

Revenue Information Bulletin No. 21-019
July 23, 2021
Individual Income Tax
Corporate Income Tax

Exemption for COVID-19 Relief Benefits
Act 54 of the 2021 Regular Session

The purpose of this bulletin is to explain the taxability of benefits received from the Louisiana Main Street Recovery Fund and the Frontline Workers COVID-19 Hazard Pay Rebate Program based upon Act 54 of the 2021 Regular Session of the Louisiana Legislature.

Louisiana Main Street Recovery Grants

Act 311 of the 2020 Regular Session of the Louisiana Legislature created the Louisiana Main Street Recovery Fund which awarded grants to Louisiana small businesses to assist with recovery from the economic impacts of COVID-19. This program utilized federal funds from the Coronavirus Relief Fund provided pursuant to the CARES Act¹ and reimbursed businesses for expenses incurred related to meeting public health requirements for COVID-19 and for certain business interruption costs from March 1, 2020, to November 30, 2020.

Frontline Workers COVID-19 Hazard Pay Rebate Program

Act 12 of the 2020 First Extraordinary Session of the Louisiana Legislature enacted the Frontline Workers COVID-19 Hazard Pay Rebate Program. This program provided a one-time \$250 rebate to essential critical infrastructure workers who are Louisiana residents. Eligible workers were required to work a minimum of 200 hours providing in-person services outside their home to the general public.

COVID-19 Relief Benefits Exemption

Act 54 of the 2021 Regular Session of the Louisiana Legislature provides an individual and corporate state income tax exemption for all state and federal COVID-19 relief benefits. Act 54 defines such relief benefits, in pertinent part, as “any gratuitous grant, loan, rebate, tax credit, advance refund, or other qualified disaster relief benefit directly or indirectly provided...by the state or federal government as a COVID-19 relief benefit...”

The Louisiana Main Street Recovery Program is a state government program that utilized federal funds to provide grants to affected small businesses for the stated purpose of

¹ Section 5001 of Public Law 116-136

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reimbursing such businesses for compliance and business interruption costs associated with the COVID-19 pandemic. Similarly, the Frontline Workers COVID-19 Hazard Pay Rebate Program is a state government program whose stated purposes is assisting workers employed in a critical services occupation during the COVID-19 pandemic. Accordingly, both the Louisiana Main Street Recovery Program and the Frontline Workers COVID-19 Hazard Pay Rebate Program constitute a gratuitous grant or rebate, respectively, issued directly by the state government as a COVID-19 relief benefit. As such, amounts received by individuals or corporations pursuant to the either the Louisiana Main Street Recovery Program or the Frontline Workers COVID-19 Hazard Pay Rebate Program will be exempt income for state income tax purposes pursuant to Act 54 of the 2021 Regular Session. It should be noted, however, that amounts received by trusts remain taxable income as Act 54 is not applicable to fiduciary income taxpayers.

The exemption provided in Act 54 applies when the relief benefit was included in either the adjusted gross income or the federal gross income of an individual or corporate taxpayer, respectively. Act 54 applies both retroactively and prospectively so that taxpayers who have not yet reported such relief benefits as well as those who have previously reported such relief benefits as taxable income may receive the exemption by filing either an original or amended return, respectively, and reporting qualifying relief benefits as exempt income on the line so designated.

The exemption provided by Act 54 does not impact the federal income tax treatment of the benefits received under either the Louisiana Main Street Recovery Program or the Frontline Workers COVID-19 Hazard Pay Rebate Program.

Claiming the Exemption for 2020 Income Tax Year

Taxpayers seeking to claim the exemption provided in Act 54 should report the exempt income on their 2020 Louisiana tax return as provided below:

Corporate

Form CIFT 620, Schedule F, Line 3j

Individual

Form IT-540, Schedule E, Code 27E (for resident individuals)

Form IT-540B, Nonresident and Part-Year Resident (NPR) Worksheet, Code 27E (for nonresident or part-year resident individuals)

Partnerships with Corporate Partners

Form IT-565, Schedule Q, Line 3f

Entities Subject to the Pass-Through Entity Tax Election

Form CIFT 620, Schedule F, Line 3j

Flow Through Entities

Flow-through entities must provide the exempt income information to their shareholders, members, or partners on the entity's letterhead, a copy of which must be attached to the individual state income tax return. The individual will report the exemption as directed above.

Questions concerning this publication may be submitted by email to Policy.Publications@La.gov.

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Secretary