



Revenue Information Bulletin No. 07-022
August 27, 2007
Individual Income Tax

Military Pay Exclusion from Louisiana Income Tax

Act 160 of the 2007 Regular Session of the Louisiana Legislature removes the expiration date for the state income tax exemption for certain military personnel. Additionally, Act 160 changed the exemption amount from \$29,999 to \$30,000. If a taxpayer served 120 or more consecutive days on active duty as a member of the armed forces of the United States, up to \$30,000 of the compensation paid to a taxpayer or their spouse by the armed forces while stationed outside of Louisiana is exempt from Louisiana income tax.

Example: Assume that on January 15, 2007, John Smith went on active duty outside of Louisiana and continuously remained on active duty outside the state at least through May 14, 2007 (120 days). Under these circumstances, up to \$30,000 of compensation paid to John Smith and/or his spouse by the armed services may be exempt from Louisiana income tax. The exempt portion is that amount of compensation earned by John Smith outside of Louisiana **during and after** 120 plus consecutive days of active duty. In the above example, if John Smith served 40 days in Louisiana and the remainder of the year on duty outside of Louisiana, income from the 41st day forward is exempt up to \$30,000.

If you are claiming this exemption you should state it on Form IT-540, Schedule E, Code 10E. If you are a part-year resident taxpayer and made Louisiana your home-of-record during the taxable year, you should include any exempted amount on the worksheet you are required to prepare for Form IT-540B. Please attach a copy of your official orders, including endorsements that establish your 120 plus consecutive days of out-of-state active duty.

Interested parties should contact Taxpayer Services at (225) 219-7318.

Cynthia Bridges
Secretary

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