

Revenue Information Bulletin No. 15-027
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Individual and Fiduciary Income Tax

Applicability of the Federal Income Tax Deduction to the Federal Additional Medicare and Net Investment Income Taxes

Two new federal taxes took effect beginning January 1, 2013, the Net Investment Income Tax and the Additional Medicare Tax.

The 3.8 percent Net Investment Income Tax applies to individuals, estates, and trusts that have certain investment income above certain threshold amounts. The threshold amounts are \$250,000 for married taxpayers who file jointly and qualifying widow(er), \$125,000 for married taxpayers who file separately, and \$200,000 for all other taxpayers.

The 0.9 percent Additional Medicare Tax applies to an individual's wages, Railroad Retirement Tax Act compensation, and self-employment income that exceeds a threshold amount based on the individual's filing status. The threshold amounts are \$250,000 for married taxpayers who file jointly, \$125,000 for married taxpayers who file separately, and \$200,000 for all other taxpayers.

In determining Louisiana taxable income, taxpayers are allowed to deduct their federal income tax liability. "Federal income tax liability" means the total amount of tax due to the United States for the taxable period.

For purposes of determining the "federal income tax liability" for tax years beginning on or after January 1, 2013, any Net Investment Income Tax paid will be included in the taxpayer's federal income tax liability and will, therefore, be included in the taxpayer's federal income tax deduction. The Additional Medicare Tax will not be included in the taxpayer's federal income tax liability for the purpose of determining the taxpayer's federal income tax deduction.

Tim Barfield
Secretary