



Tax Topics

www.rev.state.la.us

**Volume 22
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"The mission of the Louisiana Department of Revenue is to administer applicable laws and collect revenues to fund state operations."

**Cynthia Bridges
Secretary**

Revenue headquarters now in LaSalle Building

In November, the headquarters office of the Department of Revenue moved into the new LaSalle Building at 617 North Third Street in downtown Baton Rouge.

The Department occupies the first seven floors of the 12-story building. The Department of Natural Resources is scheduled to occupy the top five floors of the building by early 2002. The new building is part of a major project to consolidate much of Louisiana state government in Baton Rouge into a Capitol Park near the State Capitol Building. Included in the project are the Claiborne Building, which will house the Division of Administration and other agencies, and the Galvez Building, which will house the Department of Environmental Quality.

As with the old building, visitors will be required to obtain special visitors' badges that must be worn at all times while visiting the building. Free parking for all employees and visitors is in a new 1,920-space parking garage built across the street from the LaSalle Building. Visitors will park free of charge by having their parking ticket validated when visiting the Department.

All Post Office Box addresses for the Department remain the same. However, telephone numbers and fax numbers for the various Department divisions and sections changed with the move. Because this publication is being printed before the actual move occurred, only the following telephone numbers were available at the time of this publication:

Tax Forms

(225) 219-2113

Taxpayer Assistance & Information

(225) 219-7318

Telephone Device for the Deaf (TDD)

(225) 219-2114

Collection

(225) 219-7448

Excise Taxes

(225) 219-7656

Personal Income & Withholding Taxes

(225) 219-0102

Income, Corporation & Franchise Taxes

(225) 219-0067

Sales Tax

(225) 219-7356

Tax Amnesty

\$ As *Tax Topics* went to print, processing of Tax Amnesty applications continued to show that the 60-day Tax Amnesty program will shatter all previous amnesty records. As of November 14, more than \$74.8 million had been collected and nearly 35,000 applications had been received and scanned.

The amount collected is nearly 50 times the record \$1.6 million that was collected during the previous Tax Amnesty program in 1998. Since many taxpayers waited until the final days of the 2001 program before submitting applications and payments, processing of all Tax Amnesty applications was expected to take until late November. As of the printing of this newsletter, total Tax Amnesty collections were estimated to be in the \$80-85 million range, with applications totaling approximately 40,000.

In the 1998 amnesty program, only 5,127 taxpayers received tax amnesty. Prior to that, a 1987 amnesty program collected \$279,000, from 77 taxpayers and a 1985 program collected \$1.2 million dollars from 382 taxpayers. The difference from previous programs is the 2001 program had no limitations regarding income earned or on the tax amount due.

Revenue Secretary Cynthia Bridges points out that the huge success of the 2001 Tax Amnesty program represents a major accomplishment for the Department. "Under the leadership of Governor Mike Foster, the Department is working hard to make paying taxes as fair and as convenient as possible," she says. "The success of the Tax Amnesty program is proof that effort is succeeding."



Effect of 2001 federal tax advance payment eliminated

± At the request of Revenue Secretary Cynthia Bridges and the urging of Governor Mike Foster and the Louisiana Legislature, the Louisiana Board of Tax Appeals has approved eliminating any state tax burden caused by the passage of the Economic Growth and Tax Relief Reconciliation Act of 2001.

Under the act, many taxpayers were issued an advance payment of a tax credit that would have normally been taken when filing a federal tax return in 2002. Because Louisiana allows a deduction on the state income tax return for federal income taxes paid, the one-time advance payment received by many taxpayers would have increased their Louisiana taxable income by the amount of the advance payment.

In an August 2001 letter to the Board of Tax Appeals, Secretary of Revenue Cynthia Bridges, under the authority of Revised Statute 47:295, requested approval by the Board of Tax Appeals to increase the federal income tax deduction for each taxpayer by the amount of the advance payment they received in 2001. The Board concurred with the requested action and a worksheet to compute a modified federal income tax deduction for Line 9 of the Louisiana Individual Income Tax Return (Form IT-540) was added to the individual income tax return booklet that will be mailed to Louisiana taxpayers in January 2002.

Private Letter Rulings Issued

÷ Redacted versions of Private Letter Rulings are available on the Department's web page at www.rev.state.la.us under "Rules and Legislation." Limited space in this issue of *Tax Topics* does not permit the rulings to be printed. For this reason, the following is a complete listing of redacted Private Letter Rulings on the Department's web page as of the time this publication.

