



Revenue Information Bulletin
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Corporation Income Tax and Individual Income Tax

Louisiana Income Tax Treatment of IRS Relief for Disaster Victims

To assist those individuals and businesses affected by Hurricane Katrina, the Internal Revenue Service has issued several bulletins outlining federal income tax relief that will be provided. This Revenue Information Bulletin will allow taxpayers to determine if the state of Louisiana will follow the federal tax treatment of this disaster relief.

The starting point for determining Louisiana tax table income for Louisiana individual income tax is the taxpayer's federal adjusted gross income. The starting point for Louisiana corporate income tax is federal gross income. For both individual and corporate income tax, deductions and exclusions from gross income allowed by federal law are allowed for Louisiana purposes unless a specific statutory provision states otherwise.¹

For example, Louisiana law allows the same tax treatment as the federal law for the following:

- Under IRS Notice 2005-68, employees can forgo leave in exchange for employer cash payments made before January 1, 2007, to qualified tax-exempt organizations providing relief for Hurricane Katrina victims. Employees do not have to include the donated leave in their income. Employers will be permitted to deduct the amount of the cash payment. Louisiana will follow the federal treatment for both employees and employers.
- Qualified disaster relief payments are not income and are not subject to federal individual income tax. Because these funds will not be included in the recipients' federal gross income, they will not be subject to Louisiana individual income tax.

Although this RIB specifically addresses the state treatment of Hurricane Katrina related federal tax relief, the principles set forth above will apply to all similar disaster related federal tax relief for which there is no specific Louisiana modification.

Cynthia Bridges
Secretary

¹ Modifications from federal adjusted gross income for individuals are set for in R.S. 47:293 and can be found at <http://www.legis.state.la.us/lss/lss.asp?doc=101760>

Modifications from federal items of income for corporations are set forth in R.S. 47:287.71 and can be found at <http://www.legis.state.la.us/lss/lss.asp?doc=101718>

Modifications from federal items of deduction for corporations are set forth in R.S. 47:287.73 and can be found at <http://www.legis.state.la.us/lss/lss.asp?doc=101719>

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