subject to such mineral interest is situated.
- C. 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.
- D. 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 partnership 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.
- E. Other allocable income – This line should include interest income received from a controlled corporation that a corporation elects to tax under R.S. 47:287.738(F)(2). The interest is allocated to the state or states in which the real and tangible personal property of the controlled corporation is located. The allocation is made on the basis of the ratio of the value of such property located in Louisiana to the value of such property within and without the state. See LAC 61:I.1130.A.2.

**Calculation Of Net Allocable Income** – From the total gross allocable income from all sources and from gross allocable income from Louisiana sources, there is deducted all expenses, losses, and other deductions, except federal income taxes, allowable under the Louisiana income tax law that are directly attributable to such income, plus a ratable portion of the allowable deductions, except federal income taxes, that are not directly attributable to any item or class of gross income. Please attach a schedule of all allocable expenses and Louisiana expenses directly attributable to any item or class of gross income.

LAC 61:I.1130 provides that overhead expense attributable to items of gross allocable income derived from sources within and without Louisiana, except gross allocable income from rent of immovable or corporeal movable property or from construction, repair, or other similar services, may be determined by any reasonable method that clearly reflects net allocable income from such items of income.

**LAC 61:I.1130.B.2.a PROVIDES:**

- i. Overhead expense attributable to Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services shall be deducted from such income for the purposes of determining Louisiana net allocable income or loss from such items of income. The amount of overhead expense attributable to such income shall be determined by multiplying overhead expense attributed to total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services by the arithmetical average of two ratios, as follows:
  - (a) the ratio of the amount of Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total gross allocable income from such sources;
  - (b) the ratio of the amount of direct cost incurred in the production of Louisiana gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total direct cost incurred in the production of such income.
- ii. Overhead expense attributable to total gross allocable income derived from rent of immovable or corporeal movable property or from construction, repair, or other similar services shall be deducted from such income for the purposes of determining total net allocable income or loss from such items of income. The amount of overhead expense attributable to such income shall be determined by multiplying total overhead expense by the arithmetical average of two ratios, as follows:
  - (a) the ratio of the amount of total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total gross income derived from all sources;
  - (b) the ratio of the amount of direct cost incurred in the production of total gross allocable income derived from rent of immovable or corporeal movable property and from construction, repair, or other similar services to total direct cost incurred in the production of gross income from all sources.



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iii. If the taxpayer has not maintained documents or records sufficient to compute the ratios required by this Subparagraph, the Secretary shall, upon examination, determine the method by which to attribute overhead expense.

In addition to direct expenses and a ratable portion of overhead expenses, LAC 61:I.1130 specifies the method for attributing a portion of interest expense to allocable income. The method of allocation and apportionment for interest set forth in the regulation is based on the approach that money is fungible and that interest expense is attributable to all activities and property regardless of any specific purpose for incurring an obligation on which interest is paid. Exceptions to the fungibility method are set forth in LAC 61:I.1130.B.1.b. The fungibility approach recognizes that all activities and property require funds and that management has a great deal of flexibility as to the source and use of funds and that the creditors of the taxpayer look to its general credit for repayment and thereby subject the money loaned to the risk of all of the taxpayer's activities. You must refer to LAC 61:I.1130 for information regarding the computation of interest expense.

**Lines 24A through 24E – Allocable Income From All Sources** – Enter the TOTAL net allocable income of each class, from all sources.

**Line 24F – Allocable Expenses** – Enter the total of all allocable expense. Attach a schedule detailing the expense by allocable income type.

**Line 24G – Net Allocable Income From All Sources** – Add Lines 24A through 24F.

**Line 25 – Net Income Subject To Apportionment** – Subtract Line 24G from Line 23.

**Line 26 – Net Income Apportioned To Louisiana** – Multiply the amount on Line 25 by the percentage from Schedule I, Line 6.

**Lines 27A through 27E – Allocable Income From Louisiana Sources** – Enter the total LOUISIANA allocable income of each class, from all sources.

