

RULE

Department of Revenue Policy Services Division

Income Tax Withholding Tables (LAC 61:I.1501)

Under the authority of R.S. 47:32, R.S. 47:112, R.S. 47:295, and R.S. 47:1511 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, is amending LAC 61:I.1501 relative to individual income tax withholding tables based on the income tax rates as provided by Act 396 of the 2008 Regular Session of the Louisiana Legislature.

Act 396 amended R.S. 47:32 to reduce state income tax rates in the two highest income brackets for tax years beginning on or after January 1, 2009. Act 396 provided that the revised withholding tables will not become effective until after July 1, 2009. LAC 61:I.1501 is being amended to correct minor errors in the income tax withholding tax formulas. The errors do not affect the income tax withholding tables.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 15. Income: Withholding Tax

§1501. Income Tax Withholding Tables

A. - C.4. ...

D. Income Tax Withholding Formulas. The overall structure of the formulas used to compute the withholding tax is to calculate the tax on the total wage amount and then subtract the amount of tax calculated on the personal exemptions and dependency credits the taxpayer claims for withholding purposes. The correct withholding formula depends upon the number of personal exemptions claimed and annual wages.

1. Withholding Formulas for Single or Married Taxpayers Claiming 0 or 1 Personal Exemption

W is the withholding tax per pay period.

S is employee's salary per pay period for each bracket.

X is the number of personal exemptions; X must be 0 or 1.

Y is the number of dependency credits; Y must be a whole number that is 0 or greater.

N is the number of pay periods.

A is the effect of the personal exemptions and dependency credits equal to or less than \$12,500;

$A = .021(((X * 4500) + (Y * 1000)) \div N)$.

B is the effect of the personal exemptions and dependency credits in excess of \$12,500

$B = .016(((X * 4500) + (Y * 1000)) - 12,500) \div N)$.

If annual wages are less than or equal to \$12,500, then

$W = .021(S) - (A + B)$.

If annual wages are greater \$12,500 but less than or equal to \$50,000, then

$W = .021(S) + .0160(S - (12,500 \div N)) - (A + B)$.

If annual wages are greater than \$50,000, then

$W = .021(S) + .0160(S - (12,500 \div N)) + .0135(S - (50,000 \div N)) - (A + B)$.

2. Withholding Formulas for Married Taxpayers Claiming 2 Personal Exemptions

W is the withholding tax per pay period.

S is the employee's salary per pay period for each bracket.

X is the number of personal exemptions. X must be 2.

Y is the number of dependency credits. Y must be 0 or greater.

N is the number of pay periods.

A is the effect of the personal exemptions and dependency credits equal to or less than \$25,000;

$A = .021(((X * 4500) + (Y * 1000)) \div N)$

B is the effect of the personal exemptions and dependency credits in excess of \$25,000;

$B = .0165(((X * 4500) + (Y * 1000)) - 25,000) \div N)$

If annual wages are less than or equal to \$25,000, then

$W = .021(S) - (A + B)$.

If annual wages are greater \$25,000 but less than or equal to \$100,000, then

$W = .021(S) + .0165(S - (25,000 \div N)) - (A + B)$.

If annual wages are greater than \$100,000, then

$W = .021(S) + .0165(S - (25,000 \div N)) + .0135(S - (100,000 \div N)) - (A + B)$.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:32, R.S. 47:112, R.S. 47:295 and R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Louisiana Department of Revenue, Policy Services Division, LR 35:255 (February 2009), amended LR 35:0000 (August 2009).

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Secretary

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