



Revenue Information Bulletin No. 25-006
January 1, 2025
Sales and Use Tax

Changes to State Sales Tax Deduction for Vendor's Compensation

Act 11 of the 2024 Third Extraordinary Session of the Louisiana Legislature makes changes to the rate of vendor's compensation, lowering the maximum compensation from \$1,500 to \$750 per month effective for taxable periods beginning on or after January 1, 2025.

Vendor's Compensation

La. R.S. 47:306(A)(3) allows dealers to deduct and retain a percentage of the total amount of sales and use taxes due for the purpose of compensating the dealer for accounting for and remitting the tax to the state of Louisiana ("vendor's compensation").

Rate of Vendor's Compensation

The current rate of vendor's compensation is 1.05% and remains unchanged. However, vendor's compensation is calculated only on the taxes levied pursuant to La. R.S. 47:302, 321, and 331¹ (i.e. on 4% of the total 5%). No vendor's compensation is allowed for taxes levied pursuant to La. R.S. 47:321.1. Because the total state sales tax rate is increasing from 4.45% to 5%, the effective rate of vendor's compensation is 0.84% beginning January 1, 2025. The 0.84% effective rate is the mathematical equivalent of 1.05% of 4% of the total 5% sales tax.

Other Existing Requirements for Vendor's Compensation

Vendor's compensation is allowed only if the dealer timely files the sales and use tax return and timely pays the tax due. The maximum of \$750 compensation per month is applied per dealer, even if a dealer operates one or more business locations within Louisiana.

Email questions concerning this Bulletin to sales.inquiries@la.gov.

Richard Nelson
Secretary

¹ La. R.S. 51:1286 was repealed by Act 11 of the Third Extraordinary Session. The .03% formerly imposed by La. R.S. 51:1286 has been added to the imposition under R.S. 47:331. The imposition under R.S. 47:331 increases from .97% to 1% effective January 1, 2025.