**Line 27F – Louisiana Allocable Expenses** – Enter the total of the allocable expense associated with allocable income sourced to Louisiana. Attach a schedule detailing the expense by allocable income type.

**Line 27G – Net Allocable Income From Louisiana Sources** – Add Lines 27A through 27F. This is the LOUISIANA net allocable income.

**Line 28** – Add the net income apportioned to Louisiana, Line 26, to the net income allocated to Louisiana, Line 27G. If the separate accounting method was used, subtract Line 22 from Line 8.

**SCHEDULE 6922 – Composite Partnership Return Summary of Tax Paid on Behalf of Nonresident Partners**

**Line 1 – Total Distributable Income for Nonresident Partners included with the Louisiana Composite Partnership Return** – Total from Schedule B, Column N. Do not net distributable losses. Also enter this amount on Line M of Form IT-565.

**Line 2 – Total Amount of Income Tax Due** – Enter the total from the Schedule B, Column O.

**Line 3 – Total Nonrefundable Priority 1 Credits** – Enter the total amount of Nonrefundable Priority 1 Credits from Schedule NRC-P1, Line 5.

**Line 4 – Tax Liability after Nonrefundable Priority 1 Credits** – Subtract Line 3 from Line 2. This amount cannot be less than zero.

**Line 5 – Refundable Priority 2 Credits** – Enter the total amount of Refundable Priority 2 Credits from Schedule RC-P2, Line 9.

**LINE 6 – Tax Liability after Refundable Priority 2 Credits** – If Line 4 is greater than Line 5, subtract Line 5 from Line 4. Also, enter a zero "0" on Line 7 and go to Line 8. Otherwise, enter a zero "0" on Line 6 and go to Line 7.

**LINE 7 – Overpayment after Refundable Priority 2 Credits** – If Line 5 is greater than Line 4, subtract Line 4 from Line 5.

**LINE 8 – Nonrefundable Priority 3 Credits** – Enter the total amount of Nonrefundable Priority 3 Credits from Schedule NRC-P3, Line 11. These credits are limited to the tax liability calculated on Line 6.

**LINE 9 – Adjusted Louisiana Income Tax** – Subtract Line 8 from Line 6. If the result is less than zero, enter zero "0"

**LINE 10 – Overpayment of Refundable Priority 2 Credits** – Enter the amount from Line 7, if applicable.

**LINE 11 – Refundable Priority 4 Credits** – Enter the total amount of Refundable Priority 4 Credits from Schedule RC-P4, Line 6.

**LINE 12 – Amount of Credit Carried Forward from 2022** – Enter the amount of any credit carried forward from 2022.

**LINE 13 – Estimated Payments for 2023** – Enter the total amount of estimated payments the partnership made for 2023.

**LINE 14 – Amount of Extension Payment** – Enter the amount paid as the extension payment.

**LINE 15 – Total Refundable Tax Credits and Payments** – Add Lines 10 through 14.



**LOUISIANA**  
DEPARTMENT of REVENUE

**Instructions for Partnership Return of Income  
Tax Year 2023**

**LINE 16 – Overpayment** – If Line 15 is greater than Line 9, subtract Line 9 from Line 15. This is the amount of your overpayment. If Line 15 is equal to Line 9, enter zero “0” on Line 16 through Line 23. If Line 15 is less than Line 9, enter a zero “0” on Lines 16 through 18 and go to Line 19.

**Line 17 – Amount of Line 16 to be Credited to 2024** – Enter the amount of your available overpayment shown on Line 16 that you wish to credit to 2024.

