

Entities Excluded from Tax on Purchases

There are many organizations who declare themselves exempt from local sales and use tax on their purchases based on their classification as exempt under other statutes like an IRS 501(c)(3). But, according to the Uniform Tax Code, R.S. 47:301(8), the real truth is that there are only two entities excluded from the definition of person and who are thus exempted from state and local sales and use taxes on purchases regardless of the classification as exempt under any other tax statute. Examples of organizations defined as persons for the purpose of sales tax who may be statutorily exempted from other taxes are religious, charitable, educational, scientific, civic, social, or fraternal organizations, including hospitals and other similar institutions.

The first entity granted an exclusion from paying state and local sales and use tax on all of their purchases is the State of Louisiana and its agencies, parishes, municipalities, special districts, political subdivisions and other agencies, boards, commissions, or instrumentalities of the state or its political subdivisions. Next in line for full exclusion from paying state and local sales and use tax on purchases is the Society of the Little Sisters of the Poor. However, before the exempt status can be claimed by this entity, the Society shall obtain a Certificate of Authority from the Dept. of Revenue Sales Tax Division.

Surely other groups and non-profit organizations exist with an income tax exempt status under the Internal

Revenue code section 501(c)(3) who are limited from paying state and local sales and use tax on purchases. For example, churches and synagogues are exempt from state and local sales tax when purchasing Bibles, songbooks or literature used for religious instruction classes. Again, as a qualification, eligible institutions must secure a certificate of authorization from the Louisiana Dept. of Revenue.

Persons who have an IRS exempt status should exercise caution while seeking exempt purchases. Failure to adhere to local regulations can result in taxes due with penalty and interest.

Uniform Local Sales Tax Code

Today, the local reference used for Sales and Use Tax regulations is the Uniform Local Sales Tax Code referred to as the UTC Regulations.

The Uniform Local Sales Tax Code was organized and made available through the efforts of the Louisiana Association of Tax Administrators for the benefit of both taxpayers and tax administrators. The overall goal of LATA was to create and environment of tax uniformity throughout the state for dealers. This sales tax reference is the current guide to definitions, sales tax law, exemptions, exclusions, assessments, refunds, rebates and more. An updated version can be found on the LAOTA website, www.laota.com. Look under "For the Taxpayer" tab, then click the "Taxpayer Documents" tab. Scroll to the bottom and click on the Uniform Sales Tax Code PDF version for viewing the entire reference.

Session Roundup

The primary focus of this year's legislative session was to balance the state budget. There were limited bills passed this year since legislators knew that government at all levels were experiencing difficulty in balancing budgets. For those interested in viewing the results, please visit either www.rev.state.la.us or www.legis.state.la.us for a complete rundown of those instruments that saw final passage and were not vetoed by the governor.

Several bills included exemptions from taxes, but they were either applicable to the state only or had specific local application as in the case of New Orleans or the Acadiana Cultural District.

Act 372 provides an exclusion from state and local taxes at events that are sponsored by nonprofit organizations, last 7-12 days, and have an average attendance of at least 300,000 people over the past five years.

Act 53 exempts purchase by 64 parish Councils on Aging from state tax only.

Act 331 exempts the purchase of breastfeeding items from Louisiana state tax (local taxes are still applicable); enacted R.S. 47:305.66.

How to Contact Us

Our main number is **(337) 217-4280** and fax number is **(337) 217-4281**. Extension for general customer assistance is 3413; for administration dial extension 3423; for delinquent returns dial 3406; and for audit information dial 3419.





Due Date for Reporting Local Sales Tax

Most dealers challenge the method for calculating penalty and interest when delinquent because of the thought that the 20th of each month is the due date. But, according to the general provisions of R.S. 47:337.18, the taxes levied by local authorities are due and payable on the first day of the month with the requirement of filing a return on or before the 20th of each month for the period preceding the month reporting. Naturally, the failure to prepare and remit a timely return will result in delinquency.

In recognition of the various options used to file or deliver returns in a timely fashion, the Louisiana Association of Tax Administrators prepared guidelines detailing acceptable delivery tactics. In the case of a return delivered by the US Post Office, a sufficiently addressed envelope with a return, report or document enclosed is considered filed on the date of the US Postal Service postmark. To be considered timely, the postmark date must be on or before the last day prescribed for filing the return, report or document. Although postage meter dates are acceptable when it does not conflict with a US Postal Service date, a US Postal Service date will override a conflicting postage meter date. The date a courier delivers a return, report or document to the Sales Tax Office shall be the date filed. Likewise, the date filed by a taxpayer who delivers a return, report or document shall be the date delivered by the taxpayer to the office. In the case of electronically filed returns, the return and remittance is deemed filed only when both the return

and remittance are transmitted and available for reception by the tax office.

As mentioned earlier, timely filing typically is when a return etc. is filed on or before the 20th of the month. The only exception is when the 20th falls on a Saturday, Sunday or legal holiday. In that case, the return, report or document will be considered timely when filed on the next business day. Taxpayers are encouraged to observe the legal holidays listed and observed by the local tax office, the Louisiana Dept. of Revenue, and the US Postal Service.

Reminder



Dealers continue sending personalized sales tax returns that have features which are not scanner friendly. A few conflicts are found in the return period section of the return. Below are some examples of correct and incorrect expressions that void the scanning process.

CORRECT: July 2011
(lowercase)

INCORRECT:
July 2011 (uppercase J)
July 31, 2011 (uppercase and date with comma)

July 2011 (underlining)

July 2011 (drawings & marks)

The incorrect displays are sure ways for corrupting the scanning process because the fields surrounding data are designed to read the data as programmed. Added data, markings, or expressions or other data and formats not programmed will contribute to corrupting the scanning effort. Please take the necessary

measures to review your personalized returns to resemble the return month and year as illustrated above under the heading "CORRECT."

Penalty for Unaccountable Taxes Collected

A misrepresentation of a dealer's role as agent for the Sales Tax Dept. can prove to be a punishing affair. The law clearly expects any person acting as an agent for the taxing authority who is required to collect, account for, or pay over any tax, penalty or interest enforced by the provisions of the ordinance who intentionally fails to collect or truthfully account for or pay over the tax, penalty, or interest to the collector required by code, shall in addition to penalties authorized by law, be fined not more than ten thousand dollars (\$10,000) or imprisoned, with or without hard labor for not more than five (5) years or both.



Local Office Holidays

Our offices will be closed on the following dates for the holidays mentioned:

Labor Day.....Sept. 5, 2011
Veterans Day.....Nov. 11, 2011
Thanksgiving....Nov. 21-25, 2011
Christmas/New Year.....

Dec. 19, 2011-Jan. 2, 2012
MLK Day.....Jan. 16, 2012

In addition, our regular office hours through May are 8:00 am to 4:30 pm. Summer hours in June and July will be 8:00 am to 4:00 pm. Our office is open during the lunch hour throughout the year.