



**Revenue Information Bulletin
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Sales Tax**

Legislation Enacts Major Changes to the State Advance Sales Tax Law

Act 393 of the 2007 regular session of the Louisiana Legislature provides major changes to the section of the state sales tax law that requires the collection and payment of the advance sales tax on purchases by retail dealers of tangible personal property for resale. These legislative changes will be implemented in two stages, starting January 1, 2008.

Effective January 1, 2008, the minimum annual sales volume required of dealers in order for them to qualify under R.S. 47:306(B)(11)(a) for exemption from the payment of the advance sales tax on their purchases of tangible personal property for resale is reduced from \$3 million to \$500,000. Dealers who qualify for advance sales tax exemption on this basis will receive state sales tax exemption numbers and certificates that they can provide to manufacturers, wholesalers, jobbers, and suppliers in lieu of their payment to them of the state advance sales tax on purchases for resale. The exemption numbers will be effective from one to five years. Exemption numbers and certificates cannot be used to make tax-free purchases of property or services for use or consumption. Dealers who are delinquent in the filing or payment of sales taxes will be disqualified from receiving advance tax exemption on this basis.

The January 1, 2008, change does not affect the requirement that manufacturers, wholesalers, jobbers, and suppliers collect the advance sales tax on their sales of tangible personal property to other businesses for resale by those other businesses. Unless a business customer indicates that particular items are purchased for resale as tangible personal property, and presents a current advance sales tax exemption certificate with a valid advance sales tax exemption number, the advance sales tax must be collected by the seller and paid by the purchaser.

Effective January 1, 2009, the state advance sales tax levy on purchases by selling dealers of tangible personal property for resale is repealed in its entirety. The authority of certain local governments to levy advance sales taxes is also repealed. In addition, the authority of selling dealers to claim credit on their sales tax returns for taxes paid on purchases of tangible personal property for resale after January 1, 2009, is eliminated.

The department will publish additional information on these forthcoming changes. Questions can be directed to the department's Taxpayer Services Division at (225) 219-7356.

Cynthia Bridges
Secretary

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