

**Revenue Information Bulletin No. 25-012
March 7, 2025
Individual Income Tax**

**Louisiana Individual Income Tax Reform
Effective for 2025 and Future Tax Years**

The purpose of this guidance is to explain changes to Louisiana’s individual income tax as enacted by [Act 11](#) of the 2024 Third Extraordinary Session of the Louisiana Legislature and to encourage taxpayers to review their withholdings and estimated tax payments beginning with the 2025 tax year. Unless otherwise provided, the changes enacted by Act 11 are applicable to individual income tax periods beginning on or after January 1, 2025.

Note that there is no impact to the 2024 income tax returns with an original due date of May 15, 2025.

Changes to Individual Income Tax

1. Income Tax Rate for Individuals

Act 11 repeals the graduated rates and brackets for individuals in favor of a flat 3% tax rate applicable to all taxable income.

Rates applicable to taxpayers with a filing status of single, married filing separately, or head of household are as follows:

Taxable Income	Tax Years 2009-2021	Tax Years 2022-2024	Tax Years 2025 and After
\$0 - \$12,500 ¹	2.00%	1.85%	3%
\$12,501 - \$50,000	4.00%	3.50%	3%
\$50,001 and over	6.00%	4.25%	3%

¹ For tax years prior to 2025, see [La. R.S. 47:32\(A\)\(1\)](#), [294](#), and [295\(B\)](#); the combined personal exemption, standard deduction, and other exemption deductions must be deducted from the lowest tax bracket first and then the remaining brackets in increasing order.

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Rates applicable to taxpayers with a filing status of married filing jointly or qualifying surviving spouse are as follows:

Taxable Income	Tax Years 2009-2021	Tax Years 2022-2024	Tax Years 2025 and After
\$0 - \$25,000 ²	2.00%	1.85%	3%
\$25,001 - \$100,000	4.00%	3.50%	3%
\$100,001 and over	6.00%	4.25%	3%

2. Income Tax Rate for Resident and Nonresident Estates and Trusts

Similar to individual income, Act 11 repeals the graduated rates and brackets for income of estates and trusts in favor of a flat 3% tax rate.

Taxable Income	Tax Years 2021 and Prior	Tax Years 2022-2024	Tax Years 2025 and After
\$0 - \$10,000	2.00%	1.85%	3%
\$10,001 - \$50,000	4.00%	3.50%	3%
\$50,001 and over	6.00%	4.25%	3%

3. Income Tax Rate for Pass-through Entities Electing to Be Taxed as Corporations

Pursuant to Act 11, any S-corporation or entity taxed as a partnership for federal income tax purposes electing to be taxed as a C-corporation will now be taxed at a flat 3% tax rate.

Taxable Income	Tax Years 2019-2021	Tax Years 2022-2024	Tax Years 2025 and After
\$0 - \$25,000	2.00%	1.85%	3%
\$25,001 - \$100,000	4.00%	3.50%	3%
\$100,001 and over	6.00%	4.25%	3%

4. Standard Deduction

Act 11 nearly triples the standard deduction, increasing it from \$4,500 to \$12,500 for taxpayers with a filing status of single or married filing separately. Additionally, the standard deduction for taxpayers with a filing status of married filing jointly, qualifying surviving spouse, and head of household is now double (200%) the amount for single individuals, increasing from \$9,000 to

². For tax years prior to 2025, see [La. R.S. 47:32\(A\)\(1\)](#), [294](#), and [295\(B\)](#); the combined personal exemption, standard deduction, and other exemption deductions must be deducted from the lowest tax bracket first and then the remaining brackets in increasing order.

\$25,000. Finally, Act 11 provides for an annual inflation adjustment based upon the Consumer Price Index (CPI-U), with the first adjustments occurring on January 1, 2026.

Filing Status	Tax Years Prior to 2025	Tax Years 2025 and After
Single or Married Filing Separately	\$4,500	\$12,500 ³
Married Filing Jointly, Qualifying Surviving Spouse, and Head of Household	\$9,000	\$25,000 ⁴

The additional exemptions for dependents, blind persons, and persons over age 65 were repealed.

5. Annual Retirement Income

Act 11 increases the exemption for annual retirement income received by individuals aged 65 or older, raising it from \$6,000 to \$12,000 per person. Furthermore, similar to the standard deduction, Act 11 includes an annual inflation adjustment based on the Consumer Price Index for All Urban Consumers (CPI-U), with the first adjustment occurring on January 1, 2026.