**Line 18 – Amount to be Refunded** – Subtract Line 17 from Line 16. This amount is to be refunded.

**Line 19 – Amount You Owe** – If Line 9 is greater than Line 15, subtract Line 15 from Line 9.

**Line 20 – Interest** – If your income tax amount is not paid by May 15, 2024, you will be charged interest on the unpaid tax from May 16, 2024, until the date the balance of tax due is paid. Because the interest rate varies from year to year, the rates are published in Form R-1111, *Interest Rate Schedule Collected on Unpaid Taxes*, which is available on LDR’s website. In order to compute the INTEREST RATE PER DAY, multiply the monthly rate by 12, divide it by 365, and carry out to seven places to the right of the decimal. Example: Assume the 2024 monthly interest rate is determined to be .4375 percent. Multiply .4375 times 12 = 5.25 percent (.0525), which equals the annual interest rate. Divide .0525 by 365,  $.0525/365 = .0001438$ , which equals the INTEREST RATE PER DAY. NOTE: You must carry out your computation to seven places to the right of the decimal point.

**LINE 21 – Delinquent Filing Penalty** – If you fail to file your tax return by the extended due date – on or before November 15, 2024, for calendar year filers, or on or before your fiscal year extended due date, you may be charged a delinquent filing penalty. The penalty is five percent of the tax for each 30 days or fraction thereof during which the failure to file continues. If you file after the extended due date, the delinquent filing penalty that will be assessed is the maximum of 25 percent of the tax due.

**LINE 22 – Delinquent Payment Penalty** – If you fail to pay the tax due by the due date, a delinquent payment penalty of 0.5 percent (.005) of the tax not paid by the due date will accrue for each 30 days, or fraction thereof, during which the failure to pay continues. This penalty cannot exceed 25 percent (.25) of the tax due.

**Important Notice:** The sum of both the delinquent filing and delinquent payment penalties cannot exceed 25 percent (.25) 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, you may also incur an accuracy-related penalty under R.S. 47:1604.1 if circumstances indicate negligent failure to comply with rules and regulations.

**LINE 23 – Balance Due Louisiana** – Add Lines 19 through 22. You may make an electronic payment at [www.revenue.louisiana.gov/latap](http://www.revenue.louisiana.gov/latap). You may also make payment by check or money order by using Form R-6922V, *Composite Partnership Electronic Filing Payment Voucher*.

### GENERAL INFORMATION REGARDING TAX CREDITS

If a schedule is required in the instructions below, you must attach a separate schedule for each credit claimed. The schedule must clearly identify the credit, your 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 are posted on [www.revenue.louisiana.gov/policies](http://www.revenue.louisiana.gov/policies) under Policy Documents.

A partnership must provide their partners or members a Schedule K-1 and other documentation required to substantiate their share of any credit that was passed down from the entity.

**Note:** If you are claiming a credit that is recorded in the Tax Credit Registry, you must attach a copy of Form R-6135, *Credit Registration Form*, to the return and list the State Certification Number in the appropriate space on the 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.

### PASS-THROUGH ENTITY TAX ELECTION

Credits earned in the year the pass-through entity tax election was made or after the election was made are tax items of the entity and the credit and its future carryforward must be reported on the entity’s return. Credits earned in the year the election was made or after cannot be used on the individual income tax return of any shareholder, member, or partner. Tax credits earned in tax years prior to the election that have previously passed through to the owners are tax items of the owners and any credit carryforward remaining can only be used on their income tax return. See Revenue Information Bulletin 19-019 and Louisiana Administrative Code (LAC) 61:1.1001(C)(6) for more information.





## Instructions for Partnership Return of Income Tax Year 2023

### INSTRUCTIONS FOR SCHEDULE NRC-P1, NONREFUNDABLE PRIORITY 1 CREDITS

#### Nonrefundable Priority 1 Credits, Lines 1 through 4

Nonrefundable credits available for the tax year ending December 31, 2023, are referenced individually by a three-digit code. Please enter the credit description, identifying code, and the dollar amount claimed in the appropriate spaces on Lines 1 through 4.

**NOTE: Use only the codes referenced in the table of Schedule NRC-P1. The codes listed here are not interchangeable with other codes.**

**Line 5** – Add Lines 1 through 4. Also, enter the amount on Schedule 6922, Line 3.

CODE	CREDIT DESCRIPTION
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**100 – Premium Tax** – R.S. 47:227 provides a credit for premium taxes paid during the preceding 12 months by an insurance company authorized to do business in Louisiana. A copy of the premium tax return and canceled checks in payment of the tax must be attached to the return.

