

LOUISIANA

DEPARTMENT of REVENUE

IRC Section 965 Income & FIT Deduction Worksheet

Attach Form R-620-965 to your Form
CIFT-620 or IT-541

General Information

On December 22, 2017, Public Law 115-97, commonly referred to as the Tax Cuts and Job Act ("TCJA"), was enacted into federal law. The TCJA amended Internal Revenue Code ("IRC") Section 965 to require that United States shareholders, as defined under section 951(b) of the Internal Revenue Code, with deferred foreign income increase their Subpart F income by the greater of accumulated post 1986 deferred foreign income as of November 2, 2017 or as of December 31, 2017.

2017 Louisiana Corporate Income Tax Form 620

Louisiana classifies this income as dividend income subject to a 72 percent dividend deduction. See Revenue Information Bulletin No. 18-030. In addition, if a taxpayer, or a federal consolidated group in which a taxpayer is a member, paid a tax pursuant to IRC 965 (a "Transition Tax"), the taxpayer must remove any Transition Tax paid from the standard calculation of the federal income tax deduction. To claim any portion of Transition Tax paid as a federal income tax deduction, the taxpayer must complete this worksheet and attach it to the taxpayer's 2017 Form CIFT-620.

In completing Form CIFT-620, Louisiana's standard method of allocating federal taxes paid among members of a federal consolidated group relies on the federal taxable income reported on Federal Form 1120. However, IRC 965 Income is excluded from the calculation of federal taxable income on Form 1120. Therefore, the allocation of taxes paid by the taxpayer must be reported separately. As provided in R.S. 47:287.83, no federal income tax deduction shall be allowed on net income upon which no Louisiana tax has been incurred, or upon which, for any reason whatsoever, no Louisiana income tax will be paid.

On the 2017 Form CIFT-620, in the box to the left of the entry field for Line 2, the taxpayer will need to enter a "9" to indicate that the taxpayer is subject to the 965 inclusion of deferred income. The schedule below must be completed and attached to the return when filing reflecting the calculations for additional income included in the return and for the allocation of federal taxes paid on the additional income. This worksheet must be completed on a separate company basis.

PART A – Determining amount to be included in Louisiana income and eligibility for additional federal income tax deduction related to IRC Section 965 Income Inclusion

1. IRC 965(a) inclusion (<i>see federal guidance</i>)	.00
2. IRC 965(c) deductions (<i>see federal guidance</i>)	.00
3. IRC 965 Income inclusion less IRC 965 deductions (<i>Line 1 minus Line 2</i>)	.00
4. IRC 965 Income deducted from Louisiana income (<i>Line 3 x 72%</i>)	.00
5. IRC 965 Income subject to apportionment (<i>Line 3 minus Line 4</i>)	.00
6. Enter the Income Tax Apportionment Percentage from Form CIFT-620, Schedule B, Line 6.	%
7. IRC 965 Income to include in Louisiana Net Income (<i>Line 5 multiplied by Line 6</i>)	.00
8. Enter the amount from Form CIFT-620, Schedule D, Line 30.	.00
9. Add Lines 7 and 8. Enter here and on Form CIFT-620, Line 1A.	.00
If Line 7 equals zero, no federal income tax deduction is allowed for IRC 965 Income. If Line 7 is greater than zero, continue to Part B, Line 10, you may be entitled to deduct the federal income tax liability on IRC 965 Income.	

