

better align the rules with current statutory provisions as required by Act 44 of the 2025 Regular Session. Any administrative duties brought about by the proposed rule change will be carried out utilizing existing staff and resources at the Louisiana Economic Development (LED).

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

Because the rule revisions occur under the auspices of the statutory credit issuance and claims caps, aggregate revenue for the state is not anticipated to be materially affected. The proposed rule change updates provisions for program applicants on or after July 1, 2025. Consistent with Act 44 of the 2025 Regular Session, LED will award credits by applying discretionary factors when considering which applications to approve and the amount and percentage rate of credits. However, issuance activity continues to operate under a cap of \$125 M each fiscal year. Furthermore, film tax credit claims with the Louisiana Department of Revenue (LDR) are capped at \$125 M each fiscal year.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

The proposed rules for the program are anticipated to directly benefit applicants that prioritize employment of Louisiana residents, utilization of local production infrastructure, and generation of in-state spending. These businesses will be subject to compliance requirements, but these requirements should not be significant and should be outweighed by the benefits received. Applicants that do not prioritize in-state spending may receive an indeterminate decrease in expected tax credits. Firms that are eligible for film tax credits may realize a reduction in tax liabilities to the extent they qualify for the credit.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Companies receiving benefits under this program will gain competitively over companies that do not receive the program's benefits.

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NOTICE OF INTENT

Department of Revenue Tax Policy and Planning Division

Election of Pass-Through Entities (LAC 61:I.1001)

Under the authority of R.S. 47:1511, 287.732.2, 300.6, and 300.7, and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Tax Policy and Planning Division, proposes to amend LAC 61:I.1001. The amendment changes the requirement that an individual or fiduciary income taxpayer with an ownership interest in an entity making the pass-through entity election submit a pro forma Federal Form 1040, 1041 or NPR Worksheet of the Louisiana Form IT-540B. Under the proposed Rule, these forms would only be required upon the department's request.

The purpose of this proposed Rule is to simplify and streamline the pass-through election procedure for shareholders of S corporations, and partners and members of other entities taxed as partnerships for federal income tax purposes, by clarifying and reducing documentation requirements related to calculating the amount a taxpayer may

exclude from taxable income based upon their ownership interest in an electing entity.

Title 61

REVENUE AND TAXATION

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

Chapter 10. Income: Pass-Through Entities

§1001. Election of Pass-Through Entities

A. Louisiana Revised Statute 47:287.732.2, allows S corporations, and other entities taxed as partnerships for federal income tax purposes, to make an election to be taxed in the same manner as if the entity was required to file a tax return with the Internal Revenue Service as a C corporation.

1. - 2.c. Repealed.

B. - B.2. ...

a. a resolution signed by the secretary of the corporation or equivalent officer or manager verifying that more than one-half of the ownership interest in the entity based upon capital account balances approved the election, or

B.2.b. - B.3.a.i. ...

ii. federal returns for the entity for the preceding three taxable years if applicable, including federal Schedules K-1 and pass-through or disregarded entity forms such as Schedules C, E, and F;

iii. - iv. ...

4. Any entity that files a composite partnership return pursuant to R.S. 47:201.1 is prohibited from making the election.

5. ...

a. Repealed.

B.5.b. - C. ...

1. Each entity making the election shall file Louisiana Form CIT-620, *Corporation Income Return*, for the applicable taxable year for which the election was made and all taxable years thereafter unless the election is terminated.

2. Each entity making the election and filing the Louisiana Form CIT-620 with all supporting documentation as required by the Department shall be required to file the return electronically in accordance with LAC 61:III.1505. Failure to comply with the electronic filing requirement of this section will result in the assessment of a penalty as provided for in R.S. 47:1520(B).

3. The following documents shall be attached to the Louisiana Form CIT-620 when filed:

a. Federal Schedules K-1 as actually issued to the owners of the entity for the taxable year as well as Louisiana Form R-6981, *Statement of Owner's Share of Entity Level Tax Items*, reflecting any income that remains taxable to the entity's owners in Louisiana after the election such as dividends and interest; and

C.3.b. - 4. ...

a. Taxpayers with an ownership interest in an entity making the election shall make a modification to exclude the net income subject to tax or net loss used to compute the entity's corporate income tax liability, as reported on the corporation income tax return filed by the entity, as follows:

i. - ii. ...

