

News Releases

Some federal COVID-19 relief benefits are subject to state income tax

2020 state income tax filing begins Friday, Feb. 12

February 11, 2021

BATON ROUGE - The Louisiana Department of Revenue (LDR) advises taxpayers to be aware of the state tax implications of federal COVID-19 relief benefits when they begin filing their 2020 state individual income taxes this week.

On Friday, Feb. 12, LDR will begin accepting tax returns through [Louisiana File Online](#), the state's free, electronic tax filing application; or through commercially available tax filing software. We will also begin processing paper returns downloaded from the LDR website at www.revenue.louisiana.gov/forms.

As taxpayers prepare their returns, it is important to understand which federal pandemic-related benefits are taxable at the state level and which are not.

Economic Impact Payments

The federal Coronavirus Aid, Relief and Economic Security (CARES) Act provided Economic Impact Payments of \$1,200 for qualifying individuals and \$2,400 for qualifying married couples, with an additional \$500 per dependent child. Under the Coronavirus Response and Relief Supplemental Appropriations Act, passed as part of the Consolidated Appropriations Act of 2021, (CARES II), individuals began receiving automatically a second round of Economic Impact Payments of up to \$600 for individuals or \$1,200 for married couples and up to \$600 for each qualifying child beginning in December. The payments are refundable tax credits and are not considered taxable income for federal or state tax purposes. They **are not** subject to Louisiana state income tax.

Federal Pandemic Unemployment Compensation

The CARES Act provided \$600 weekly supplemental unemployment benefits for individuals out of work for reasons related to the pandemic. Additionally, CARES II provides up to \$300 in weekly supplemental unemployment benefits. These benefits **are** subject to Louisiana state income tax.

Suspected Unemployment Benefits Identity Fraud

According to the Louisiana Workforce Commission (LWC), pandemic-related unemployment benefits became a target of identity thieves who used stolen personal information to claim fraudulent unemployment payments in multiple states, including Louisiana. Anyone who receives a 1099-G tax form from LWC that documents unemployment benefits they did not receive, or overstates benefits they did receive, should report the possibility of fraud.

- [Louisiana Department of Revenue Identity Theft Affidavit](#)
- [Louisiana Workforce Commission Suspected Fraud Form](#)

Frontline Worker Rebates

Act 12 of the 2020 First Extraordinary Session of the Louisiana Legislature provided for a one-time \$250 rebate for eligible workers earning \$50,000 per year or less, who spent at least 200 hours responding to or mitigating the COVID-19 crisis from March 22, 2020, through May 14, 2020. The rebates, funded by the CARES Act, **are** subject to Louisiana state income tax.

Main Street Recovery Program

Act 311 of the 2020 Regular Session of the Louisiana Legislature allocated federal CARES Act funds to provide grants of up to \$15,000 to eligible small businesses through a program administered by the Louisiana Department of Treasury. Funds disseminated through this program **are** subject to Louisiana state income tax.

Paycheck Protection Program

The Paycheck Protection Program (PPP) established by the CARES Act, provides small businesses with funding for payroll costs, mortgage interest, rent, and utilities. The PPP loans are forgivable under certain conditions and the loan forgiveness is not taxable income for federal tax purposes. The PPP loan forgiveness **is not** subject to Louisiana state income tax.

2020 Louisiana Individual Income Tax returns and payments are due Monday, May 17, 2021.

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