



This Week in State Tax (TWIST)

July 21, 2025



Louisiana: New laws address sales tax exemptions and Sub S rules

The Louisiana Legislature passed, and Governor Landry signed into law, two measures that introduce changes to the state sales and use tax framework and S corporation reporting requirements.

House Bill 578 – Sales tax changes

The sales tax “cleanup bill” makes several changes to certain exemptions.

- *Healthcare-related digital products and services*: Effective January 1, 2025, licensed healthcare providers are now exempt from state and local sales tax on purchases of computer software, prewritten software access services, and information services used for storing or transmitting health data or for diagnosis and treatment. Previously, the exemption applied only to purchases of digital products.
- *State and local government public works projects*: Current law provides that state and local governments and agencies thereof are exempt from sales and use tax. Effective July 1, 2025, the bill extends this exemption to purchases made by general contractors and subcontractors for the construction of various public works projects for state and local entities. Prior to claiming the exemption, a contractor or subcontractor will be required to provide certain information to the Department of Revenue and obtain a certificate of exemption for each project from the Department.
- *Repairs for out-of-state property*: Repairs performed in Louisiana on tangible personal property that is then transported outside the state by certain means are exempt from state tax, effective January 1, 2025, and local governments may exempt such transactions, effective July 1, 2025.
- *Expanded vessel definition*: The definition of “vessel” has been broadened to include commercial fishing vessels, drilling ships, and drilling barges for purposes of certain exemptions, effective July 1, 2025. In addition, the exemption of items relevant to vessels is broadened to include software, prewritten software access, digital products, and information services when certain conditions are met.

House Bill 567 – Subchapter S changes

This measure amends the state reporting requirements for S corporations for tax years beginning on or after January 1, 2026. The bill repeals the provisions that subject an S corporation to the Louisiana corporate income tax, and each S corporation shareholder will be subject to Louisiana individual income tax on their pro rata share of the corporation’s income attributable to the state. Each S corporation will be required to file an informational corporation return with the state. The bill also allows an S corporation to file a composite return and make composite payments on behalf of its nonresident shareholders equal to the applicable maximum tax rate multiplied by the nonresident shareholder’s portion of the S corporation’s income attributable to Louisiana. When

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an S corporation makes a payment on behalf of a nonresident shareholder that exceeds the shareholder's income tax liability, the shareholder is entitled to a refund or an overpayment that can be credited against future tax years. All credits previously earned by an S corporation subject to Louisiana's corporate income tax must flow through to its shareholders based on each shareholder's ownership interest.

Contact [Randy Serpas](#) with questions about [House Bill 578](#) and [Lori Wright](#) with questions about [H.B. 567](#).

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