

LOUISIANA
 DEPARTMENT *of* REVENUE

**Louisiana Individual Income Tax Computation
 on Resident Returns**

(effective January 1, 2009)

The basic idea for computing Louisiana individual income tax on resident returns is to find the 250-dollar span in which the tax table income lies, determine the midpoint of that span, and then separate the midpoint income into parts subject to 2%, 4%, and 6% tax. To compute the tax, you will need the Louisiana tax table income, filing status, and total number of exemptions claimed.

STEP 1:

Obtain the midpoint income as follows:

1. Find the largest number that is both evenly divisible by 250 and not larger than the tax table income amount.
2. Add 125 to that number.

Hint: All midpoints have as their last three digits either 125, 375, 625, or 875.

STEP 2:

Obtain the exemption income by adding the standard personal exemption and the dependent exemption. Use the following table to determine the standard personal and dependent exemptions:

Filing Status	Standard Personal Exemption	Dependent Exemption
1 = Single	\$4,500	(Total Exemptions – 1) x \$1,000
2 = Married Filing Jointly	\$9,000	(Total Exemptions – 2) x \$1,000
3 = Married Filing Separately	\$4,500	(Total Exemptions – 1) x \$1,000
4 = Head of Household	\$9,000	(Total Exemptions – 1) x \$1,000
5 = Qualifying Widow(er)	\$9,000	(Total Exemptions – 2) x \$1,000

STEP 3:

Filing Status	Tax Rate on Midpoint Income		
	2%	4%	6%
1 = Single	First \$12,500	Next \$37,500	Over \$50,000
2 = Married Filing Jointly	First \$25,000	Next \$75,000	Over \$100,000
3 = Married Filing Separately	First \$12,500	Next \$37,500	Over \$50,000
4 = Head of Household	First \$12,500	Next \$37,500	Over \$50,000
5 = Qualifying Widow(er)	First \$25,000	Next \$75,000	Over \$100,000

Using the information in the table above, calculate the tax as follows:

1. Separate the midpoint income into parts subject to 2%, 4%, and 6% tax.
2. Subtract the exemption income from the lowest bracket (2%) first, then the next bracket (4%), and so on.
3. Multiply the difference by the appropriate tax rate.
4. Add products.
5. Round the sum to the nearest dollar.

EXCEPTIONS:

Exception 1: If a taxpayer claims more than 8 exemptions (which is the cutoff point on the printed tax tables), subtract \$1,000 for every exemption over 8 from the tax table income, and calculate the tax using 8 exemptions and the adjusted tax table income.

Exception 2: If the tax table income is above \$51,000 for filing status 1, 3, or 4 and \$101,000 for status 2 or 5 (which are the cutoff points on the printed tax tables), the tax is calculated in a special way:

Step 1: The midpoint income is obtained by subtracting \$125 from the cutoff point—\$51,000 for filing status 1, 3, or 4 and \$101,000 for status 2 or 5.

Step 2: Obtain the exemption income as described in Step 2 on Page 1.

Step 3: Calculate the tax on the midpoint income as describe in Step 3 on Page 1.

Step 4: Calculate the tax on the tax table income in excess of the cutoff point by taking 6% of it and rounding to the nearest dollar.

Step 5: Add the results of Steps 3 and 4 above to get the final tax. (See Examples 2 and 3 below.)

EXAMPLES:

Example 1: Suppose the tax table income is \$35,834, the filing status is single, and the total number of exemptions is 1.

Step 1: The largest number evenly divisible by 250 that is not greater than the \$35,834 is \$35,750. So, the midpoint is **\$35,875** (\$35,750 + \$125).

Step 2: The exemption income is **\$4,500**: \$4,500 + [(1 - 1) x \$1,000]. This is subtracted from the lowest tax bracket: \$12,500 - \$4,500 = \$8,000.

Step 3: Calculate the tax, which is **\$1,095**:

\$8,000	X 2%	=	\$ 160.00
\$23,375	X 4%	=	<u>\$ 935.00</u>
			\$ 1,095.00

Example 2: Suppose the tax table income is \$158,970, the filing status is married filing jointly, and the total number of exemptions is 6. Since the tax table income exceeds the cutoff point (\$101,000 for this filing status), Exception 2 applies.

Step 1: The midpoint is the cutoff point minus \$125. So, the midpoint is **\$100,875** (\$101,000 - \$125).

Step 2: The exemption income is **\$13,000**: \$9,000 + [(6 - 2) x \$1,000]. This is subtracted from the lowest tax bracket: \$25,000 - \$13,000 = \$12,000.

Step 3: Calculate the tax on the midpoint and round to the nearest dollar.

\$12,000	X 2%	=	\$ 240.00
\$75,000	X 4%	=	\$ 3,000.00
\$875	X 6%	=	<u>\$ 52.50</u>
			\$ 3,293.00 (rounded)

Step 4: Calculate the tax on the amount in excess of the cutoff point, which is \$57,970 (\$158,970 - \$101,000).

\$57,970	X 6%	=	\$ 3,478.20
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Step 5: Add the results of Steps 3 and 4. The tax is **\$6,771** (\$3,293.00 + \$3,478.20 rounded to the nearest dollar).

Example 3: Suppose the tax table income is \$54,295, the filing status is head of household, and the total number of exemptions is 3. Since the tax table income exceeds the cutoff point (\$51,000 for this filing status), Exception 2 applies.

Step 1: The midpoint is the cutoff point minus \$125. So, the midpoint is **\$50,875** (\$51,000 - \$125).

Step 2: The exemption income is **\$11,000**: \$9,000 + [(3 - 1) x \$1,000]. This is subtracted from the lowest tax bracket: \$12,500 - \$11,000 = \$1,500.

Step 3: Calculate the tax on the midpoint and round to the nearest dollar.

\$1,500	X 2%	=	\$ 30.00
\$37,500	X 4%	=	\$ 1,500.00
\$875	X 6%	=	<u>\$ 52.50</u>
			\$ 1,583.00 (rounded)

Step 4: Calculate the tax on the amount in excess of the cutoff point, which is \$3,295 (\$54,295 - \$51,000).

\$3,295	X 6%	=	\$ 197.70
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Step 5: Add the results of Steps 3 and 4. The tax is **\$1,781** (\$1,583.00 + \$197.70 rounded to the nearest dollar).