**120 – Bone Marrow** – R.S. 47:287.758 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

CODE	CREDIT DESCRIPTION
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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.

**150 – Qualified Playgrounds** – R.S. 47:6008 provides a credit for donations to assist qualified playgrounds. The credit is for 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 02-020 posted on LDR's website.

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

**199 – Other** – Reserved for future credits.

### INSTRUCTIONS FOR SCHEDULE RC-P2, REFUNDABLE PRIORITY 2 CREDITS

#### Refundable Priority 2 Credits, Lines 1 through 5

Refundable credits available for the tax year ending December 31, 2023, are referenced individually by a three-digit code. Please enter the credit description, identifying code, and the dollar amount claimed in the appropriate spaces on Lines 1 through 5.

#### Transferable, Refundable Priority 2 Credits, Lines 6 through 8

Complete Lines 6 through 8 if you are claiming the Musical and Theatrical Production credit. For Lines 6A, 7A, and 8A, enter the LDR State Certification Number from Form R-6135 for the credit claimed on Lines 6, 7, and 8 respectively. See Revenue Information Bulletin 17-008 on LDR's website for claiming a purchased transferable tax credit.

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

**Line 9** – Add Lines 1 through 8. Also, enter the amount on the Schedule 6922, Line 5.

CODE	CREDIT DESCRIPTION
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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.

**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

CODE	CREDIT DESCRIPTION
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company with respect to that company's public service properties located in Louisiana. 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 of specialty apparel items from a private sector Prison Industry Enhancement (PIE) contractor. Contact LDR for further information regarding this credit.

**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. See Revenue Information Bulletin 08-014 on LDR's website.

**59F – Technology Commercialization** – R.S. 51:2351 et seq. allows 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,



## Instructions for Partnership Return of Income Tax Year 2023

### INSTRUCTIONS FOR SCHEDULE RC-P2, REFUNDABLE PRIORITY 2 CREDITS ...Continued

CODE	CREDIT DESCRIPTION	CODE	CREDIT DESCRIPTION
	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. This credit can only be claimed on Lines 6 through 8.		eligible expenses must be maintained and provided upon request. For more information regarding this credit, contact the Louisiana Department of Education.
<b>65F</b>	<b>School Readiness Child Care Provider</b> – R.S. 47:6105 allows a refundable credit for a child care provider who operates a facility or facilities where care is given to foster children in the custody of the Louisiana Department of Children and Family Services or to children who participate in the Child Care Assistance Program administered by the Louisiana Department of Education (LDE). The credit is based on the average monthly number of children who attended the facility multiplied by an amount based on the quality rating of the child care facility. For more information regarding this credit, contact LDE.	<b>68F</b>	<b>School Readiness Fees and Grants to Resource and Referral Agencies</b> – R.S. 47:6107 allows a refundable credit for a taxpayer whose business pays fees and grants to child care resource and referral agencies. The credit cannot exceed \$5,000 per tax year. For more information regarding this credit, please contact the Louisiana Department of Education.
<b>67F</b>	<b>School Readiness Business-Supported Child Care</b> – R.S. 47:6107 allows a refundable credit for a taxpayer who incurs eligible business-supported child care expenses. The percentage of eligible expenses allowed for the credit depends on the quality rating of the child care facility to which the expenses are related or the quality rating of the child care facility that the child attends. Copies of canceled checks and other documentation to support the amount of	<b>70F</b>	<b>Retention and Modernization</b> – R.S. 51:2399.1 et seq. allows 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.
		<b>73F</b>	<b>Digital Interactive Media &amp; Software</b> – 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.
		<b>80F</b>	<b>Other Refundable Credit</b> – Reserved for future credits.

