

INSTRUCTIONS FOR SCHEDULE A – Tax Credits Schedule

PART 1: CREDIT FOR NET INCOME TAXES PAID TO OTHER STATES

– If you were a resident of Louisiana for the entire year, you are allowed a credit for the net income taxes properly paid to another state of the United States. No credit may be claimed for taxes paid to cities, the District of Columbia, or foreign countries. The credit allowed on your Louisiana return must be for the same taxable year for which the tax was paid to another state or in the succeeding taxable year. Print on Line 1 the amount paid to another state. Round to the nearest dollar. A copy of the return filed with the other state must be attached to your Louisiana return.

PART 2: CREDIT FOR CERTAIN DISABILITIES

– A credit of \$100 against the tax is permitted for the taxpayer, spouse, or dependent who is blind, deaf, mentally incapacitated, or has lost the use of a limb. **Only one credit is allowed per person.** The disability must exist at the end of the taxable year, or if death occurred during the taxable year, at the date of death. If you are claiming this credit for the first time, **a physician's statement certifying the disability is required.** If one is not submitted with the return, it will be requested later. For purposes of this credit, BLIND is defined as one who is totally blind or whose central field of acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is limited to a field no greater than 20 degrees. MENTALLY INCAPACITATED is defined as one who is incapable of caring for himself or performing routine daily health requirements due to his mental condition. LOSS OF LIMB is defined as one who has lost one or both hands at or above the wrist or one or both feet at or above the ankle. This credit also applies if use of the limb or limbs has been permanently lost. DEAF is defined as one who cannot understand speech through auditory means alone (even with the use of amplified sound) and must either use visual means or rely on other means of communication. See instructions on Schedule A. The name(s) of the qualifying dependent(s) must be printed on Line 2C. Print on Line 2D the total number of qualifying individuals. Multiply Line 2D by \$100 and print the result on Line 2E.

PART 3: CREDIT FOR CONTRIBUTIONS TO EDUCATIONAL INSTITUTIONS

– Taxpayers who donate computer equipment to educational institutions defined by Louisiana R.S. 47:37 are allowed a credit of 40 percent of the value of the property donated against their Louisiana income tax. The recipient certifies the donation or contribution of property by using the Certificate of Donation, Form R-3400. The completed certification form must be attached to the individual income tax return. Print on Line 3A the value of the property donated to an educational institution in Louisiana. Multiply the amount on Line 3A by 40 percent (.40) and enter the result on Line 3B. Round to the nearest dollar.

PART 4: SPECIAL ALLOWABLE CREDITS

– Taxpayers are allowed a credit of 10 percent of the credits taken on Lines 41, 42, and 46 on federal Form 1040 plus 10 percent of any investment tax credit or jobs credit computed on federal Form 3800. If federal Form 1040A is used, the allowed credit is 10 percent of the credits on Line 26 and 27 of the federal return. If the credit was not utilized on the federal return because of the alternative minimum tax, you must reduce this amount by the portion of the credit that was not utilized.

Print the total federal credit on Line 4A. Multiply Line 4A by 10 percent (.10) and print the result or \$25, whichever is less, on Line 4B.

PART 5: OTHER CREDITS

– (A) Family Responsibility Program Credit – Individuals who have a contract with the Louisiana Department of Social Services to contribute to medical care in the family responsibility program are eligible for a credit of 1/3 of their contribution, limited to \$200 per year. (B) Louisiana law provides for a credit for investment in Louisiana Capital Companies. (C) Louisiana law provides for a credit for a donation of at least \$200,000 to a Dedicated Research Investment Fund. (D) Proprietors of unincorporated businesses are possibly eligible for a credit for hiring the previously unemployed. (E) A credit is available for conversion of vehicles to alternative fuels. (F) Doctors affiliated with small town community hospitals may qualify for a tax credit. (G) A credit is available for proprietors who purchase, on or between September 1, 1991 and December 31, 2000, qualified recycling equipment used to process post-consumer waste. (H) Losses from investments in motion pictures with substantial Louisiana content may entitle the investor to tax credits if the investment in the motion picture exceeds \$2,353,000. (I) Employers who pay for training to bring employees' reading, writing, or mathematical skills to at least the 12th grade level may be entitled to a credit of \$250 per participating employee. (J) A credit is provided for gasoline and special fuels taxes paid for operating or propelling any commercial fishing boat. (K) A credit is provided for certain law enforcement officers and certain employees of the Department of Public Safety and Corrections for certain post-secondary educational expenses incurred in the pursuit of an undergraduate degree related to law enforcement. (L) A credit is available for the employment of certain first-time drug offenders. (M) An employer credit is provided for expenses associated with bone marrow donor program. (N) Individuals who make a historical property donation to certain offices and agencies of the State may be entitled to a tax credit. (O) A tax credit is allowed under the Louisiana Quality Jobs Program, whereby individuals are employed in new direct jobs that offer a basic health benefit plan. Qualifying establishments must enter into a contract with the Department of Economic Development. (P) Qualified law enforcement officers and certain employees of the Department of Public Safety and Corrections are eligible for a credit for the purchase of a bulletproof vest. The credit is limited to the purchase price of the bulletproof vest or \$100, whichever is less. (Q) Louisiana law provides for a credit for donations of materials, equipment, advisors, or instructors made to training providers, vocational/technical schools, apprenticeship programs registered with the Louisiana Department of Labor, or community colleges within the State. (R) A credit is available for employment of Louisiana residents in the production of a qualified motion picture. Anyone qualifying for any of these credits, should contact the Department of Revenue for further instructions.

