

Revenue Information Bulletin No. 14-015
July 29, 2014
Sales Tax

Annual State Sales Tax Holiday Scheduled Friday, August 1, and Saturday, August 2, 2014

Louisiana Revised Statute 47:305.54, the “Annual Louisiana Sales Tax Holidays Act”, provides an exemption from state sales tax on the first \$2,500 of the purchase price of most individual items of tangible personal property for nonbusiness use on the first consecutive Friday and Saturday of each August. The state sales tax is payable on the portion of the purchase price of any individual item in excess of \$2,500.

The 2014 holiday will begin on Friday, August 1, at 12:01 a.m. and will end at midnight on Saturday, August 2, 2014.

Purchases Eligible for Exemption

The exemption will apply statewide to all consumer purchases of tangible personal property, other than vehicles subject to license and title and meals furnished for consumption on the premises where purchased, including to-go orders, provided that the property is not for use in a business, trade, or profession.

Purchases Not Eligible for Exemption

Transactions for the purchase of taxable services and transactions for the lease or rental of tangible personal property do not qualify for the annual sales tax holiday exemption. This means that, in addition to the specific exclusions from the holiday for sales of vehicles and meals, the state sales tax holiday will also not apply to purchases of taxable services (hotel occupancy; amusement, recreational, and athletic admissions; repairs to tangible personal property; laundry, cleaning, pressing, and dyeing services; vehicle parking; the furnishing of cold storage space; printing services; and telecommunication services) or to leases or rentals of tangible personal property.

Tax Holiday Applies to State Taxes Only

Louisiana Revised Statute 47:305.54 provides that the sales tax holiday applies only to the state sales tax, currently levied at the rate of 4 percent of the sales price of most items of tangible personal property.

Conditions for Exemption

The following activities will be eligible for the sales tax exemption during the two days of the annual sales tax holiday:

- buying and accepting delivery of tangible personal property;

- placing tangible personal property on layaway; and
- making final payment on tangible personal property previously placed on layaway; or ordering tangible personal property for immediate delivery, even if delivery must be delayed, provided that the customer has not requested delayed shipment.

Special Provisions

The Act provides that:

- The exemption is allowed on both inputs to and withdrawals from layaway.
- Purchases during the holiday with “rain checks” issued before the two-day holiday are eligible for exemption, but purchases after the holiday with “rain checks” issued during the holiday are not eligible for exemption.
- Orders for immediate shipment are eligible for exemption even if the shipment is after the holiday, provided that the customer does not request delayed shipment.
- The post-holiday exchange of merchandise to effectuate changes in size, color, or correction of defects does not create a tax liability, but exchanges after the holiday for dissimilar items will be considered the purchase of new property on which the sales tax will be payable.
- Items that are normally sold as a unit, such as dining tables and chairs, cannot be individually priced for the purpose of creating a separate eligibility cap for each individual item.
- For a 60-day period after the holiday, dealers who issue refund or credit for the return of merchandise that was eligible for sales tax exemption during the holiday can issue refund or credit for the state sales tax on that returned merchandise only if the customers returning the property have receipts showing that the tax was actually paid on the original purchases, or the dealers are otherwise able to document that the state sales tax was paid on the original purchases.

Cash Register Reprogramming Credit

Act 386 of the 1990 Regular Session of the Louisiana Legislature provides that dealers who incur costs to reprogram cash registers, including computer programming, as a result of a change in the state sales and use tax rate or base shall be allowed credits on their sales tax returns of up to \$25 for each cash register reprogrammed. Dealers are allowed to claim credit only for reprogramming costs invoiced to them by external providers of services, but not for internal reprogramming services rendered within their businesses by such internal persons as owners, officers, partners, or employees.

Dealers whose point-of-sale cash registers are controlled from host computers can deduct the costs invoiced by external service providers to reprogram tax rate or base information in those computers, not to exceed \$25 times the number of cash registers controlled from the host computers. For example, a dealer or merchant whose host computer controls 20 point-of-sale

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cash registers can claim credit for up to \$500 in charges for reprogramming services associated with a change in the state sales tax rate or base.

Dealers who do not use point-of-sale cash registers, but who instead issue printed or electronic invoices on which the invoiced tax amounts are determined from tax rate or base information housed in their computers, can deduct up to \$25 in external reprogramming costs for each computer that must be reprogrammed because of a change in the state sales tax rate or base. The credit is deductible on Line 12A of the state sales and use tax return (R-1029). Copies of invoices from external service providers must be attached to the tax return to support the amount of credit claimed. More detailed information about the reprogramming credit is available from Revenue Information Bulletin No. 03-009 that can be accessed from the Department's web site at <http://www.revenue.louisiana.gov/forms/lawspolicies/RIB03009.pdf>.

Return Filing Procedures

Retailers should report exempt sales on Line 24 of the state sales and use tax return (R-1029).

Questions concerning this matter can be directed to the Policy Services at (225)219-0844 or via email at Policy@la.gov.

Tim Barfield
Secretary