### INSTRUCTIONS FOR SCHEDULE NRC-P3, NONREFUNDABLE PRIORITY 3 CREDITS

#### Nonrefundable Priority 3 Credits, Lines 1 through 6

Additional nonrefundable credits available for the tax year ending December 31, 2023, are referenced individually by a three-digit code. Please enter the credit description, identifying code, and the dollar amount claimed in the appropriate spaces on Lines 1 through 6.

#### Transferable, Nonrefundable Priority 3 Credits, Lines 7 through 10

Complete Lines 7 through 10 if you are claiming a transferable credit. For Lines 7A, 8A, 9A, and 10A, enter the State Certification Number from Form R-6135 for credits claimed on Lines 7 through 10 respectively. See Revenue Information Bulletin 17-008 on LDR's website for claiming a purchased transferable tax credit.

**Line 11** – Add Lines 1 through 10. Also, enter the amount on Schedule 6922, Line 8.

**NOTE: Use only the codes referenced in the table on Schedule NRC-P3. The codes listed here are not interchangeable with other codes.**

CODE	CREDIT DESCRIPTION
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<b>208</b>	<b>Previously Unemployed</b> – This credit was repealed by Act 202 of the 2019 Regular Legislative Session effective December 31, 2018. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your five (5) year carryover period.
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CODE	CREDIT DESCRIPTION
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<b>224</b>	<b>New Jobs Credit</b> – This credit (R.S. 47:34 and 47:287.749) is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount against income tax for any years you have remaining in your five (5) year carryover period.
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<b>228</b>	<b>Eligible Re-entrants</b> – This credit (R.S. 47:287.748) is no longer available because Act 403 of the 2017 Regular Legislative Session ended the credit effective December 31, 2019. If you have an eligible carryover amount, use this code to utilize the carryover amount against income tax for any years you have remaining in your five (5) year carryover period.
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<b>236</b>	<b>Apprenticeship (2007)</b> – This credit was repealed by Act 357 of the 2015 Regular Legislative Session. If you have an eligible carryover amount, use this code to utilize the carryover amount for any years you have remaining in your ten (10) year carryover period. Credits earned beginning with the 2022 tax year should be claimed using credit code 463.
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<b>251</b>	<b>Motion Picture Investment</b> – R.S. 47:6007(C)(1) provides a credit for taxpayers domiciled in Louisiana who invests in a state-certified, motion picture production. Taxpayers taking this credit may attach Form R-10611, <i>Motion Picture Investment Tax Credit Schedule</i> , available on LDR's
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## Instructions for Partnership Return of Income Tax Year 2023

