
DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 414 Original

2025 Regular Session

Dewitt

Abstract: Authorizes individual income tax deductions for compensation earned by resident individuals as overtime compensation and tip income.

Present law authorizes an income tax deduction for overtime compensation paid by an employer to an employee who is a resident individual in this state. The amount of the deduction shall be equal to the actual amount of overtime compensation earned by the taxpayer during a taxable year. Proposed law defines "overtime compensation" as compensation paid by an employer to an employee as wages for time worked by the employee in excess of a 40-hour workweek.

Proposed law authorizes an income tax deduction for tip income earned by a resident individual in this state. The amount of the deduction shall be equal to the actual amount of tip income earned by the taxpayer during a taxable year. Proposed law defines "tip income" as all of the following:

- (1) The amount reported as "social security tips" on the taxpayer's IRS Form W-2, or any successor to that form, for the taxable year.
- (2) The amount reported as "allocated tips" on the taxpayer's IRS Form W-2, or any successor to that form, for the taxable year.
- (3) The amount of cash and charge tips received less the amount of cash and charge tips reported to all employers as recorded on the taxpayer's IRS Form 4137, or any successor to that form, for the taxable year.

Proposed law requires the deductions to be claimed on the tax return for the taxable year in which the resident individual earned the overtime compensation or tip income. Further requires the taxpayer claiming the deduction to maintain all records and documentation relating to overtime compensation earned or tip income earned and, if requested, shall provide the documentation to the Dept. of Revenue (DOR) when filing his tax return.

Proposed law authorizes the secretary of DOR to promulgate rules in accordance with the Administrative Procedures Act as are necessary to implement the provisions of proposed law.

Effective January 1, 2026, and applicable to taxable years beginning on or after January 1, 2026.

(Adds R.S. 47:293(9)(a)(xxvii) and (xxviii), 297.26, and 297.27)