

RULE

Department of Revenue Office of the Secretary

Policy Statements (LAC 61:III.101)

Under the authority of R.S. 47:1511 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Office of the Secretary, adopted LAC 61:III.101 to provide for policy statements issued by the Department of Revenue.

The Secretary of Revenue is authorized by R.S. 47:1511 to adopt reasonable rules and regulations to enforce the provisions relating to the taxes collected and administered by the department. LAC 61:III.101 establishes the types of policy statements to be issued for the proper administration and enforcement of the tax laws and the collection of revenues.

Title 61

REVENUE AND TAXATION

Part III. Department of Revenue; Administrative Provisions and Miscellaneous

Chapter 1. Agency Guidelines

§101. Policy Statements

A. Purpose

1. This rule defines the types of policy statements that may be issued and the procedures for issuing them. Policy statements provide guidance as to the department's position and ensure that employees enforce the tax laws correctly, consistently, and fairly.

2. In the past, policy statements issued to provide policy guidance included rules, Private Letter Rulings, Technical Advisory Memoranda, Policy and Procedure Memoranda, and informal oral and written advice.

3. The following policy statements will now be issued:

- a. rules adopted according to the administrative procedure act;
- b. policy and procedure memoranda;
- c. declaratory rulings:
 - i. private letter rulings;
 - ii. revenue rulings; and
 - iii. statements of acquiescence or nonacquiescence;
- d. revenue information bulletins; and
- e. informal advice.

B. Distinguishing Rules from Other Policy Statements

1. Rules are adopted in accordance with Louisiana's Administrative Procedure Act (APA), R.S. 49:950 et seq., and the APA is the authoritative guide as to when a rule is required.

2. The APA excepts agency statements, guides, or requirements for conduct or action that regulate the internal management of the agency from the definition of a "Rule" [R.S. 49:951(6)]. Policy and Procedure Memoranda are issued under this exception.

3. The APA also provides that "The fact that a statement of policy or an interpretation of a statute is made in the decision of a case or in an agency decision upon or disposition of a particular matter as applied to a specific set of facts involved does not render the same a rule within this definition or constitute specific adoption thereof by the agency so as to be required to be issued and filed as

provided in this Subsection" [R.S. 49:951(7)]. The term Rule "does not include declaratory rulings or orders." [R.S. 49:951(6)]. Declaratory Rulings are issued under these exceptions.

4. General information may be disseminated and general assistance provided, but taxpayers are only bound by statutes and regulations that have the force and effect of law. Revenue Information Bulletins and informal advice offered to taxpayers do not establish legal requirements for taxpayers.

5. Within the parameters set forth by the APA, Title 47, and other applicable laws, discretion may be used to determine if policy guidance is needed and the type of policy guidance to be issued.

6. Reasons for issuing a rule may include:

- a. the law or current rules are not clear and the issue affects many people;
- b. there is inconsistency in the treatment of a tax issue within the department or among taxpayers;
- c. the procedures a taxpayer should follow to comply with the law are undefined, unclear, or inconsistently followed;
- d. a request for a Private Letter Ruling from one taxpayer concerns an issue that may affect many taxpayers;
- e. a request for policy guidance from employees concerns an issue that may affect many taxpayers; or
- f. issuance of a rule will assist the public in meeting its legal obligations in an effective and efficient manner.

7. Reasons for not issuing a rule may include:

- a. the matter affects only one taxpayer;
- b. the law is clear;
- c. a statutory change is more desirable; or
- d. the matter may best be handled by another means.

C. Declaratory Rulings

1. Declaratory Rulings are statements pertaining to a specific set of facts to provide guidance for department employees and taxpayers. Declaratory Rulings, Policy and Procedure Memoranda, Revenue Information Bulletins, and informal advice are not agency rules and are not binding on the public.

2. The following types of Declaratory Rulings will be issued with a uniform format and numbering system. Each Declaratory Ruling will indicate the date the ruling was issued, a summary title of what the ruling addresses (subject heading), whether it replaces, modifies, or supersedes a previous policy statement, applicable references and authority, a statement of scope, and other pertinent information.

a. Private Letter Rulings

i. Private Letter Rulings (PLR) provide guidance to a specific taxpayer at the taxpayer's request. It is a written statement issued to apply principles of law to a specific set of facts or a particular tax situation. A PLR does not have the force and effect of law.

ii. A PLR is not binding on the person who requested it or on any other taxpayer. It is binding on the department only as to that taxpayer and only if the facts provided were truthful and complete and the transaction was carried out as proposed. It continues as authority for the department's position unless a subsequent declaratory ruling, rule, court case, or statute supersedes it.