6. Bonus Depreciation Deduction and Bonus Amortization Deduction

Act 11 authorizes a bonus depreciation deduction, also referred to as full expensing, for qualified property or qualified improvement property as well as a bonus amortization deduction for research and experimental procedures. The deduction allows a business to recover the full cost of property or expenditures in the taxable year the property is placed into service or the taxable year the expenditures were incurred, respectively, rather than depreciating the property over the course of its estimated useful life or amortization period. For purposes of the deduction, qualified property and qualified improvement property have the same meanings as those terms are defined by Sections 168(k) and 168(e)(6) of the Internal Revenue Code, as in effect on January 1, 2024, respectively. Research and experimental expenditures has the same meaning as that term is defined by Section 174 of the Internal Revenue Code, as in effect on January 1, 2024.

Neither the bonus depreciation nor bonus amortization deduction authorized by Act 11 may be used to duplicate any depreciation or bonus depreciation, amortization or bonus amortization allowable on the federal income tax return of the taxpayer for the taxable year.

7. Inventory Tax Credit

The inventory tax credit allows taxpayers who pay ad valorem property taxes on business inventory to claim a credit applicable against their individual income tax. While there is no change for individuals and pass-through entities, for taxable periods beginning on or after July 1, 2026, entities taxed as C-corporations for federal income tax purposes will no longer be eligible to earn the

³ Subject to change beginning January 1, 2026 due to the annual adjustment made based upon the CPI-U.

⁴ Subject to change beginning January 1, 2026 due to the annual adjustment made based upon the CPI-U.

inventory tax credit. However, C-corporations may carryforward any unused credits for the remainder of the initial 10-year period, plus an additional five years for any credits which had not yet expired as of January 1, 2025.

Credit Cap Changes

1. Motion Picture Production Tax Credit

Act 11 decreases the annual cap for the issuance of final certifications of motion picture production tax credits by the Department of Economic Development from \$150 million to \$125 million for applications submitted on or after July 1, 2025. Similarly, Act 11 reduces the annual cap for claiming of credits or transferring credits to the state from \$180 million to \$125 million, beginning July 1, 2025. Additionally, Act 11 prohibits the rollover of any unused portion of the cap from one credit cap year to be made available in the subsequent credit cap year, beginning with the credit cap year which begins July 1, 2025

2. Research and Development Tax Credit

Act 11 establishes an annual cap for the research and development tax credit of \$12 million that is applicable to claims allowed on returns on or after July 1, 2025. Additionally, Act 11 prohibits the rollover of any unused portion of the cap from one credit cap year to be made available in the subsequent credit cap year.

3. Rehabilitation of Historic Structures Tax Credit

Act 11 decreases the annual cap for the rehabilitation of historic structures tax credit from \$125 million to \$85 million for Part II applications received by the Department of Culture, Recreation and Tourism on or after January 1, 2025. Additionally, Act 11 prohibits the rollover of any unused portion of the cap from one credit cap year to be made available in the subsequent credit cap year, beginning with the credit cap year which begins January 1, 2025.

Repealed and Sunset Statutes

Act 11 establishes a June 30, 2025 sunset date for renewals and applications of numerous credits and incentives. Thereafter, no credits may be renewed or earned for applications submitted. However, taxpayers may continue to earn credits pursuant to applications and contracts submitted on or before June 30, 2025. The credits subject to sunset on June 30, 2025 are shown below.

Legal Citation	Name of Credit/Incentive	Sunset Date under Act 11
La. R.S. 47:287.750	Work Opportunity	Certification after June 30, 2025
La. R.S. 47:3204	Industrial Tax Equalization Program	Contracts entered and renewals received after June 30, 2025
La. R.S. 47:4302	Exemptions for Manufacturing Establishments	Contracts entered and renewals received after June 30, 2025

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Legal Citation	Name of Credit/Incentive	Sunset Date under Act 11
La. R.S. 47:6020	Angel Investor	Applications received after June 30, 2025
La. R.S. 47:6023	Sound Recording	Applications received after June 30, 2025
La. R.S. 51:1787	Enterprise Zone	Advance notifications received after June 30, 2025
La. R.S. 51:2399.3	Modernization tax credit	Applications received after June 30, 2025
La. R.S. 51:2461	Quality Jobs Program	Advance applications received after June 30, 2025

Act 11 also repeals a number of expired and underutilized credits and incentives. The repealed credits are listed below. However, taxpayers may continue to utilize any previously earned credits for the applicable carryforward period, as provided by the statute authorizing the credit.