b. The modification shall be made for all income or loss of the entity that was included by the individual or fiduciary owners in the calculation of federal adjusted gross income or federal taxable income, respectively, but which is being taxed at the entity level for Louisiana income tax

purposes after the election is made. In no event shall the total income subject to Louisiana income tax be any less or more than the income that would have been subject to Louisiana income tax if the election had not been made.

c. ...

d. For calculation purposes, individual or fiduciary income taxpayers with an ownership interest in an entity making the election shall submit a copy of Form R-6981, Louisiana Statement of Owner's Share of Entity Level Tax Items. Except as provided in Subparagraph e of this Paragraph, the exclusion amount shall be equal to the total of the "Amounts Taxed at the Entity Level," as reported on Form R-6981.

e. If it is determined that Form R-6981 does not result in an accurate account of income taxable in Louisiana, the Department may request a pro forma Federal Form 1040 or 1041, or in the case of a nonresident, a pro forma NPR Worksheet of the Louisiana Form IT-540B that excludes any income, deductions or other tax items that were included in the calculation of Louisiana net income on the entity's Louisiana Form CIT-620.

f. The accrual of interest shall be suspended during any period of time that a delay in the issuance of a refund is attributable to the taxpayer's failure to provide information or documentation required herein, as provided by R.S. 47:1624(F).

C.5. - D.3.b. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:287.732.2, 300.6, 300.7, and 1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 46:43 (January 2020), amended by the Department of Revenue, Policy Services Division, LR 48:2991 (December 2022), amended by the Department of Revenue, Tax Policy and Planning Division, LR:50:407 (March 2024), amended LR 50:1859 (December 2024), amended by the Department of Revenue, Tax Policy and Planning Division, LR 52:

Family Impact Statement

The proposed Rule should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability and autonomy. Specifically, the implementation of the proposed amendment will have no known or foreseeable effect on:

1. the stability of the family.
2. the authority and rights of parents regarding the education and supervision of their children.
3. the functioning of the family.
4. family earnings and family budget.
5. the behavior and personal responsibility of children.
6. the ability of the family or a local government to perform this function.

Poverty Impact Statement

This proposed Rule will have no impact on poverty as described in R.S. 49:973.

Small Business Analysis

The proposed Rule is not expected to have a significant adverse impact on small businesses as defined in the Regulatory Flexibility Act. The agency, consistent with health, safety, environmental and economic factors has considered and, where possible, utilized regulatory methods in drafting this proposed Rule to accomplish the objectives of applicable statutes while minimizing any anticipated adverse impact on small businesses.

Provider Impact Statement

The proposed Rule will have no known or foreseeable effect on:

1. the staffing levels requirements or qualifications required to provide the same level of service.
2. the total direct and indirect effect on the cost to the provider to provide the same level of service.
3. the overall effect on the ability of the provider to provide the same level of service.

Public Comments

Any interested person may submit written data, views, arguments or comments regarding these proposed amendments to Morgan Newton, Attorney, Tax Policy and Planning Division, by email to morgan.newton@la.gov. All comments must be received no later than 4 p.m., Tuesday, March, 24, 2026.

Public Hearing

Interested persons may submit a written request for a public hearing no later than March 10, 2026, at 4:30 p.m. Requests may be submitted via email to morgan.newton@la.gov and reference Election of Pass-Through Entities. Pursuant to R.S. 49:961(B)(1), a public hearing will be held only if the statutory requirements are satisfied. If those requirements are met, the hearing will take place on Wednesday, March 25, 2026, at 10:30 a.m. in the River Room, located on the seventh floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802, to receive oral and written comments from interested persons. If the requirements have been met and a public hearing will be held, notice of the hearing will be posted under the respective rule topic on the Department's website at <https://revenue.louisiana.gov/tax-policy/rules-regulations>, under "Types," then "Nonemergency Rulemaking." A posted notice confirms that the statutory hearing requirements have been met and that the hearing will be held. If no notice appears, a public hearing will not be conducted. In accordance with the Americans with Disabilities Act, should individuals with a disability need an accommodation in order to participate, contact Morgan Newton by email at LDRadarequests@la.gov or by phone at (225) 219-2780.

Jarrod Coniglio
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES RULE TITLE: Election of Pass-Through Entities

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The proposed rule is not anticipated to result in material costs or cost savings to the Department of Revenue (LDR) or to other state or local governmental units.

