

Frequently Asked Questions

[General FAQ](#)

[Consumer Use Tax FAQ](#)

[LATAP FAQ](#)

[Restore Louisiana Grants FAQ](#)

[Office of Debt Recovery FAQ](#)

[Boat Registration FAQ](#)

[Technical FAQ](#)

[PDF Help](#)

[Audit Services](#)

[Individual Income Tax Audit FAQ](#)

[Telecommunication Tax for the Deaf](#)

[Fairs, Festivals, and Other Special Events](#)

[LaWage FAQ](#)

[Louisiana Resale Certificate FAQ](#)

[Tuition Donation Credit Program](#)

Frequently Asked Questions

Are interest and dividends from U.S. government obligations exempt from Louisiana income tax?

Yes. Interest and dividends from obligations issued directly by the U.S. government such as Treasury bills, U.S. savings bonds and U.S. agency obligations are exempt from Louisiana state income tax. Any interest or dividends that are included in the taxpayer's adjusted gross income may be deducted on the income tax return on Schedule E, line four using the code 01E.

This exemption is provided by R.S. 47:293(9)(a)(iii), which states that "Income exempt from taxation under the laws of Louisiana or which Louisiana is prohibited from taxing by the constitution or laws of the United States." Interest and dividends from U.S. government obligations is prohibited from state taxation by 31 U.S.C. Section 3124(a) which states in part, "Stocks and obligations of the United States Government are exempt from taxation by a State or political subdivision of a State. The exemption applies to each form of taxation that would require the obligation, the interest on the obligation or both, to be considered in computing a tax."