Legal Citation	Name of Credit/Deduction/Incentive	Prior Sunset Date
La. R.S. 17:3389	University Research and Development Parks	July 1, 2017
La. R.S. 25:1226 – 1226.6	Atchafalaya Trace Heritage Area Development Zone Tax Exemption	Applications approved on or after January 1, 2020.
La. R.S. 47:12	Low-Income Housing	December 31, 1993
La. R.S. 47:34 and 287.749	New Jobs	December 31, 2019
La. R.S. 47:37 and 287.755	Contribution of Tangible Property of a Sophisticated & Technological Nature to Educational Institutions	December 31, 2019
La. R.S. 47:79	Dependent/Blind/Disabled/Deaf Exemption/Deduction	Superseded by R.S. 47:294(B)
La. R.S. 47:287.748	Hiring Eligible Re-Entrants	December 31, 2019
La. R.S. 47:287.759	Employee and Dependent Health Insurance Coverage	December 31, 2007
La. R.S. 47:297(A)	Certain Disabilities	December 31, 2019
La. R.S. 47:297(B)	Special Allowable Credits	December 31, 2019

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Legal Citation	Name of Credit/Deduction/Incentive	Prior Sunset Date
La. R.S. 47:297(C)	Gasoline & Special Fuels Taxes for Commercial Fisherman	December 31, 2019
La. R.S. 47:297(D)	Education	December 31, 2019
La. R.S. 47:297(G)	Environmental Equipment	December 31, 1995
La. R.S. 47:297(H)	Small-Town Health Professional	December 31, 2019
La. R.S. 47:297(I)	Bone Marrow Donor Expense	December 31, 2019
La. R.S. 47:297(J)	Educational Expenses Incurred for Degree Related to Law Enforcement	December 31, 2019
La. R.S. 47:297(K)	Employment of Certain First-Time Drug Offenders	December 31, 2019
La. R.S. 47:297(L)	Purchase of Bulletproof Vest	December 31, 2019
La. R.S. 47:297(M)	Long-Term Care Insurance Premiums	December 31, 2019
La. R.S. 47:297(N)	Living Organ Donation	December 31, 2019
La. R.S. 47:297(O)	Employment of Certain First-Time Nonviolent Offenders	December 31, 2019
La. R.S. 47:297(P)	Accessible and Barrier-Free Constructed Home	December 31, 2019
La. R.S. 47:297.2	Employment-Related Expense for Maintaining Household for Certain Disabled Dependents	December 31, 2019
La. R.S. 47:297.6	Rehabilitation of an Owner Occupied Residential or Mixed-Use Property	December 31, 2017
La. R.S. 47:297.7	Property Insurance	December 31, 2008
La. R.S. 47:297.9	Amounts Paid by Certain Military Servicemembers for Obtaining Louisiana Hunting & Fishing Licenses	December 31, 2019

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Legal Citation	Name of Credit/Deduction/Incentive	Prior Sunset Date
La. R.S. 47:301(10)(a)(vi)	Motion Picture Incentive Program Sales Tax Exclusion	January 1, 2006
La. R.S. 47:4331	Corporate Tax Apportionment Program	Contracts approved or renewed after June 30, 2017
La. R.S. 47:6011	Donations of Property to Certain Offices and Agencies	June 30, 2000
La. R.S. 47:6012	Donation of Materials, Equipment or Instructors Made to Certain Training Providers	January 1, 2001
La. R.S. 47:6016	New Markets Tax Credit	Qualified equity investments made after August 31, 2013
La. R.S. 47:6018	Purchases from Prison Industry Enhancement (“PIE”) Contractors	None
La. R.S. 47:6021	Brownfields Investor Tax Credit	December 31, 2009
La. R.S. 47:6025	LA Citizens Property Insurance Corporation Assessment	December 31, 2019
La. R.S. 47:6026	Cane River Heritage Tax Credit	Applications approved on or after January 1, 2018.
La. R.S. 47:6027	Mentor-Protégé Tax Credit	December 31, 2011
La. R.S. 47:6030	Solar Energy System	December 31, 2015
La. R.S. 47:6035	Conversion of Vehicles to Alternative Fuel	December 31, 2021
La. R.S. 47:6036	Ports of Louisiana Tax Credits	July 1, 2025
La. R.S. 47:6036.1	Louisiana Import Tax Credit	Applications received after July 1, 2025
La. R.S. 47:6037	Green Job Industries Credit	Applications received after July 1, 2017

