

Revenue Information Bulletin No. 26-011

March 27, 2026

Income Tax

Acts 11 and 412-Changes to the Inventory Tax Credit

During the 2024 Third Extraordinary Session and the 2025 Regular Session, the Louisiana Legislature enacted Act 11 and Act 412, respectively. These Acts make significant changes to both the eligibility for earning the inventory tax credit (ITC) and the procedures for claiming the credit under R.S. 47:6006, applicable to taxable periods beginning in 2025 and later. This guidance explains those changes to taxpayers seeking to claim the credit for affected taxable periods.

Earning the Credit

Taxpayers taxed as C corporations for federal income tax purposes, and estates and trusts subject to tax levied in R.S. 47:300.1 are prohibited from earning the ITC for ad valorem taxes paid on or after July 1, 2026. However, the prohibition does not apply to cooperatives that are allowed a federal income tax deduction for patronage dividends paid or allocated to their members. To claim the exception, taxpayers must attach a copy of each IRS Form 1099-PATR issued for the taxable period.

S corporations or entities taxed as partnerships for federal income tax purposes, regardless of whether a pass-through entity (PTE) election has been made in accordance with R.S. 47:287.732.2 can continue to earn the credit. These entities may continue to claim the ITC on the appropriate individual, fiduciary, or corporation income tax return, as applicable.

Refundability

Any ITC earned by a taxpayer taxed as C corporation for federal income tax purposes for ad valorem taxes paid from January 1, 2025, through June 30, 2026, is nonrefundable. However, these taxpayers may carry forward any unused portion of the credit for up to ten years, unless an exception applies.

Carryforward Provisions

Taxpayers prohibited from earning the ITC for ad valorem taxes paid on or after July 1, 2026, are allowed an additional 10-year carryforward for existing credits. This additional carryforward period applies only to credits that did not expire before December 31, 2025, effectively allowing a twenty-year carryforward for credits earned from January 1, 2015, to December 31, 2025.

S Corporations

S corporations may earn the ITC only to the extent the credit flows through to its shareholders. Credits must be claimed on the shareholders' individual or fiduciary income tax returns.

During the 2025 Regular Session, the Louisiana Legislature also enacted Act 382, which changes how S corporations are taxed for taxable periods beginning on or after January 1, 2026. Act 382 eliminates the prior treatment of S corporations as C corporations for Louisiana income tax purposes and instead conforms Louisiana law to the federal treatment of S corporations as flow-through entities. As a result, all income and loss earned by an S corporation now flows through to its shareholders by operation of law. Act 382 repealed the former S corporation exclusion as unnecessary.

Accordingly, for taxable periods beginning on or after January 1, 2026, the entire amount of any ITC earned by an S corporation will flow through to its shareholders and may be claimed on the applicable individual or fiduciary income tax return. The S corporation that earns ITC should attach a schedule showing the allocation of the ITC to its shareholders, along with copies of property tax assessments and proof of payment to its Louisiana income tax return.

Questions about completing returns or filing amended returns should be sent to Income.Tax@la.gov. Questions regarding this Bulletin should be sent to PolicyIncome@la.gov. Please include RIB 26-011 in the subject line of any emails sent to LDR regarding this Bulletin.

Jarrod J. Coniglio
Secretary