### INSTRUCTIONS FOR SCHEDULE NRC-P3, NONREFUNDABLE PRIORITY 3 CREDITS ...Continued

CODE	CREDIT DESCRIPTION	CODE	CREDIT DESCRIPTION
	website, as documentation for this credit. You must certify certain requirements in order to use the credit. See RIB 23-023 for more information and attach Form R-90150, <i>Taxpayer Certification of Compliance of Tax Obligations for the Motion Picture Production Credit</i> , to your return. For information on the cap, see <a href="http://www.revenue.louisiana.gov/CreditCaps">www.revenue.louisiana.gov/CreditCaps</a> . This credit can only be claimed on Lines 7 through 10.		<i>Picture Production Credit</i> , to your return. For information on the cap, see <a href="http://www.revenue.louisiana.gov/CreditCaps">www.revenue.louisiana.gov/CreditCaps</a> . This credit can only be claimed on Lines 7 through 10.
<b>252</b>	<b>Research and Development</b> – R.S. 47:6015 provides a credit for any taxpayer who earned the credit based on participation in the Small Business Technology Transfer or the Small Business Innovation Research Grant program. This credit can only be claimed on Lines 7 through 10.	<b>262</b>	<b>Angel Investor</b> – R.S. 47:6020 provides a credit for taxpayers who make third party investments in certified Louisiana entrepreneurial businesses on or after January 1, 2011. To earn the Angel Investor 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 10.
<b>253</b>	<b>Historic Structures</b> – R.S. 47:6019 provides a credit if the taxpayer incurs certain expenses during the rehabilitation of a historic structure that is located in either a downtown development or a cultural district, or a historic structure contributing to the National Register of Historic Places. Refer to Revenue Information Bulletin 14-007 and 14-007A on LDR's website. This credit can only be claimed on Lines 7 through 10.	<b>299</b>	<b>Other</b> – Reserved for future credits.
<b>257</b>	<b>Capital Company</b> – R.S. 51:1924 provides a credit for any person who invests in a certified Louisiana Capital Company. This credit must be approved by the Commissioner of the Louisiana Office of Financial Institutions. A copy of the certification must be attached to the return. This credit can only be claimed on Lines 7 through 10.	<b>305</b>	<b>Tax Equalization</b> – 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.
<b>258</b>	<b>LA Community Development Financial Institution (LCDFI)</b> – R.S. 51:3085 et seq. provides 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 10.	<b>310</b>	<b>Manufacturing Establishments</b> – 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.
<b>259</b>	<b>New Markets</b> – 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 10.	<b>399</b>	<b>Other</b> – Reserved for future credits.
<b>261</b>	<b>Motion Picture Infrastructure</b> – 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 postproduction 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. You must certify certain requirements in order to use the credit. See RIB 23-023 for more information and attach Form R-90150, <i>Taxpayer Certification of Compliance of Tax Obligations for the Motion</i>	<b>412</b>	<b>Refund by Utilities</b> – R.S. 47:287.664 provides a credit for certain court ordered refunds made by utilities to its customers.
		<b>424</b>	<b>Donation to School Tuition Organization</b> – 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. Form R-10604, <i>Receipt for Donations to School Tuition Organization Tax Credit</i> , must be attached to your return. See Revenue Information Bulletin 18-024 on LDR's website.
		<b>454</b>	<b>QMC Music Job Creation Credit</b> – R.S. 47:6023 provides a credit to a Qualifying Music Company (QMC) that is a music publisher, sound recording studio, booking agent, or artist management that is engaged directly or indirectly in the production, distribution, and promotion of music. 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. The credit is limited to 50 percent of the taxpayer's tax liability.
		<b>457</b>	<b>Neighborhood Assistance</b> – 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 equal to 50 percent of the amount contributed and cannot exceed \$180,000 annually.



