Who must file a return
There is imposed an income tax for each taxable year upon the Louisiana taxable income of every estate or trust, whether resident or nonresident. Grantor trusts as defined in Louisiana Revised Statute 47:187 will be required to file only if part of the income is taxable to the trust or if there are nonresident beneficiaries.

Resident estates and trusts
R.S. 47:300.10 defines a “resident estate” as the estate of a decedent who at his death was domiciled in this state. A “resident trust” is defined as a trust or a portion of a trust created by the last will and testament of a decedent who at his death was domiciled in this state. Any other trust shall be considered a resident trust if the trust instrument provides that the trust shall be governed by the laws of the State of Louisiana. If the trust instrument provides that the trust is governed by the laws of any state other than the State of Louisiana, then the trust shall not be considered a resident. If the trust instrument does not specify with regard to the governing law, then the trust shall be considered a resident trust only if the trust is administered in this state.

Nonresident estates and trusts
Any estate or trust that is not considered a resident estate or trust shall be a “nonresident estate” or “nonresident trust”.

Estates and trusts located outside the United States
Estates and trusts located outside the United States that derive income from Louisiana sources shall be taxed in the same manner as other nonresident estates or trusts even if the estate or trust is not required to file a United States fiduciary income tax return. Such estates or trusts may elect to be taxed at the rate of 5% on total gross income from Louisiana sources.

Fiduciary responsibility
The fiduciary of an estate or trust shall be personally liable for the payment of all taxes, penalties, or interest due by the estate or trust. The fiduciary will not be subject to liability for any tax imposed upon any beneficiary of the estate or trust.

Income taxed to fiduciary
The income tax imposed on the fiduciary shall apply to the Louisiana taxable income of estates or of any kind of property held in trust, including:

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

Tax rates
The tax to be assessed, levied, collected, and paid upon the Louisiana taxable income of an estate or trust shall be computed at the following rates:
1. 2% on the first $10,000 of Louisiana taxable income.
2. 4% on the next $40,000 of Louisiana taxable income.
3. 6% on Louisiana taxable income in excess of $50,000.

Information at the source
Any person, firm, partnership, trust, corporation, or organization making payments aggregated $1,000 or more during any calendar year for lease bonuses, delay rentals, and/or royalties respecting mineral leases affecting lands located in Louisiana and rentals paid with respect to real property located in Louisiana to a nonresident individual or a firm, partnership, trust, corporation, or organization not located in Louisiana shall file an information return with the Secretary of Revenue on or before June 1 of the following year for each such payee. The return shall include the name, address, Federal Employer Identification Number, and/or Social Security Number of both the payor and payee. There shall also be included the amount and description of payments to each such payee. The Federal Information Return Form (Form 1099) for reporting such payments may be used for reporting the required information. Federal Form 1099 shall be accompanied by Federal Form 1096 furnishing the payor’s name, address, Federal Employer Identification Number, and/or Social Security Number and the number of Forms 1099 enclosed. Informational returns reporting other items of income that would normally appear on the federal Form 1099 are required only upon the specific request of the Secretary of Revenue.

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

When and where the return must be filed
All returns must be filed with the Department of Revenue, P. O. Box 3440, Baton Rouge, Louisiana 70821-3440. Calendar year returns are due May 15, 2008. Fiscal year returns must be filed on or before the 15th day of the fifth month after the close of the fiscal period. Checks or money orders should be made payable to Louisiana Department of Revenue. Do not send cash.

Extension of time for filing
The Secretary may grant a reasonable extension of time to file the fiduciary income tax return not to exceed six months past the due date of the return. Louisiana recognizes and accepts the federal extension authorizing the same extended due date as the federal. A copy of the automatic or approved federal extension must be attached to the Louisiana return. An extension only extends the time to file the return, not the time to pay any tax that is due. If a federal extension has not been obtained or additional time is needed beyond the extended due date of the federal return, then Form R-6466 should be filed with the Department by the due date of the return for which the extension applies.
Period to be covered by return
This return must be filed for a calendar year ending December 31, or for a fiscal year ending on the last day of any month other than December or the annual period of 52-53 weeks if books are so kept on that basis. (See R.S. 47:91.) The dates on which the period covered by the return begins and ends must be plainly stated on the front of the return. Calendar year returns must include the year covered.