iii. Requests for PLR are submitted to the secretary by an identified taxpayer, or the taxpayer's

representative who has a power of attorney. Requests must contain the following information:

(a). name, address, and telephone number of person requesting the advisory opinion;

(b). a power of attorney, if the person is represented by a third party;

(c). specific questions to be answered or issues to be addressed;

(d). complete statement of all relevant facts;

(e). citations to or copies of relevant statutes, regulations, court decisions, advisory opinions, or other authority that appear to support the taxpayer's position;

(f). copies of relevant documents such as contracts, wills, deeds, account statements, workpapers, reports, invoices, etc.; and

(g). a statement attesting.

(i). whether the person requesting the opinion has the same issue under audit or appeal with the department or any other taxing or revenue authority;

(ii). if the person requesting the opinion has been notified that an examination or audit is pending;

(iii). if the person requesting the opinion is litigating the issue;

(iv). if the department, or any other taxing or revenue authority, has previously issued the advisory opinion on the same issue (with copy attached); and

(v). if the Attorney General's Office has been, or will be, requested to issue an opinion concerning the issue;

(vi). that, prior to the issuance of a PLR, if the requesting person is notified of a pending examination or audit by the department or other taxing or revenue authority, they will notify the Secretary of the pending examination.

iv. PLR's may be published but only after all taxpayer identifying information has been removed and measures are taken to protect taxpayer confidentiality.

v. A PLR request may not be used to delay or interrupt an audit.

vi. Reasons for issuing a Private Letter Ruling may include:

(a). it has been requested by an identified taxpayer, or the taxpayer's representative who has a power of attorney; and

(b). the law and regulations are not clear.

vii. Reasons for not issuing a Private Letter Ruling may include:

(a). the law and regulations are clear;

(b). a rule would be more appropriate under the APA;

(c). the inquiry concerns alternative treatments or purely hypothetical situations;

(d). the inquiry concerns matters scheduled for audit or in audit, appeal, or litigation;

(e). the inquiry concerns federal tax matters not pertaining to differences in treatment for federal and state purposes;

(f). the inquiry concerns an issue that is being litigated or may be litigated in the near future;

(g). the request is incomplete because it does not contain all of the information required by §101.C.2.a.iii;

(h). the request can best be handled by another means; or

(i). the requesting person withdraws the request at any point prior to issuance of the PLR.

b. Revenue Rulings

i. A Revenue Ruling provides guidance to the public and employees.

(a). It is a written statement issued to apply principles of law to a specific set of facts.

(b). A Revenue Ruling does not have the force and effect of law and is not binding on the public. It is a statement of the department's position and is binding on the department until superseded or modified by a subsequent change in statute, regulation, declaratory ruling, or court decision.

(c). A Revenue Ruling is requested by employees, who provide a complete factual and legal background similar to that required of taxpayers requesting a Private Letter Ruling.

(d). A Revenue Rulings request cannot be used to delay or interrupt an audit.

ii. Temporary Revenue Rulings may be issued when necessary due to time constraints or emerging issues.

(a). Temporary Revenue Rulings must clearly state their lack of finality and once a final Revenue Ruling is issued, the Temporary Revenue Ruling is superseded.

(b). If the final Revenue Ruling reaches a different conclusion than the Temporary Revenue Ruling, the department will honor whichever ruling is more favorable to the taxpayer, but only for those transactions that occurred after the Temporary Revenue Ruling was issued and before the final Revenue Ruling.

iii. Reasons for Issuing a Revenue Ruling may include:

(a). to provide an official interpretation of rules, regulations, statutes, court cases, Board of Tax Appeals decisions, or any other sources of law as to a specific set of facts;

(b). to serve as guidance to taxpayers, tax practitioners, and employees if the law or regulations are not clear as to a specific set of facts.

iv. Reasons for Not Issuing a Revenue Ruling may include:

(a). the law and regulations are clear;

(b). a rule would be more appropriate under the APA;

(c). the inquiry concerns an issue that is being litigated or may be litigated in the near future;

(d). the facts contain information that could identify a taxpayer and the taxpayer has not consented to publication of the revenue ruling or there are other confidentiality concerns; and

(e). the request can best be handled by another means.

c. Statements of Acquiescence or Nonacquiescence

i. A Statement of Acquiescence or Nonacquiescence (SA/SNA) is intended to provide guidance to the public and to employees.

ii. A SA/SNA is a written statement issued to announce the department's acceptance or rejection of specific unfavorable court or administrative decisions. If a decision covers several disputed issues, a SA/SNA may apply to just one of them, or more, as specified.

iii. A SA/SNA is not binding on the public, but is binding on the department unless superseded by a later SA/SNA, declaratory ruling, rule, statute, or court case.

iv. If the department acquiesces, these guidelines will be followed.