## Instructions for Partnership Return of Income Tax Year 2023

### INSTRUCTIONS FOR SCHEDULE NRC-P3, NONREFUNDABLE PRIORITY 3 CREDITS ...Continued

CODE	CREDIT DESCRIPTION	CODE	CREDIT DESCRIPTION
<b>458</b>	<b>Research and Development</b> – 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 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.		entered into a written apprenticeship 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 which has no less than four levels of training and no less than 500 hours of instruction. Use this code for Apprenticeship credits earned for employment of eligible apprentices after December 31, 2021. Attach a copy of Form R-90005, <i>Apprenticeship Tax Credit Employer Certification</i> , and the required documentation as listed on that form.
<b>459</b>	<b>Ports of Louisiana Import Export Cargo</b> – R.S. 47:6036(l) provides a credit to individuals 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.	<b>464</b>	<b>Donation to Qualified Foster Care Charitable Organization</b> – R.S. 47:6042 provides a credit for donations made to a qualifying foster care charitable organization that provides services to a child in a foster care placement program established by the Department of Children and Family Services. The credit is for the amount of the donation used to provide the service, limited to \$50,000. Form R-68009, <i>Receipt for Donations to Qualifying Foster Care Charitable Organization Credit</i> , must be attached to your return.
<b>460</b>	<b>LA Import</b> – R.S. 47:6036.1 provides a credit to encourage the utilization of Louisiana public port facilities for cargo imports and the development of new port infrastructure facilities for the manufacturing, distribution, and warehousing of imported goods. 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.	<b>500</b>	<b>Inventory Tax Credit Carried Forward and ITEP</b> – R.S.47:6006 provides a credit for ad valorem taxes paid to political subdivisions in Louisiana on inventory held by manufacturers, distributors, or retailers. Use this code for the carryforward of unused nonrefundable credits (not current year credit) from 2015 through 2022. 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 2015 through 2022 and the current year credit calculated on the 2023, Form R-10610-ITE, <i>Schedule of Ad Valorem Tax Credit Claimed by ITEP Manufacturers for Ad Valorem Tax Paid on Inventory</i> , which must be attached to the return.
<b>461</b>	<b>LA Work Opportunity</b> – R.S. 47:287.750 provides a credit for a business that hires participants in the work release programs provided for in R.S. 15:711, 1111, 1199.9, and 1199.10. The Louisiana Department of Public Safety or applicable sheriff must certify that the eligible business employed an eligible re-entrant who is participating in a work release program on or after January 1, 2021, in an eligible job for 12 consecutive months. A copy of the certification of the credit must be attached to the return.	<b>502</b>	<b>Ad Valorem Natural Gas Credit Carried Forward</b> – R.S. 47:6006 provides 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 2015 through 2022.
<b>462</b>	<b>Youth Jobs</b> – R.S. 47:6028 provides a credit for a business that hires one or more eligible youth on or after July 1, 2021. To earn the credit, the eligible youth must work at least three (3) consecutive months in a full-time or part-time position at the business. The credit is equal to \$1,250 for each eligible youth hired in a full-time position or \$750 for each eligible youth hired in a part-time position. Taxpayers must apply to the Department to receive certification. A copy of the certification of the credit must be attached to the return. See LAC 61:l.1921 for more information.	<b>504</b>	<b>Atchafalaya Trace</b> – 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.
<b>463</b>	<b>Apprenticeship (2022)</b> – R.S. 47:6033 provides a credit to employers for \$1.25 for each hour of employment of an eligible apprentice, limited to \$1,250 for each eligible apprentice. An eligible apprentice is a person who has	<b>506</b>	<b>Cane River Heritage</b> – 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 Louisiana Department of Culture, Recreation, and Tourism, and a copy of the contract must be attached to the return.



## Instructions for Partnership Return of Income Tax Year 2023

### INSTRUCTIONS FOR SCHEDULE NRC-P3, NONREFUNDABLE PRIORITY 3 CREDITS ...Continued

CODE	CREDIT DESCRIPTION	CODE	CREDIT DESCRIPTION
<b>508</b>	<b>Ports of Louisiana Investor</b> – R.S. 47:6036(C) provides a credit to taxpayers 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.		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.
<b>510</b>	<b>Enterprise Zone</b> – R.S. 51:1781 et seq. provides a credit for private sector investments in certain areas that are designated as “Enterprise Zones.” The taxpayer must enter	<b>550</b>	<b>Recycling Credit</b> – 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.
		<b>599</b>	<b>Other</b> – Reserved for future credits.

### INSTRUCTIONS FOR SCHEDULE RC-P4, REFUNDABLE PRIORITY 4 CREDITS

#### Refundable Priority 4 Credits, Lines 1 through 5

Additional refundable credits available for the tax year ending December 31, 2023, are referenced individually by a three-digit code. Please enter the credit description, identifying code and the dollar amount claimed in the appropriate spaces on Lines 1 through 5.

**Line 6** – Add Lines 1 through 5. Also, enter the amount on Schedule 6922, Line 11.

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

CODE	CREDIT DESCRIPTION
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<b>50F</b>	<b>Inventory Tax</b> – You must attach Form R-10610, <i>Schedule of Ad Valorem Tax Credit Claimed by Manufacturers, Distributors, and Retailers for Ad Valorem Tax Paid on Inventory or Natural Gas</i> , to your return showing the calculation of the credit. R.S. 47:6006 allows a refundable credit 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 is refundable. For businesses formed or first registered to do business in
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CODE	CREDIT DESCRIPTION
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<b>51F</b>	<b>Ad Valorem Natural Gas</b> – You must attach Form R-10610 to your return showing the calculation of the credit. R.S. 47:6006 allows a refundable 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. 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.
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