PART 6: TOTAL SCHEDULE A CREDITS – Add Lines 1, 2E, 3B, 4B, and 5. Print the total on Line 6 and on Line 15A of Form IT-540. **Attach the completed Schedule A and any required schedules or forms to Form IT-540.**

INSTRUCTIONS FOR SCHEDULE E – Adjustments to Income

Residents with exempt income, interest income from obligations of other states and their political subdivisions, or residents 65 or over with annual retirement income taxable to Louisiana must use Schedule E to determine their Louisiana adjusted gross income. If one taxpayer on a joint return is a nonresident, do not use Schedule E. You must use Form IT-540B to determine your Louisiana income.

LINE 1 — Print the amount of your federal adjusted gross income. This amount is shown on your federal Form 1040, Line 33, OR federal Form 1040A, Line 18, OR federal Form 1040EZ, Line 4. If less than zero, print zero.

LINE 2 — Interest income and dividends not reported on your federal return are taxable to Louisiana if all of the following conditions are met:

- a. You are filing as a resident of Louisiana.
- b. The interest is received from obligations of a state or political subdivision of a state other than Louisiana. (Obligations of the State of Louisiana, its political subdivisions, or public corporations created by them and their constituted authorities are exempt from Louisiana taxes.)
- c. The obligations were purchased on or after January 1, 1980.

Print on Line 2 the **total** taxable interest and dividends. Do not list interest and dividends separately.

LINE 3 — Add Lines 1 and 2 and print the total.

LINE 4A — Print the amount of interest and dividends from U.S. government obligations that are included in the amount on Line 1 of Schedule E. Include here amounts received from mutual funds that are identified as income from investments in U.S. government obligations. If the amount is not specifically identified, it is taxable and cannot be excluded.

LINE 4B — Print the amount of retirement benefits received from the Louisiana State Employees' Retirement System that is included in the amount on Line 1 of Schedule E. You must be **receiving** retirement benefits to complete this line.

LINE 4C — Print the amount of retirement benefits received from the Louisiana State Teachers' Retirement System that is included in the amount on Line 1 of Schedule E. You must be **receiving** retirement benefits to complete this line.

LINE 4D1 — Print the amount of retirement benefits received from the Federal Retirement System that is included in the amount on Line 1 of Schedule E. You must be **receiving** retirement benefits to complete this line.

LINE 4D2 — Print the amount of retirement benefits received from any retirement system whose benefits are specifically exempted from Louisiana tax. You must be **receiving** retirement benefits to complete this line. **Print the name of the retirement system or the statute** exempting these benefits from Louisiana income tax in the space provided.

LINE 4E — **Six thousand dollars (\$6,000) of annual retirement income that is received by persons 65 or over is exempt from state taxation.** "Annual retirement income" is pension and annuity income reported on federal Form 1040, Lines 15b and 16b, OR federal Form 1040A, Lines 10b and 11b, which is taxable to Louisiana. Do **not** include retirement benefits claimed on Lines 4B, 4C, 4D1, and 4D2. You must print the name of pension or annuity.

To determine the exempt amount that should be printed on Line 4E, complete the following schedule.

1. Print pension and annuity income reported on federal Form 1040, Lines 15b and 16b, OR federal Form 1040A, Lines 10b and 11b. 1. _____
2. Print pension and annuity income claimed on Lines 4B, 4C, 4D1, and 4D2 of Schedule E. 2. _____
3. Subtract Line 2 from Line 1 and print the balance. 3. _____
4. **If either taxpayer is 65 or over, print \$6,000. If both taxpayers are 65 or over, print \$12,000.** 4. _____
5. Print the amount of Line 3 or Line 4, whichever is less, on Line 5 and also on Line 4E of Schedule E. 5. _____

Print the name or source of the pension or annuity on Line 4E of Schedule E.

LINE 4F — The amount of Social Security benefits that is taxable on your federal return is exempt from Louisiana tax. Print the amount shown on your federal Form 1040, Line 20b, OR federal Form 1040A, Line 13b.

LINE 4G — Income earned or received by a tribal member living on the reservation or land held in trust for the tribe will not be subject to Louisiana income tax if such income is derived from sources within the boundaries of the tribal land or outside the State of Louisiana. If a tribal member or a nontribal member earns income or derives wages from services performed outside the boundaries of the tribal land, but within the State of Louisiana, such income shall be taxable. Income earned by nontribal members working within the boundaries of tribal land is subject to Louisiana tax. All income earned by a tribal member living off the reservation is subject to Louisiana income tax.

Line 4H — List the source and amount of other income included in Line 1 of Schedule E that Louisiana cannot tax. Do not list income earned in another state. Residents of Louisiana are taxed on all income regardless of where it was earned. Nonresidents and part-year residents should use Form IT-540B to determine their Louisiana tax. Disabled individuals claiming a deduction for making adaptations to their home should use this line to deduct the expenses from their gross income.

LINE 4I — Add Lines 4A through 4H and print the total amount of exempt income.

LINE 4J — To determine the amount of federal tax applicable to the exempt income shown on Line 4I, refer to the options shown at the bottom of Schedule E.

LINE 4K — Subtract Line 4J from Line 4I and print the balance.

LINE 5 — Subtract Line 4K from Line 3 and print the balance here and on Line 7 of Form IT-540. Mark the box indicating Schedule E was used.