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Legal Citation	Name of Credit/Deduction/Incentive	Prior Sunset Date
La. R.S. 47:6041	COVID-19 Pandemic ATC License	Effective Jan. 1, 2020 - Dec. 31, 2020
La. R.S. 51:1801-1813	Urban Revitalization Tax Incentive Program	July 1, 2017
La. R.S. 51:1932	Louisiana Capital Companies Tax Credit Program	No certifications after June 30, 2003, and no capital investments certified after December 31, 2003
La. R.S. 51:2351-2360	Technology Commercialization Credit and Jobs Program	July 1, 2017
La. R.S. 51:3081 through 3094	Louisiana Community Development Financial Institutions Act	July 1, 2009
La. R.S. 51:3111-3115	Corporate Headquarters Relocation Program	Contracts approved after June 30, 2017
La. R.S. 51:3121	Competitive Projects Payroll Incentive Program	Contracts approved after June 30, 2026

Act 11 also repeals La. R.S. 47:293(9)(a)(ix) – the IRC Section 280C expense deduction, and La. R.S. 47:293(9)(a)(xvii) – the net capital gain deduction.

Revisions to Withholding Tax Tables and Formulas

The Department has issued an Emergency Rule to modify the withholding tax tables and formulas that employers and payroll companies must use to calculate the correct amount of taxes to withhold from employees’ wages. The changes to the withholding tax tables and formulas account for the new three percent income tax rate and increased standard deduction. Pursuant to [La. R.S. 47:112](#) and the Emergency Rule, employers must use these revised tables or formulas to deduct tax from wages paid on or after January 1, 2025. The withholding tables add an additional 0.09% to provide a “cushion” in an effort to prevent taxpayers from having a balance due. Any amount withheld in excess of an individual’s tax liability will be refunded.

General Guidance to Louisiana Individual Taxpayers

In general, individuals can expect less state tax withheld from their wages and an overall increase in net wages per pay period due to the new state income tax rate and the increased standard deduction. The revised withholding tax tables and formulas are structured to ensure correct

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withholding based on the new flat 3% income tax rate and the near tripling of the standard deduction.

Although the tables provide for a built-in “cushion”, they do not account for other types of income that are not generally subject to withholding, such as interest, dividends, capital gains, and pass-through income (including profits from small businesses such as LLCs). If a taxpayer has other forms of income other than wages reported on [IRS Form W-2](#), the taxpayer should consider one or more of the following:

1. Review and revise Form R-1300, [Employee Withholding Exemption Certificate \(L-4\)](#).

The [Employee Withholding Exemption Certificate](#) is completed by an employee (generally at the start of employment) and is used by an employer to calculate the withholding amount from each wage payment. An employee with income from other sources should consider decreasing the number of deductions claimed (Lines 6) or increase the amount to be withheld each pay period (Line 7).

2. Remit estimated tax payments

Individuals may declare estimated income and remit estimated tax payments to the Department.⁵ Estimated tax payments may be remitted using any of the following options:

- Electronically using [LaTAP](#);
- By credit card via the Department’s website [Revenue.Louisiana.gov](#); and
- By mail using [LDR Form IT-540ES](#).

For more information on estimated tax payments, refer to [LDR Form IT-540ES Instructions](#).

The [Employee Withholding Exemption Certificate](#) has been updated to reflect the use of filing status rather than the number of exemptions in determining a taxpayer’s appropriate withholding amount. As such, Louisiana individual taxpayers are strongly encouraged to complete and submit an updated [Employee Withholding Exemption Certificate](#) to their employer and consider whether additional withholding or estimated tax payments are necessary. Absent these steps, individuals with other income should expect to owe additional state income tax when filing their Louisiana income tax returns instead of receiving a refund of an overpayment of tax.

Richard Nelson
Secretary

⁵ Estimated tax payments must be remitted if estimated income tax after credits and withholdings is expected to exceed \$1,000 for single filers and \$2,000 for joint filers. Absent one or more exceptions, the failure to remit estimated tax payments is a penalty of 12% annually of the underpayment amount for the period of underpayment.