The accounting period established must be adhered to for subsequent years unless written permission is received from the Secretary of Revenue to make a change.

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

Report of federal adjustments
R.S. 47:103(C) requires taxpayers whose federal returns are adjusted to furnish a statement disclosing the nature and amounts of such adjustments within 60 days after the adjustments have been made and accepted. This statement should accompany your amended return.

Interest and penalties
Interest – If your 2007 calendar year fiduciary income tax amount is not paid by May 15, 2008, you will be charged interest on tax obligations that have not become final and nonappealable through December 31, 2008. Because the interest rate varies from year to year and is not determined until the latter part of 2007, the Department is unable to provide a specific rate at the time of printing. Please see Revenue Information Bulletin (RIB) 08-001 for the 2008 interest rate. The RIB is available on the Department’s website at www.revenue.louisiana.gov. In order to compute the INTEREST RATE PER DAY, divide the 2008 interest rate by 365 and carry out to seven places to the right of the decimal. Example: Assume the 2008 interest rate is determined to be 17% (0.17) per annum. Divide 0.17 by 365. 0.17/365 = .0004657, which equals the INTEREST RATE PER DAY. NOTE!! You must carry out your computation to 7 places to the right of the decimal point.

Delinquent penalty – For failure to file a return on time, a penalty of 5% of the tax not paid on time accrues if the delay in filing is not more than 30 days, with an additional 5% for each additional 30 days or fraction thereof during which the failure to file continues, not to exceed 25%.

Delinquent Payment – For failure to pay the tax in full by the date the return is required by law to be filed, determined without regard to any extension of time for filing the return, a penalty of 5% of the tax not paid accrues for each 30 days during which the failure to pay continues, not to exceed 25%. The combined totals of the delinquent and late payment penalties should not exceed 25%.

Federal Employer Identification Number
It is necessary that you supply the Federal Employer Identification Number assigned by the Internal Revenue Service. Print this number in the space provided at the top of page 1 of Form IT-541.

Computation of Income
Line 1. Federal taxable income before income distribution deduction
If you are a nonresident estate or trust, DO NOT complete Lines 1-3D. You should complete Schedule A and print the amount from Line 12 of Schedule A on Form IT-541, Line 4.

As provided in R.S. 47:300.6, “Louisiana taxable income” of a resident estate or trust means taxable income determined in accordance with federal law for the same taxable year modified by the provisions of R.S. 47:300.6(B), less a federal income tax deduction.

If you are a resident estate or trust, enter on Line 1 your federal taxable income before the income distribution deduction, but after the exemption deduction as reported on your federal Form 1041.

Line 2A. Net income tax paid to any state or political or municipal subdivision
Net income taxes paid to any state or political or municipal subdivision deducted on your federal Form 1041 must be added to federal taxable income. Print this amount on Line 2A.

Line 2B. Interest income from other states and their political or municipal subdivisions
Interest on obligations of a state or political or municipal subdivision other than Louisiana and its municipalities, title to which obligations vested with the resident estate, trust, or fiduciary on or subsequent to January 1, 1980, shall be added to federal taxable income. Print this amount on Line 2B.

Line 2C. Total
Print on Form IT-541, Line 2C the total of Lines 2A and 2B.

Line 3A. Interest on U.S. government obligations
Interest on U.S. government obligations is exempt from taxation by Louisiana and should be subtracted from federal taxable income. Print this amount on Line 3A.

Line 3B. Depletion in excess of federal depletion
In computing net income in the case of oil and gas wells, there shall be allowed as a deduction cost depletion as defined under federal law or percentage depletion as provided under Louisiana law, whichever is greater. Percentage depletion shall be 22% of gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents and royalties paid or incurred by the taxpayer in respect to the property. The depletion deduction shall not exceed 50% of the net income of the taxpayer computed without allowance for depletion from the property. In determining net income from the property, federal income taxes shall be considered an expense. Print on Line 3B the amount of Louisiana depletion in excess of federal depletion.

Line 3C. S Bank Exclusion
Estates and trusts claiming an S Bank shareholder exclusion should use this line to report the exclusion, which is equal to the S bank Shareholder’s nontaxable income from Louisiana taxable income. “S Bank nontaxable income” means: (A) the portion of the income reported by an S Bank on Federal Form 1120S (Schedule K-1) or, (B) the portion of the income reported by an S Bank on an equivalent document, which is attributable to the net earnings used to compute the S Bank’s shares tax as provided in R.S. 47:1967.

