

Revenue Information Bulletin No. 16-043¹
Revised September 1, 2016
Sales Tax

**Frequently Asked Questions Related to Tax Compliance for
Mardi Gras Krewes and Events**

1. Which state sales tax exclusion and exemptions are applicable to Mardi Gras krewes?

Louisiana Revised Statutes 47:301(13)(l) and 305.40 are not among the listed exemptions and exclusions which are operable and in effect for purposes of Acts 25 and 26 of the First Extraordinary Session of 2016 and Act 12 of the Second Extraordinary Session of 2016. State sales tax will apply to the sales tax exclusion for specialty items sold to members for fundraising purposes and the exemption for purchases or sales of specialty items which are applicable to Mardi Gras krewes. Louisiana Revised Statute 47:301(13)(l) allows nonprofit carnival organizations domiciled within Louisiana and participating in a parade sponsored by a carnival organization to sell specialty items to its members for fund-raising purposes free from state sales tax. Louisiana Revised Statute 47:305.40 provides for state tax free purchases and sales of specialty items for use in connection with Mardi Gras activities by qualifying organizations. For taxable periods beginning April 1, 2016 through and including the period ending June 30, 2016, the specialty items would be subject to a 5% state sales tax rate. For taxable periods beginning July 1, 2016 through and including the period ending June 30, 2018, the specialty items will be subject to a 3% state sales tax rate. For further guidance on the current rate of state sales tax for these exemptions, see the Louisiana Department of Revenue publication [Acts 25 and 26 - Taxable Rates of Transactions for Exemptions and Exclusion R-1002A](#).

Pursuant to La. R.S. 47:305.40(B)(1) a “specialty item” is defined as those which are specially designed for the carnival or nonprofit organization and bear the carnival or nonprofit’s organization’s name or insignia, including but not limited to doubloons, necklaces, cups, and coasters. Other types of specialty items include flags, posters, invitations, programs, decorations, napkins, and tablecloths that are purchased for use in a Mardi Gras activity, bear the name or insignia of the organization, and are either for free distribution to the public or for use in conjunction with a Mardi Gras ball.² In other words, a specialty throw is one that has the krewe crest or logo on each individual item to be thrown. The purchase of specialty items by carnival organizations are subject to state sales tax at the aforementioned rates unless the purchasing organization is purchasing the specialty items for resale to its members. The resale of specialty

¹ The original Revenue Information Bulletin 16-043 was issued July 19, 2016. Questions 1, 2, 3, and 4 have been revised. Question 6 has been added to RIB 16-043.

² LAC 61:I.4416(C)

items by the purchasing organization to its members is no longer fully exempt from state sales tax. Items resold by a Mardi Gras krewe to its members are subject to the state sales tax under La. R.S. 47:301(13)(l) and 305.40. The sale of novelty items such as shirts and hats, on a continuing basis, which are not used exclusively in conjunction with a Mardi Gras parade or ball, shall be regarded as taxable sales.³ A “carnival organization” is defined under La. R.S. 47:305.40(B)(2) as an organization domiciled within Louisiana that plans to sponsor either a Mardi Gras ball or parade during the Mardi Gras season.

2. Are dues or membership fees for Mardi Gras krewes subject to sales tax?

[Revenue Information Bulletin 16-014](#) provides guidance as to the taxability of dues paid to nonprofit, civic organizations as follows:

Pursuant to La. R.S. 47:301(14)(b)(i), one of the specifically enumerated services subject to sales tax in Louisiana is the furnishing, for dues, fees, or other consideration, for the privilege of access to clubs or the privilege of having access to or the use of amusement, entertainment, athletic, or recreational facilities. A membership fee, dues, or other consideration paid to an organization providing access to a club or the privilege of having access to amusement, entertainment, athletic, or recreational facilities is subject to taxation.

Louisiana Revised Statute 47:301(14)(b)(i) provides a sales tax exclusion for membership fees or dues paid to nonprofit, civic organizations granting access to clubs or the privilege of having access to amusement, entertainment, athletic, or recreational facilities. However, this sales tax exclusion is not operative and in effect for purposes of Acts 25 and 26. Therefore, membership fees and dues paid to these organizations will be subject to state sales tax. Membership fees or dues paid to nonprofit, civic organizations such as the Young Men's Christian Association, which grant members the privilege of having access to workout facilities, clubs, and swimming pools will be subject to state sales tax. Membership fees or dues that entitle the member to use the organization's clubs, or amusement, entertainment, athletic, or recreational facilities will be subject to state sales tax. Membership fees or dues paid to a club such as the Rotary Club, which does not grant members access to a club or the privilege of accessing amusement, entertainment, athletic, or recreational facilities will not be subject to state sales tax.