PART B – Determining additional federal income tax deduction related to IRC Section 965 Income Inclusion

10. Percentage of Section 965 Income taxable to Louisiana (<i>Divide Line 7, Part A by Line 3, Part A</i>)	%
11. Net tax liability under Section 965, calculated on a separate company basis. Enter on Line 11 the amount included in total on Form 1120, Schedule J, Part I, Line 11 (net tax liability under section 965) minus the amount included in total on Form 1120, Schedule J, Part II, Line 19d (the amount to be paid in installments for years beyond the 2017 year, if applicable).	.00
12. Section 965 net tax liability apportioned to taxpayer (<i>Line 11 multiplied by Line 10</i>)	.00

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PART C – Determining federal income tax deduction

13. Section 965 net tax liability apportioned to taxpayer (<i>enter amount from Line 12, Part B</i>)	.00
14. Federal Income Tax Deduction calculated without regards to Section 965 net tax liability. See Form CIFT-620, Federal Income Tax Deduction worksheet.	.00
15. Federal income tax deduction (<i>add Lines 13 and 14 and enter result here and on Form CIFT-620, Line 1D</i>).	.00

2017 Louisiana Fiduciary Income Tax Return with Net 965 amount not distributed to beneficiary

Louisiana classifies this Fiduciary Income as dividend income that is allocable under the provisions of R.S. 47:243 for nonresident estates and trusts. Resident estates and trusts must include all dividend income. In addition, if a taxpayer paid a tax pursuant to IRC 965 (a "Transition Tax"), the taxpayer must remove any Transition Tax paid from the standard calculation of the federal income tax deduction. To claim any portion of Transition Tax paid as a federal income tax deduction, the taxpayer must complete this worksheet and attach it to the taxpayer's 2017 Form IT-541.

In completing the 2017 Form IT-541, Louisiana relies on the federal taxable income reported on Federal Form 1041. However, IRC 965 Income is excluded from the calculation of federal taxable income on Federal Form 1041. Therefore, the allocation of taxes paid by the taxpayer must be reported separately. As provided in R.S. 47:300.6(A) and 300.7(A), no federal income tax deduction shall be allowed on net income upon which no Louisiana tax has been incurred, or upon which, for any reason whatsoever, no Louisiana income tax will be paid.

The schedule below must be completed and attached to the return when filing reflecting the calculations for additional income included in the return and a calculation for the allocation of federal taxes paid on the additional income.

PART A – Determining amount to be included in Louisiana income and eligibility for additional federal income tax deduction related to IRC Section 965 Income Inclusion

1. IRC 965(a) inclusion (<i>amount not distributed, see federal guidance</i>)	.00
2. IRC 965(c) deductions (<i>amount not distributed, see federal guidance</i>)	.00
3. IRC 965 Income inclusion less IRC 965 deductions (<i>Line 1 minus Line 2</i>)	.00
4. Enter the amount of IRC 965 Income on Line 3 allocated to Louisiana for Nonresident trusts. Resident trusts, enter the amount from Line 3.	.00
5. Subtract Line 5 of IT-541 from Line 4 of IT-541. Enter the difference here.	.00
6. Add Line 4 and Line 5. Enter here and on Form IT-541, Line 6.	.00
If Line 4 equals zero, no federal income tax deduction is allowed for IRC 965 Income. If Line 4 is greater than zero, continue to Part B, Line 7, you may be entitled to deduct the federal income tax liability on IRC 965 Income.	

PART B – Determining additional federal income tax deduction related to IRC Section 965 Income Inclusion

7. Percentage of Section 965 Income taxable to Louisiana (<i>Divide Line 4, Part A by Line 3 Part A</i>)	%
8. Net tax liability under Section 965. Enter on Line 8 the amount included in total on Form 1041, Schedule G, Line 7 (net tax liability under section 965) minus the amount included in total on Form 1041, Page 1, Line 24 (the amount to be paid in installments for years beyond the 2017 year, if applicable).	.00
9. Section 965 net tax liability apportioned to taxpayer (<i>Line 7 multiplied by Line 8</i>)	.00

PART C – Determining federal income tax deduction

10. Section 965 net tax liability apportioned to taxpayer (<i>enter the amount from Line 9, Part B</i>)	.00
11. Enter the amount from Form IT-541, Schedule D, Line 19	.00
12. Federal income tax deduction (add Lines 9 and 10 and enter result here and on Form IT-541 Line 7A)	.00