Line 3D. Total
Print on Form IT-541, Line 3D the total of Lines 3A through 3C.
Line 4. Louisiana taxable income before income distribution deduction
Add the amount on Line 1 to the amount on Line 2C. From that total, subtract the amount on Line 3D and print the result on Form IT-541, Line 4. For nonresident estates and trusts, complete Schedule A and print the amount on Schedule A, Line 12 on Form IT-541, Line 4.

Line 5. Louisiana income distribution deduction
Print on Line 5 the portion of Louisiana income that is distributed currently or is required to be distributed currently to the beneficiaries.

Line 6. Louisiana taxable income before federal income tax deduction
Subtract Line 5 from Line 4 and print the result on Form IT-541, Line 6.

Line 7. Federal income tax
Print on Line 7 the amount from Schedule C, Line 19.

Line 8. Louisiana taxable income
Subtract Line 7 from Line 6 and print the result on Form IT-541, Line 8.

Lines 9-12. Computation of tax
The Louisiana taxable income from Line 8 is taxed in three distinct brackets, at 2%, 4%, and 6%, respectively. All taxable income not in excess of $10,000.00, falls within the first bracket and is entered on Line 9. From this amount, resident estates and trusts deduct an exemption on Line 10 equal to $2,500.00, minus any amount allowed on Line 20 of the federal Form 1041. The balance remaining is extended to Line 10A and tax is computed at 2%.

The amount of taxable income in excess of $10,000.00, and not in excess of $50,000.00, falls in the second bracket, and is entered on Line 11 and is taxed at 4%.

All taxable income in excess of $50,000.00, falls in the third bracket and is entered on Line 12 and is taxed at 6%.

Line 13. Total tax
Print on Form IT-541, Line 13 the total of Lines 10, 11, and 12.

Line 14A. Credit for net income taxes paid to other states
Resident estates or trusts are allowed a credit for net income taxes paid to other states. Credit may be claimed as a direct reduction of the Louisiana income tax liability for net income taxes properly paid to other states. No credit is allowable for gross receipts taxes or for net income taxes paid to the District of Columbia, cities, possessions of the United States, or foreign countries. The credit may be applied only against taxes due on income for the same year. The credit is allowed only to the extent of the tax due.

In order to obtain credit, a copy of the fiduciary return filed with the other state together with evidence to substantiate payment of the tax to the other state must be submitted.

Line 14B. Other credits
Print on Line 14B the total amount of other nonrefundable and refundable credits. List the credits on a separate schedule and attach the schedule to your return.

Line 15. Total tax after credits
Subtract Lines 14A and 14B from Line 13 and print the result on Form IT-541, Line 15.

Line 16. Previous payments
Print on Form IT-541, Line 16 the amount of payments made with extensions, pre-payments, and payments made by Composite Partnership filing.

Line 17. Amount owed
Subtract Line 16 from Line 15. If the result is greater than zero, print the result on Form IT-541, Line 17. If the result is less than zero, print the result on Form IT-541, Line 20.

Line 18. Total interest and penalty
Add lines 18A and 18B and print the result on the line in the second column.

Line 18A. Interest
Interest is due on all items of tax not paid by the due date of the return. Calculate the interest amount and print the amount of interest here.

Line 18B. Penalty
Calculate Delinquent Penalty for failure to file a return timely. Calculate Late Payment Penalty for failure to pay the tax in full by the date the return is required by law to be filed, determined without regard to any extension of time for filing the return. Add the amounts calculated for each penalty and print the total amount of penalties.

Line 19. Total amount due
Add lines 17 and 18. Payment of this amount should be made to the Louisiana Department of Revenue. Do not send cash.

Line 20. Overpayment
Subtract Line 16 from Line 15. If the result is less than zero, print the result on Line 20. Indicate the amount you want refunded or credited.

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

Any person(s), firm, or corporation who prepares a taxpayer’s return must also sign. If a firm or corporation prepares the return, it must be signed in the name of the firm or corporation. This verification is not required where a regular, full-time employee of the taxpayer prepares the return.