Since membership fees or dues paid to Mardi Gras krewes generally do not entitle the members to have access to a clubhouse or facility or the privilege of accessing amusement, entertainment, athletic, or recreational facilities, these membership fees or dues are not subject to state sales tax under Acts 25 and 26 of the First Extraordinary Session of 2016 for the taxable periods beginning April 1, 2016 through June 30, 2016.

For taxable periods beginning on or after July 1, 2016, Act 12 of the Second Extraordinary Session of 2016 provides that membership fees or dues of nonprofit, civic associations are not subject to state sales tax. Thus, the membership fees or dues paid to Mardi Gras krewes will continue to not be subject to state sales tax.

To the extent membership dues of a krewe member include tickets for the member and a date to

³LAC 61:I.4416(D)

attend the krewe's ball or other krewe party, the inclusion of the tickets will not subject the dues to taxation. All other tickets sold, which are not included as a part of a krewe's membership fees or dues, are subject to state sales tax. All guest tickets are subject to state sales tax. Functions held to conduct krewe business are not taxable.

3. Are tickets to Mardi Gras balls subject to state sales tax?

If the price of admission to a Mardi Gras ball includes entertainment, then this is considered the taxable sale of an admission to a place of amusement or a recreational event pursuant to La. R.S. 47:301(14)(b)(i).

4. Are beads and other throws purchased by Mardi Gras krewees subject to state sales tax?

Pursuant to Acts 25 and 26 of the First Extraordinary Session of 2016, beads and throws purchased by Mardi Gras krewees are subject to state sales tax. If a Mardi Gras krewe purchases beads and throws and marks up the price of these items to resell to its members, the Mardi Gras krewe will pay state sales tax on the difference between the purchase price and the markup. If a Mardi Gras krewe purchases beads and throws from a vendor for \$100, then the vendor will collect state sales tax from the Mardi Gras krewe to remit to the state. If the Mardi Gras krewe then increases the price of the beads and throws to \$200 and resells these items to krewe members, the Mardi Gras krewe will be responsible for either collecting the sales tax or paying the use tax on the difference (markup) between the purchase price and the resale price to the krewe members.

If a Mardi Gras krewe purchases beads and throws from suppliers outside of the state or a foreign country, the Mardi Gras krewe will be responsible for remitting use tax to the state on the purchase price of the beads and throws. If the beads and throws are resold to members with a markup, the Mardi Gras krewe will be responsible for either collecting the sales tax or paying the use tax on the markup.

If the membership fees or dues include supplying beads and throws to members which are not marked up for resale to the Mardi Gras krewe members, then the Mardi Gras krewe is only responsible for paying state sales tax to the selling vendor on the purchase of the beads and throws.

5. How should Mardi Gras krewees register with the Louisiana Department of Revenue and file its state sales tax return?

Mardi Gras krewees should register as casual filers. The phrase "casual filer" should be written at top of the application, which is a **CRI**. The scanned form should be e-mailed to centralreg@la.gov. The organization should receive an e-mail from centralreg@la.gov with its account number. The Mardi Gras krewe should not register online, because it will be registered as a monthly filer. Inquiries about registering and filing should be directed to sales.inquires@la.gov. The Mardi Gras krewe should remit all sales taxes to the Louisiana Department of Revenue (hereinafter "LDR) on the 20th of the month following the month when its Mardi Gras ball is held.

6. What documentation should a Mardi Gras krewe provide to its vendors to reflect that it is entitled to the partial state sales tax exemptions pursuant to La. R.S. 47:301(13)(l) and 305.40?

Mardi Gras krewes must complete LDR Form [R-1312](#) and submit it for approval. Once approval is received, the krewe must present Form R-1312 to its vendors to show that it is entitled to the applicable state sales tax rate for the exemption under La. R.S. 47:301(13)(l) and 305.40.

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

Kimberly Lewis Robinson
Secretary

<p>A Revenue Information Bulletin (RIB) is issued under the authority of LAC 61:III.101 D. A RIB is an informal statement of information issued for the public and employees that is general in nature. A RIB does not have the force and effect of law and is not binding on the public or the Department.</p>