(a). In cases that are substantially the same as the facts, the same result will be reached by department officials and may be relied on by employees and taxpayers. Taxpayers must be careful to apply acquiescence to the same or substantially the same facts. Acquiescence does not mean agreement with the court's reasoning; simply that the department will abide by it.

(b). The department may acquiesce in the result only, which only concedes the litigation with that particular taxpayer. The issue may still be pursued with other taxpayers. This indicates that the department will likely seek out another opportunity to litigate the issue with the hope of having the issue addressed by an authoritative court.

(c). The department may consider any of the following factors in deciding whether to issue a Statement of Acquiescence or Nonacquiescence:

(i). whether the issue in the court or administrative decision affects many taxpayers;

(ii). whether the issue is one of fact or law, or a mixed question;

(iii). whether the decision is binding statewide with no statement needed;

(iv). whether other cases on the same or a similar issue are pending;

(v). whether cases in other jurisdictions have been decided, and in whose favor;

(vi). the cost of litigation as it relates to that issue, as well as overall;

(vii). the clarity of the applicable statutes and regulations on the disputed issue;

(viii). the soundness of the reasoning of the decision; or

(ix). the likelihood of success if the department relitigates the issue.

C. Other Types of Policy Guidance

1. Policy and Procedure Memoranda

a. A Policy and Procedure Memorandum (PPM) is an internal document providing internal administrative or management guidance to employees. A PPM does not have the force and effect of law and is not binding on the public. It does not focus on taxpayers' substantive or procedural rights or obligations. It is binding on employees.

b. A PPM may be issued for any of the following reasons:

i. to notify employees of internal policies that apply only to employees and do not apply to taxpayers;

ii. to notify employees of internal procedures and instructions that do not apply to taxpayers; or

iii. to inform employees of internal programs that affect only employees.

c. A PPM may not be the appropriate policy statement if:

i. a taxpayer's substantive or procedural rights or obligations would be affected; or

ii. a rule would be more appropriate under the APA.

2. Revenue Information Bulletin

a. A Revenue Information Bulletin (RIB) is an informal statement of information issued for the public and employees that is general in nature. A RIB does not have the force and effect of law and is not binding on the public or the department. RIBs will be established in a standard format and issued in sequence. Each RIB will address one topic.

b. A RIB announces general information useful in complying with the laws administered by the department and may be issued under any of the following circumstances:

i. to inform the public and employees that a statute or regulation has been added, amended, or rescinded;

ii. to inform the public and employees that a case has been decided;

iii. to publish information to employees and the public that is based on data supplied by other agencies, such as per capita income figures or comparative tax collections by parish;

iv. to publish IRS information;

v. to publish information such as deadlines;

vi. to inform the public of services offered by the department, such as regional office hours, website features, and like information; or

vii. to revise a previous Revenue Information Bulletin, Tax Topics, or other similar publication.

c. A RIB may not be used under the following circumstances:

i. if the primary purpose is to provide a declaratory ruling, interpretation, or procedural guidance; or

ii. if announcements of general information can best be handled by other means.

3. Informal Advice

a. In addition to rules, Declaratory Rulings, Policy and Procedure Memoranda, and Revenue Information Bulletins, taxpayers and employees may still seek advice on tax questions. To assist customers, the department will provide informal advice. Informal advice does not have the force and effect of law and is not binding on the department, the public, or the person who asked for the advice. Informal advice will have no effect on an audit.

b. Any of the following types of informal advice may be provided.

i. Informal Oral Advice. There is no formal procedure for requesting informal oral advice. Employees will answer questions by telephone or in person as requested, within resource and appropriateness constraints. Advice given at audit meetings, protest conferences, and the like is considered informal oral advice.

ii. Informal E-Mail Advice. Has the same status as informal oral advice.

iii. Informal Written Advice. Requests for informal written advice should be in writing. Informal written advice is not a declaratory ruling.

iv. Newsletters, Pamphlets, and Informational Publications. The department may publish informational newsletters, pamphlets, and publications at regular intervals. Statements contained in these publications do not have the force and effect of law and they are not binding on the public or the department. They are merely helpful tools for disseminating information.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1511.

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Secretary