Instructions for Schedule A
Computation of Louisiana taxable income before income distribution deduction
Line 1. Federal taxable income before distribution deduction
As provided in R.S. 47:300.7(A), “Louisiana taxable income” of a nonresident estate or trust means such portion of the taxable income of the nonresident estate or trust determined in accordance with federal law for the same taxable year modified by the provisions of R.S. 47:300.7(C), that was earned within or derived from sources within this state, less a federal income tax deduction.

If you are a nonresident estate or trust, print on Line 1, from your federal Form 1041, your federal taxable income before the income distribution deduction.

Line 2. Net income taxes paid to any state or political or municipal subdivision
Net income taxes paid to any state or political or municipal subdivision deducted on your federal Form 1041 must be added to federal taxable income. Print this amount on Line 2.

Line 3A. Income exempt from taxation
Any income that is exempt from taxation under the laws of Louisiana, or that is prohibited from taxation by the Constitution or laws of the United States must be subtracted from federal taxable income. An example of such income would be interest on U.S. government obligations. Print on Line 3A any such amount.
Line 3B. Depletion in excess of federal depletion
In computing net income in the case of oil and gas wells, there shall be allowed as a deduction, cost depletion as defined under federal law or percentage depletion as provided under Louisiana law, whichever is greater. Percentage depletion shall be 22% of gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents and royalties paid or incurred by the taxpayer in respect to the property. Percentage depletion shall not exceed 50% of the net income of the taxpayer computed without allowance for depletion from the property. In determining net income from the property, federal income taxes shall be considered an expense. Print on Line 3B Louisiana depletion in excess of federal depletion.

Line 3C. S Bank Exclusion
Estates and trusts claiming an S Bank shareholder exclusion should use this line to report the exclusion, which is equal to the S bank Shareholder's nontaxable income from Louisiana taxable income. “S Bank nontaxable income” means: (A) the portion of the income reported by an S Bank on Federal Form 1120S (Schedule K-1) or, (B) the portion of the income reported by an S Bank on an equivalent document, which is attributable to the net earnings used to compute the S Bank's shares tax as provided in R.S. 47:1967.

Line 4. Total subtractions
Add Lines 3A through 3C and print on Schedule A, Line 4.

Line 5. Modified federal taxable income before distribution deduction
Add the amount on Line 1 to the amount on Line 2. From that total, subtract the amount on Line 4 and print the result on Schedule A, Line 5.

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

In order to determine Louisiana taxable income, it is necessary to separate all items of income into two general classes, namely: (1) those items that can be allocated directly to the state in which they are earned and (2) those items of income that arise from business partly within and without Louisiana. Louisiana’s share of allocable items can be determined by direct allocation. In the case of net income from business partly within and partly without the state, a percentage of the net income must be apportioned to Louisiana on the basis of an apportionment percentage.

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

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

Line 6. Rents and royalties
Rents and royalties from immovable or corporeal movible property shall be allocated to the state where such property is located at the time the income is derived. Royalties or similar revenue from the use of patents, trademarks, copyrights, secret processes, and other similar intangible rights must be allocated to the states in which such rights are used. The use referred to is that of the licensee.

Print on Line 6 net rents and royalties from property located in Louisiana. Please attach a schedule showing your computation.

Line 7. Gain or loss on sale of assets
Profits from sales and exchanges of capital assets consisting of immovable or corporeal movable property shall be allocated to the state where such property is located at the time the income is derived. Profits from sales or exchanges not made in the regular course of business, of property, other than capital assets consisting of incorporeal property or rights, shall 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 shall be located in the state in which the property subject to such mineral interest is situated. Other profits from sales and exchanges of capital assets consisting of incorporeal property or rights shall be allocated to the state in which the securities or credits producing such income have their situs.

Print on Line 7 the gain or loss from the sale of assets allocated to Louisiana. Please attach a schedule showing your computations.

Line 8. Other allocable income
Other items of allocable income such as interest income, dividends on corporate stock, income from estates, trusts, and partnerships, and salaries, wages, or other compensations received by a nonresident individual for personal services, and income from construction, repair, or other similar services shall be allocated under the provisions of R.S. 47:243.

Print on Line 8 any other net Louisiana allocable income. Please attach a schedule of your computations.

Line 9. Apportionable income
To determine the income subject to apportionment, use the following schedule:

Schedule 1
1. Modified federal taxable income before distribution deduction
   (Print amount from Line 5 of Schedule A.)

