

Revenue Information Bulletin No. 16-044

July 20, 2016

Sales Tax

**Annual State Sales Tax Holiday
Scheduled for Friday, August 5 and Saturday, August 6, 2016**

The Annual Louisiana Sales Tax Holidays Act provides an exemption from state sales tax on the first \$2,500 of the purchase price of most individual items of tangible personal property for nonbusiness use on the first consecutive Friday and Saturday of each August. (*See La. R.S. 47:305.54*). The state sales tax is payable on the portion of the purchase price of any individual item in excess of \$2,500. The 2016 holiday will begin on Friday, August 5, at 12:01 a.m. and end at midnight on Saturday, August 6, 2016.

Changes to the Annual Louisiana Sales Tax Holiday beginning July 1, 2016

Beginning July 1, 2016 through June 30, 2018, the Annual Louisiana Sales Tax Holiday will be partially exempt from state sales tax. Consumers, who purchase eligible items of tangible personal property during the sales tax holiday, will pay 3% state sales tax. Two percent (2%) of the sales price or cost price of an eligible item of tangible personal property will be exempt from state sales tax. For information on the applicable state sales tax rate, please see [R1002-A, Acts 25 and 25 Taxable Rate of Transactions for Exemptions and Exclusions](#).

Purchases Eligible for Exemption

The exemption will apply statewide to all consumer purchases of tangible personal property provided that the property is not for use in a business, trade, or profession. The state sales tax exemption does not apply to vehicles subject to license and title and meals furnished for consumption on the premises where purchased, including to-go orders. The exemption for the sales tax holiday applies only to state sales tax.

Purchases Not Eligible for Exemption

Transactions for the purchase of taxable services and transactions for the lease or rental of tangible personal property do not qualify for the annual sales tax holiday exemption. This means that, in addition to the specific exclusions from the holiday for sales of vehicles and meals, the state sales tax holiday will also not apply to purchases of taxable services (hotel occupancy; amusement, recreational, and athletic admissions; repairs to tangible personal property; laundry, cleaning, pressing, and dyeing services; vehicle parking; the furnishing of cold storage space; printing services; and telecommunication services) or to leases or rentals of tangible personal property.

Conditions for Exemption

The following activities will be eligible for the sales tax exemption during the two days of the annual sales tax holiday:

- buying and accepting delivery of tangible personal property;
- placing tangible personal property on layaway; and
- Making final payment on tangible personal property for immediate delivery, even if delivery must be delayed, provided that the customer has not requested delayed shipment.

Special Provisions

Louisiana Revised Statute 47:305.54¹ provides that:

- The exemption is allowed on both inputs to and withdrawals from layaway.
- Purchases during the holiday with “rain checks” issued before the two-day holiday are eligible for exemption, but purchases after the holiday with “rain checks” issued during the holiday are not eligible for exemption.
- Orders for immediate shipment are eligible for exemption even if the shipment is after the holiday, provided that the customer does not request delayed shipment.
- The post-holiday exchange of merchandise to effectuate changes in size, color, or correction of defects does not create a tax liability, but exchanges after the holiday for dissimilar items will be considered the purchase of new property on which the sales tax will be payable.
- Items that are normally sold as a unit, such as dining tables and chairs, cannot be individually priced for the purpose of creating a separate eligibility cap for each individual item.
- For a 60-day period after the holiday, dealers who issue refund or credit for the return of merchandise that was eligible for sales tax exemption during the holiday can issue refund or credit for the state sales tax on that returned merchandise only if the customers returning the property have receipts showing that the tax was actually paid on the original purchases, or the dealers are otherwise able to document that the state sales tax was paid on the original purchases.

Miscellaneous Information

Act 25 of the 2016 First Extraordinary Legislative Session repealed the Cash Register Reprogramming Credit. Please see [Revenue Information Bulletin 16-012](#) for further information. Retailers should report exempt sales from the sales tax holiday on Schedule A-3 of the state sales and use tax return (R-1029). The exempt sales during the sales tax holiday will be reported utilizing code 5088 on Schedule A-3.

¹ Louisiana Revised Statute 47:305.54(C), (D), and (E)

Questions concerning this publication can be directed to sales.inquiries@la.gov.

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Secretary

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