



**Revenue Information Bulletin**  
**No. 06-031**  
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**Corporation Income Tax**  
**P.L. 86-272 Not Applicable to Solicitation for Sales of Services**

Public Law 86-272, 15 U.S.C. 381-384, (hereafter P.L. 86-272) restricts a state from imposing a net income tax on income derived within its borders from interstate commerce if the only business activity of the company within the state consists of the solicitation of orders for sales of tangible personal property, which orders are to be sent outside the state for acceptance or rejection, and, if accepted, are filled by shipment or delivery from a point outside the state.

If a taxpayer's business within Louisiana includes sending sales personnel into the state who make sales of services or solicit orders for sales of services, the taxpayer's activities exceed the scope of P.L. 86-272 and the taxpayer is subject to Louisiana income tax. Sending personnel into the state to perform activities ancillary to providing a service is also beyond the scope of P.L. 86-272.

An example of solicitation of orders for sales of services would include investment companies who make presentations to individuals, corporations or retirement plans seeking to become their investment advisor. An example of performing an activity ancillary to providing a service would be meeting with investors to report results or discuss strategies.

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Secretary

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