2. Less: Allocable income from all sources
   A. Net rents and royalties
   B. Net profit from sales and exchanges of property not made in the regular course of business
   C. Other net allocable income

3. Modified federal taxable income subject to apportionment

Computation of apportionment percent
The amount of net income subject to apportionment that is attributable to sources within Louisiana should be determined by means of an apportionment percent based on the factors set forth below. The percent computed is the arithmetic average of the factors applicable to your operations.

The Louisiana factors are as follows:

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

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

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

<table>
<thead>
<tr>
<th>Schedule 2</th>
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<table>
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<tr>
<th>Description of items used as factors</th>
<th>1. Total amount per federal return</th>
<th>2. Total Louisiana amount</th>
<th>3. Factor ratios (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Net sales of merchandise and/or charges for services</td>
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<tr>
<td>A. Sales where goods, merchandise, or property is received in Louisiana by the purchaser</td>
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<tr>
<td>B. Charges for services performed in Louisiana</td>
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<tr>
<td>C. Other gross apportionable income attributable to Louisiana</td>
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<tr>
<td>D. Total (In Column 1, print total net sales and charges for services. Add Lines 1A, 1B, and 1C and print the result in Column 2. Divide Column 2 by Column 1 and print the ratio in Column 3.)</td>
<td></td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>2. Wages, salaries, and other personal service compensation paid during the year. (Print amounts in Columns 1 and 2. Divide Column 2 by Column 1 and print the ratio in Column 3.)</td>
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<td></td>
<td>%</td>
</tr>
<tr>
<td>3. Income tax property ratio (Print amounts in Columns 1 and 2. Divide Column 2 by Column 1 and print the ratio in Column 3.)</td>
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<td></td>
<td>%</td>
</tr>
<tr>
<td>4. Loans made during the year (Print amounts in Columns 1 and 2. Divide Column 2 by Column 1 and print the ratio in Column 3.)</td>
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<td></td>
<td>%</td>
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<tr>
<td>5. Add percentages under Column 3 on Lines 1D, 2, 3, and 4 and print result.</td>
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<td></td>
<td>%</td>
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<tr>
<td>6. Average of percents (Line 5 divided by the number of factors used) (Use result in determining income apportioned to Louisiana.)</td>
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<td></td>
<td>%</td>
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</tbody>
</table>
3. The Property Factor—The Louisiana factor shall be the average of the value of the taxpayer’s real property and tangible personal property used in the production of apportionable income within this state at the beginning of the taxable year and at the end of the taxable year.

4. Loan Factor—In the case of a loan business, the Louisiana factor shall be the amount of loans made in this state during the period for which the return is filed.

For further information concerning the apportionment factors, refer to R.S. 47:245.

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

Calculate your apportionment percent on Schedule 2 on page 9.

Schedule 3
Calculation of income apportioned to Louisiana before income distribution deduction
1. Modified federal taxable income subject to apportionment
   (Print amount from Line 3 of Schedule 1.)
2. Multiply by the apportionment percent (From Schedule 2, Line 6.) X ____________
3. Louisiana apportionable income
   Print this amount on Schedule A, Line 9.

Line 10. Louisiana taxable income before federal income tax deduction
Add Schedule A Lines 6 through 9 and print the result.

Line 11. Less: Federal itemized deductions attributable to Louisiana
Nonbusiness deductions are allowable to the extent that they are attributable to Louisiana. In particular, nonbusiness interest shall be attributed to Louisiana to the extent paid to persons or firms domiciled in this state and nonbusiness charitable contributions shall be attributed to Louisiana to the extent that they are made to Louisiana organizations. If a contribution is made to an organization that is present within and without Louisiana, the contributions shall be attributed to Louisiana if made to a Louisiana chapter or branch of the organization. See I.T.R. 47:243.7 for further information on attributing nonbusiness deductions.

Line 12. Louisiana taxable income before income distribution deduction

Instructions for Schedule B
Distributive shares of beneficiaries
Print in this schedule the name of each beneficiary and his distributive share of the estate or trust income allocated to the State of Louisiana. Each beneficiary’s distributive share is deemed to apply to taxable and nontaxable income, and to income from sources within, as well as from sources without, the state. If additional space is needed, attach a separate schedule.