The proposed rule change is intended to simplify and streamline the pass-through entity (PTE) election procedure for shareholders of S corporations, and partners and members of other entities taxed as partnerships for federal income tax purposes, by clarifying and reducing the information and documentation required to be provided by taxpayers claiming the pass-through entity exclusion. The proposed rules reserve LDR the option, under particular circumstances, to request certain documentation that is no longer required.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule change is not anticipated to materially impact revenue collections of the state or local governmental units.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

No material costs or economic benefits to directly affected persons, small businesses, or nongovernmental groups are anticipated due to this proposed rule change. No material impact on receipts and/or income of affected persons is anticipated due to this proposal. This proposed rule change will impact entities that make the pass-through entity election pursuant to LA R.S. 47:287.732.2. While the proposed rules reduce the required documentation necessary for certain taxpayers making the election, the documentation may be requested by LDR under certain circumstances.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no anticipated impact on competition or employment.

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NOTICE OF INTENT

**Department of Revenue
Tax Policy and Planning Division**

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

Under the authority of R.S. 47:32, 112, 295, and 1511, and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Tax Policy and Planning Division, hereby proposes to amend LAC 61:I.1501 relative to individual income tax withholding tables and formulas. The primary purpose of this proposed amendment is to update the withholding tables and formulas to reflect the annual inflation adjustment to the standard deduction, as required by R.S. 47:294(B). For purposes of the 2026 withholding tables and formulas, the Department used a standard deduction of \$12,875 for single and married-filing-separate taxpayers, and \$25,750 for married-filing-jointly, qualifying surviving spouse, and head-of-household taxpayers. These amounts are based on the Consumer Price Index for All Urban Consumers (CPI-U) data available as of December 1, 2025. The final standard deduction amounts allowed on 2026 income tax returns may differ slightly based on CPI-U data released in January 2026.

This proposed amendment will allow the Secretary to effectively administer the updated withholding tables and formulas for tax year 2026.

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.1.

a. Filers utilizing a filing status of Single Individual or Married-Separate are allowed a standard deduction in the amount of \$12,875.00;

b.

2. Withholding Tables-Effective on or after January 1, 2026:

Daily Louisiana Income Tax Withholding Table				
Standard Deduction:		0	1	2
Salary Range:				
Min	Max			
0.00	10.00	0.15	0.00	0.00
10.01	12.00	0.34	0.00	0.00
12.01	14.00	0.40	0.00	0.00
14.01	16.00	0.46	0.00	0.00
16.01	18.00	0.53	0.00	0.00
18.01	20.00	0.59	0.00	0.00
20.01	22.00	0.65	0.00	0.00
22.01	24.00	0.71	0.00	0.00
24.01	26.00	0.77	0.00	0.00
26.01	28.00	0.83	0.00	0.00
28.01	30.00	0.90	0.00	0.00
30.01	32.00	0.96	0.00	0.00
32.01	34.00	1.02	0.00	0.00
34.01	36.00	1.08	0.00	0.00
36.01	38.00	1.14	0.00	0.00
38.01	40.00	1.21	0.00	0.00
40.01	42.00	1.27	0.00	0.00
42.01	44.00	1.33	0.00	0.00
44.01	46.00	1.39	0.00	0.00
46.01	48.00	1.45	0.00	0.00
48.01	50.00	1.51	0.00	0.00
50.01	52.00	1.58	0.05	0.00
52.01	54.00	1.64	0.11	0.00
54.01	56.00	1.70	0.17	0.00
56.01	58.00	1.76	0.23	0.00
58.01	60.00	1.82	0.29	0.00
60.01	62.00	1.88	0.35	0.00
62.01	64.00	1.95	0.42	0.00
64.01	66.00	2.01	0.48	0.00
66.01	68.00	2.07	0.54	0.00
68.01	70.00	2.13	0.60	0.00
70.01	72.00	2.19	0.66	0.00
72.01	74.00	2.26	0.73	0.00
74.01	76.00	2.32	0.79	0.00
76.01	78.00	2.38	0.85	0.00
78.01	80.00	2.44	0.91	0.00
80.01	82.00	2.50	0.97	0.00
82.01	84.00	2.56	1.03	0.00
84.01	86.00	2.63	1.10	0.00
86.01	88.00	2.69	1.16	0.00
88.01	90.00	2.75	1.22	0.00
90.01	92.00	2.81	1.28	0.00
92.01	94.00	2.87	1.34	0.00