

**Revenue Information Bulletin No. 04-005**  
**January 21, 2004**  
**Sales Tax**

**State Sales Tax Rate on Interstate Telecommunication Services to Be Reduced  
From 3 Percent to 2 Percent Effective April 1, 2004**

**Rate of Sales Tax on Intrastate Telecommunication Services to Remain at 3 Percent**

The state sales tax rate imposed on interstate telecommunication services will be reduced effective April 1, 2004, from 3 percent to 2 percent, as provided by Louisiana R.S. 47:331(C) as amended by Section 3 of Act No. 22 of the 2000 Regular Session of the Louisiana Legislature. Until that date, the state sales tax rate on both interstate and intrastate telecommunication services will remain at the 3 percent rate. Beginning April 1, 2004, telecommunication providers will collect a 3 percent rate on intrastate telecommunication services, as provided by R.S. 47:302(C) and 47:331(C), and a 2 percent rate on interstate telecommunication services, as provided by R.S. 47:302(C).

R.S. 47:301(14)(i) defines taxable “sales of services” to include “the furnishing of telecommunication services for compensation”. R.S. 47:301(14)(ii) defines “telecommunication services” as:

- Local telephone service, private communication service, toll telephone service, including such service provided by alternate operator service providers, and teletypewriter or computer exchange service.
- Mobile telecommunications service, defined by the law as a mobile service that is provided for profit, is an interconnected service, and is available to the public or to such classes of eligible users as to be effectively available to a substantial portion of the public; or that is the functional equivalent of such a mobile service.
- Interstate telecommunication services, however only the amounts paid for interstate telecommunication services that either originate or terminate in Louisiana and that are charged to service addresses in Louisiana, regardless of where such amounts are billed or paid.
- Charges for the connection of or change to local telephone service, private communication service, toll telephone service, teletypewriter or computer exchange service, mobile telecommunication service, or interstate telecommunication service.

The amendment to R.S. 47:331(C) by Act No. 22 provides that the 0.97 percent tax levied by that statute shall apply to all “sales of services” but, notwithstanding other provisions of law, “shall not apply to the furnishing of interstate telecommunication services”. Since the additional 0.03 percent sales tax levied by the Louisiana Tourism Promotion District (“District”) is subject to the exemptions and suspension of exemptions that apply to the tax levied by R.S. 47:331, the 0.03 percent tax of the District will likewise not be levied on interstate telecommunication services. Both the R.S. 47:331(C) tax and the District tax will continue on and after April 1, 2004, to be levied on intrastate telecommunication services. When that 0.97 percent rate of R.S. 47:331(C) and the District’s 0.03 percent rate are combined with the 2 percent rate levied by R.S. 302(C), the total sales tax rate on intrastate telecommunication services is 3 percent.

Act No. 22 provides that the rate reduction on interstate telecommunication services “shall apply and be effective with respect to taxable services reflected on bills submitted by telecommunication providers to their customers which are dated on or after April 1, 2004, regardless of when such services are provided.”

The sales tax on telecommunication services is levied by the State of Louisiana and the District, but is not levied by political subdivisions of the state. R.S. 47:301(14)(i)(vi) prohibits political subdivisions from levying a sales and use tax on telecommunication services if the tax was not in effect on July 1, 1990.

The state sales tax form for use in filing returns for April 2004, and subsequent periods will be amended to include the new sales tax rate and deduction factor for interstate telecommunication services. The line numbers for reporting telecommunication sales will be the same on the April 2004 revised form as the line numbers that were used for that purpose on the sales tax return form that was last revised in July 2003. Intrastate telecommunication revenues will be reported on Line 18 of the form and interstate telecommunication revenues will be reported on Line 19.

If questions arise, please contact the Taxpayer Services Division of the Department of Revenue at (225) 219-7356.

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Secretary