

Revenue Information Bulletin No. 20-023
November 16, 2020
Sales Tax

Sales Tax Holiday
Friday, November 20, 2020 and Saturday, November 21, 2020

[Act 16](#) of the 2020 Second Extraordinary Session of the Louisiana Legislature enacted LA R.S. 47:305.74 to provide tax relief for citizens recovering from Hurricane Laura, Hurricane Delta, and the COVID-19 pandemic (the “Sales Tax Holiday” or “holiday”). The Sales Tax Holiday provides an exemption from state sales tax on the first \$2,500 of the sales price or cost price of consumer purchases of tangible personal property occurring on November 20 and 21, 2020. The Sales Tax Holiday applies to entirety of the 4.45% state sales tax imposed pursuant to LA R.S. 47:302, 321, 321.1 and 331 and LA R.S. 51:1286.

Dates of the Sales Tax Holiday and Eligible Purchases

The Sales Tax Holiday begins on Friday, November 20, 2020, at 12:01 a.m. and ends at midnight on Saturday, November 21, 2020.

Consumer purchases are exempt for the first \$2,500 of the sales price or cost price of an individual item. State sales tax is due upon the portion of the sales price in excess of \$2,500.

Purchases Not Eligible for Exemption

The Sales Tax Holiday does not apply to business or commercial purchases of tangible personal property. Transactions involving vehicles subject to license and title are not eligible for the exemption. Consumer purchases do not include prepared meals furnished for consumption on the premises where purchased or “to-go” orders. Other transactions that are not eligible for the Sales Tax Holiday include the rental or lease of tangible personal property or the taxable sales of services enumerated in LA R.S. 47:301(14).

Conditions for Exemption

The following activities will be eligible for the sales tax exemption during the 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, even if delivery must be delayed, provided that the customer has not requested delayed shipment.

A Revenue Information Bulletin (RIB) is issued under the authority of LAC 61:III.101.D. A 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.

Special Provisions

Act 16 provides that the following activities are eligible for the state sales tax exemption during the two days of the Sales Tax Holiday:

- Title to or possession of eligible tangible personal property is transferred from a selling dealer to a purchaser.
- The customer selects an eligible item from the dealer's inventory for layaway that is physically set aside in the dealer's inventory for future delivery to the customer.
- The customer makes final payment and withdraws an item from layaway that might have been placed in layaway before the eligible exemption period.
- Orders for an eligible item that is paid and the seller accepts the order for immediate shipment are eligible for exemption even if the shipment is after the tax exemption period, provided that the customer has not request delayed shipment.
- Eligible purchases during the holiday with "rain checks" issued before or during the two-day holiday are eligible for exemption, but purchases made after the holiday with "rain checks" issued during the holiday are not eligible for exemption.
- 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.
- For a sixty-day period after the holiday, dealers who issue refunds 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 a receipt or invoice showing that the tax was actually paid on the specific item. This sixty-day period is not intended to change a dealer's policy concerning the time period during which returns will be accepted.

Required Reporting by Dealers on the Sales Tax Return

Dealers are required to report the eligible exempt sales subject to the Sales Tax Holiday on their November 2020 Form R-1029, *Sales Tax Return* using Code 5088 on Schedule A-1. For quarterly filers, dealers must report the eligible exempt sales on their December 2020 Form R-1029. Code 5088 will only be available on the November 2020 sales tax return for monthly filers and the December 2020 sales tax return for quarterly filers.

If a customer places an item of tangible personal property into layaway during the Sales Tax Holiday, then the transaction is considered an exempt sale and no state sales tax is due. If a customer takes an item of tangible personal property out of layaway by paying the entire amount due to the merchant during the Sales Tax Holiday, then the transaction is considered

A Revenue Information Bulletin (RIB) is issued under the authority of LAC 61:III.101.D. A 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.

an exempt sale and no sales tax is due. In either case, the exempt sale must be reported using Code 5088 and the transaction is only reported once for the appropriate period.

Questions concerning this publication may be directed to sales.inquiries@la.gov.

Kimberly Lewis Robinson
Secretary

A Revenue Information Bulletin (RIB) is issued under the authority of LAC 61:III.101.D. A 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.