



**Revenue Information Bulletin  
No. 02-008  
Sales and Use Tax  
Effective April 18, 2002**

**2002 Legislative Act Provides that Vendor's Compensation Is Allowable to All Dealers Who Timely Submit Sales and Use Tax Payments**

Act No. 99 of the 2002 First Extraordinary Session, effective April 18, 2002, provides a single standard of timely payment submission in order for the 1.1 percent vendor's compensation to be deductible from filers' state sales tax liabilities. This single standard will apply to all filers, regardless of their classification as retail dealers, manufacturers, wholesalers, jobbers, or suppliers or the status of their taxable sales as wholesale sales or as retail sales.<sup>1</sup> Louisiana Revised Statutes 47:306(A)(3)(a)(i) and 47:306(B)(4)(a), as amended, now provide that vendor's compensation shall be allowable to all filers whose sales tax payments are timely filed, regardless of whether or not the sales tax returns associated with those payments are also timely filed.

When only some portion of a filer's sales tax payment is timely, vendor's compensation is allowed only on the portion of the payment that is timely. Vendor's compensation is computed before the deduction of taxes paid to other dealers on purchases of tangible personal property for resale.

For most sales tax filers who submit their sales tax payments and returns simultaneously, Act No. 99 will not have a noticeable effect. However, when La. R.S. 47:1519 was enacted in 1992, authorizing the department to require electronic funds transfer (EFT) for the submission of certain large tax payments, the returns and payments for EFT remitters necessarily began to be separated. Since the enactment of La. R.S. 47:1519, there have been many more instances than previously of timely payment of sales taxes and delinquent submission of the sales tax returns associated with those payments. Act No. 99 will apply to EFT remitters and others whose sales tax returns are separated from the associated payments. The amount of the vendor's compensation to be allowed can be determined only after the returns associated with the payments are eventually received and processed by the department.

Notwithstanding that their payments are timely and vendor's compensation is allowed, dealers who submit returns after filing deadlines are subject to the payment of penalty for delinquent return filing, as provided for by La. R.S. 47:1602(A)(1). The Secretary of the Department of

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<sup>1</sup> Formerly, Louisiana Revised Statute 47:306(A)(3)(a)(i) provided that a dealer, other than a manufacturer, wholesaler, jobber, or supplier, could claim the vendor's compensation as a deduction "in submitting his report and paying the amount due by him, provided the amount due was not delinquent at the time of payment ..." La. R.S. 47:306(B)(4)(a), relative to the vendor's compensation of manufacturers, wholesalers, jobbers, and suppliers, formerly provided that "(t)he (vendor's) compensation shall not be allowed if the report and payment of the manufacturer, wholesaler, jobber, or supplier is not timely filed." The position of the department under the former language of both of these statutes was that vendor's compensation was authorized as a deduction only when both the filers' returns and payments were timely submitted.

Revenue can waive this penalty only for the limited reasons specified by R.S. 47:1603. In cases of penalty of more than \$5,000, the secretary can waive the penalty only after approval from the Louisiana Board of Tax Appeals.

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