ICFT

No. 01-001 - Absence of "Throwback" Rules in Income and Franchise Taxes (07/25/01)

Personal Income Tax

No.01-004 - Taxation of Severance Pay for Personal Income Tax (10/03/01)

Sales Tax

No.01-007 - Sales Tax Treatment of Leased Equipment that has been rendered an Immovable Component of a Building (10/10/01)

Rule Adopted - Delivery date and timely filing

¢ In August 2001, the Department adopted Louisiana Administrative Code 61:1.4911 pertaining to the delivery date and timely filing of various documents, including returns, reports, and other documents, and the timely delivery of payments.

The Department administers a number of taxes and fees whose returns and payments are required to be filed by a prescribed date. Other documents, including reports, are also required by various statutes to be submitted to the Department. Since delivery of these documents can be accomplished by means other than the United States Postal Service, the adopted rule is intended to provide guidelines as to what constitutes timely filed returns, reports, other documents, and payments when delivered by United States Postal Service, couriers, taxpayers, or their representatives, or via electronic means.

The rule is available in its entirety on the Department's web page at www.rev.state.la.us under "Rules and Legislation." It is also available from the website of the Office of the State Register at www.state.la.us/osr/reg/0108/0108rul.pdf (on page 1241).

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Declaration of Estimated Tax requirements changed

X Act 203 of the Regular Session of the 2001 Louisiana Legislature changed the requirements for making declarations of estimated tax by individuals.

For tax years beginning January 1, 2001 and after, residents and nonresidents of Louisiana must make a declaration of estimated tax if their estimated Louisiana income tax after credits and taxes withheld can reasonably be expected to exceed \$1,000 for an individual, or \$2,000 in the case of a joint declaration of husband and wife. A nonresident must enter on Line 1 of Form IT-540 ES (Declaration of Estimated Tax for Individuals) their Louisiana adjusted gross income less their allowable federal excess itemized deductions.

For tax years beginning prior to January 1, 2001, Louisiana residents and nonresidents were required to make a declaration of estimated tax if their Louisiana income tax was reasonably expected to exceed \$200 for an individual or \$400 in the case of a joint declaration of husband and wife.

Payment of estimated tax must be made in full with the declaration, or in equal installments, on or before April 15, 2002, June 15, 2002, September 15, 2002, and January 15, 2003. Form IT-540 ES should be used for the declaration and mailed to: Department of Revenue, P.O. Box 91007, Baton Rouge, LA 70821-9007, or to any regional office of the Department.

The penalty for underpayment of any installment of estimated tax is 12 percent per year for the period of underpayment on the difference between the installment payment made and 90 percent (66 $\frac{2}{3}$ percent in the case of farmers) of the installment due on the basis of the tax for the year.

Further information concerning Declarations of Estimated Tax can be obtained by calling (225) 219-0102.

Baton Rouge Region, Charitable Gaming, and ATC move to single location



The Baton Rouge Region, the Office of Charitable Gaming, and the Office of Alcohol and Tobacco Control moved in mid-October to a single location into the United Plaza Twelve Building just off Essen Lane in Baton Rouge.

The United Plaza Twelve Building is located at 8549 United Plaza Blvd., just behind the Secretary of State's Archives Building on Essen Lane. The Office of Charitable Gaming occupies an area on the first floor of the building and the Baton Rouge Region and the Office of Alcohol and Tobacco Control occupy areas on the second floor. All Post Office Box addresses for each agency will remain the same. Telephone numbers are as follows.

Baton Rouge Region

(225) 922-2300

ATC

(225) 925-4041

Charitable Gaming

(225) 925-1835

The state has plans for the building to become a State Customer Service Center. Also scheduled to occupy an area of the building are the Office of Community Services of the Department of Social Services and some offices of the Secretary of State. By grouping all of these offices into a single building, the state's goal is to make services more convenient for citizens. Since many services of the agencies located in the building are coordinated and sequential in nature, citizens won't have to travel to several locations in order to complete their business with those offices.

Pictured at right is the United Plaza Twelve Building which now houses the Baton Rouge Regional Office, the Office of Charitable Gaming, and the Office of Alcohol and Tobacco Control.

Revenue Rulings available on Department's web page



All Revenue Rulings in their entirety are available on the Department's web page at www.rev.state.la.us under "Rules and Legislation." Space in this issue of Tax Topics does not permit the rulings to be printed. For this reason, the following is a complete listing of Revenue Rulings that are listed on the Department's web page as of the time this publication was printed.

