



**Revenue Information Bulletin No. 06-013
February 21, 2006
Individual Income Tax**

Military Pay Exclusion from Louisiana Income Tax

House Bill 21 of the 2006 First Extraordinary Session of the Louisiana Legislature reenacted the Military Pay Exclusion found in Revised Statutes 47:293(6)(e). This act retroactively applies the Military Pay Exclusion to tax year 2005. Residents of Louisiana who, during 2005, served in the armed forces of the United States may be able to exempt military compensation earned while stationed outside of Louisiana. 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 \$29,999 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, 2005, John Smith went on active duty outside of Louisiana and continuously remained on active duty outside the state at least through May 14, 2005 (120 days). Under these circumstances, up to \$29,999 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 \$29,999.

If you are claiming this exemption you should state it on Line 4H of Schedule E of Form IT540. If you are a part-year resident taxpayer and made Louisiana your home-of-record during 2005, you should include any exempted amount on the schedule you are required to prepare for Line 8 of Form IT540B. 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

Historical Note: Act 160 of the 2007 Regular Session of the Legislature removed the expiration date for the state income tax exemption for certain military personnel. For additional information, please see Revenue Information Bulletin 07-022.

A Revenue Information Bulletin (RIB) is issued under the authority of LAC 61:III.101.D. A RIB is an informal statement of information issued for the public and employees that is general in nature. A RIB does not have the force and effect of law and is not binding on the public or the Department.