Instructions for Schedule C
Computation of federal income tax deduction
Both R.S. 47:300.6(A) for resident estates and trusts and R.S. 47:300.7(A) for nonresident estates and trusts allow for a federal income tax deduction to be computed following the provisions of R.S. 47:287.83 and 287.85. R.S. 47:287.85(C) allows a deduction in computing net income for that portion of the federal income tax levied with respect to Louisiana income. The deductible portion of the federal income tax is the sum of the allowable portion of the federal income tax which is calculated at alternative capital gain rates and the allowable portion of the federal income tax that is taxed at the ordinary rates.

Line 1. Louisiana income before federal income tax deduction
Print on Schedule C, Line 1 the amount of the Louisiana income before federal income tax deduction found on Form IT-541, Line 6.

Line 2. Adjustments to convert Louisiana net income to a federal basis
In order to make Louisiana net income and federal net income comparable, Louisiana net income should be converted to a federal basis. Items of difference between federal and state net income are divided into “compensating items” and “noncompensating items.” The modifications to federal taxable income provided in R.S. 47:300.6(B) and R.S. 47:300.7(C) would be treated as “noncompensating items” of difference between federal and state income. These items arise from a difference in tax law between federal and state and will never adjust themselves. Any items of income or expense allocated in full outside Louisiana need not be considered because a federal tax deduction cannot be allowed on income that Louisiana will never tax.

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

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

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

Line 3. Louisiana taxable income on a federal basis
Subtract Line 2 from Line 1 and print the result on Schedule C, Line 3.

Line 4. Less: Louisiana income taxed at special rates
Print on Line 4 the amount of the capital gains allocable to Louisiana and taxed at special rates on the federal return.

Line 5. Louisiana ordinary income on a federal basis
Subtract Line 4 from Line 3 and print the result on Schedule C, Line 5.
Federal Disaster Relief Credits
Louisiana provides a deduction (from Louisiana income) for federal income taxes paid on Louisiana income. Generally, when the federal income tax liability is decreased by federal credits, the amount of Louisiana income tax liability increases. To prevent Louisiana taxpayers from paying additional state income tax because they received federal disaster relief credits, you may increase the amount of your Louisiana federal income tax deduction by the amount of certain federal disaster relief tax credits claimed on your 2007 federal income tax form. The modification to the Louisiana federal income tax deduction can only be for federal disaster relief credits claimed in either the Hurricane Katrina or Hurricane Rita Disaster Areas. The Louisiana Secretary of Revenue has, through Louisiana Administrative Code (LAC) 61:I.601, determined which federal credits are disaster relief credits. Below are the federal credits that have been established to be federal disaster relief credits:

1. Employee Retention Credit
2. Work Opportunity Credit
3. Rehabilitation Tax Credit
4. Employer-Provided Housing Credit
5. Low Income Housing Credit
6. New Markets Tax Credit

You must review LAC 61:I.601 for complete information about the federal credits. You must attach a copy of the appropriate federal form(s) to your return in order for your modified Louisiana federal income tax deduction to be allowed.
<table>
<thead>
<tr>
<th>Office Name</th>
<th>Address</th>
<th>Phone Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexandria Regional Office</td>
<td>900 Murray Street, Room B-100, 318-487-5333</td>
<td></td>
</tr>
<tr>
<td>Baton Rouge – Main Office</td>
<td>617 North Third Street, 225-219-0102 (Assistance), 225-219-2114 (TDD)</td>
<td></td>
</tr>
<tr>
<td>Baton Rouge Regional Office</td>
<td>8549 United Plaza Boulevard, Suite 200, 225-922-2300</td>
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<tr>
<td>Lafayette Regional Office</td>
<td>825 Kaliste Saloom Road, Brandywine III, Suite 150, 337-262-5455</td>
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<tr>
<td>Lake Charles Regional Office</td>
<td>One Lakeshore Drive, Suite 1550, 337-491-2504</td>
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<tr>
<td>Monroe Regional Office</td>
<td>122 St. John Street, Room 105, 318-362-3151</td>
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<tr>
<td>New Orleans Regional Office</td>
<td>1555 Poydras Street, Suite 2100, 504-568-5233</td>
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<tr>
<td>Shreveport Regional Office</td>
<td>1525 Fairfield Avenue, Room 630, 318-676-7505</td>
<td></td>
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<tr>
<td>Thibodaux Regional Office</td>
<td>1418 Tiger Drive, 985-447-0976</td>
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Tax assistance is available at the following offices of the Louisiana Department of Revenue.