* denotes Revenue Rulings not previously published in Tax Topics

Administrative

No.01-001 — Garnishment of Seamen and Masters Federal Income Tax Refund (5/16/01)

ICFT

* No. 01-003 — Status of Certain Unincorporated Group Self-Insurance Funds for Worker's Compensation (10/08/01)

* No.01-012 — "Manufacturer" for Inventory Tax Credit Purposes (9/17/01)

* No. 01-013 — Effect of Federal "Check-the-Box" Elections on Franchise Tax (10/01/01)

* No. 01-014 — Period in which Inventory Tax Credit may be Claimed (10/08/01)

Personal Income Tax

No.01-002 — Certain Lump Sum Distributions (5/18/01)

* No. 01-014 — Period in which Inventory Tax Credit may be Claimed (10/08/01)

Sales Tax

* No.01-005 — Application of Revised Statute 47:305.1(A) to Purchases for Vessels of Over 50 Tons Load Displacement Following Recent Decision by Louisiana Supreme Court (8/21/01)

* No.01-006 — Application of the Louisiana Sales Tax Law to Repair Services Rendered by Diving Service Companies (10/10/01)

* No.01-007 — Sales Taxability of Charges for Transportation Associated with Sales of Tangible Personal Property (10/10/01)

* No.01-008 — Taxability of Folding Invoices and Stuffing Envelopes (9/05/01)

* No.01-009 — Sales Taxability to the Purchases of a Private Nonprofit Corporation Who Is the Lessee of Hospital Facilities Owned by a Hospital Service District (10/08/01)

* No.01-010 — Application of the Louisiana Sales Tax Law to the Transactions of Roustabout or "Work as Directed" Service Companies (10/10/01)

* No.01-015 — Sales Taxability of Purchases by Advertisers and Commercial Publishers of Newspaper Inserts (10/10/01)



Tax Year 2001 Booklets Mailed



More than 675,000 taxpayers were mailed a tax year 2001 individual income tax booklet during early January. This represents a reduction of approximately 25,000 booklets from what was mailed last year because taxpayers who use alternative methods of filing, such as electronic filing or TeleFile, were not mailed the pre-addressed booklets. Over the past three years, the Department has been able to reduce the number of pre-addressed booklets printed and mailed by approximately 800,000. Because of the reduction, the state has realized a savings of more than \$337,000 in printing and postage costs during that time.

This year, both the IT-540 Resident return and the IT-540B Nonresident return remain in a machine-scannable format that allows automatic processing equipment to capture income tax information directly from the return. A number of changes have been made to this year's returns.

On both the Resident and Nonresident returns, a new line has been added to take a credit for property taxes paid by telephone companies. Another new line has been added to both returns to allow the taxpayer to contribute all or part of his refund to the Student Tuition and Revenue Trust (START) savings program.

A new worksheet has been added to both the Resident and Nonresident booklets to compute the modified federal income tax deduction for Line 9 of the return. The effect of this worksheet computation is to neutralize any negative impact occurring as a result of the advance tax credit payment received by some taxpayers as a result of passage by Congress of the Economic Growth and Tax Relief Reconciliation Act of 2001.

On Schedule D (Donation Schedule), the Senior Citizens' Trust Fund has been removed and replaced with the Louisiana Cancer Trust Fund-Prostate Cancer. On Schedule E (Adjustments to Income), a new line (Line 41) has been added to list any credits of up to \$2,400 per START account. A new Consumer Excise Tax Return has also been added to the Resi-

dent booklet. Taxpayers should use this form if they purchased alcohol or tobacco products for personal consumption from out-of-state companies via mail order, catalogs, or the Internet, and were not properly charged Louisiana excise taxes.

Again this year, unaddressed booklets that contain both the instructions and blank returns have been eliminated. Instead, instruction booklets and return forms will be printed separately. Each will be available at all libraries and regional offices of the Department.

In addition to TeleFile, electronic filing, and filing through a paid preparer, taxpayers also have the option of filing their return on-line from their personal computer. A list of approved on-line filing software providers can be found on the Department's web page. However, taxpayers should remember that these providers may charge for their software or for transmission of the on-line filing.

Free Internet filing of the state return is available again this year through the Department's website at www.rev.state.la.us. To take advantage of this free service, a taxpayer must meet the following requirements: filed a 2000 return, has not had an address change from last year, does not have an inventory tax credit, and does not need to file a Louisiana Schedule A or Schedule E. Once a taxpayer has filed an on-line return, a signed state signature document (Form LA 8453OL), the state copies of W-2s, and all supporting documents must be maintained by the taxpayer for three years from December 31 of the year in which the taxes were due.

Substitute forms produced from commercial software programs that have been approved by the Department will be accepted for processing again this year. A list of companies whose substitute forms have been approved by the Department can be found on the Department's web site.

Important points for taxpayers

1. Individuals required to file a federal income tax return are also required to file a Louisiana individual income tax return.
2. Do NOT submit a photocopy of an original scannable income tax Form IT-540 or IT-540B.
3. Do NOT staple W-2s or other pages to the return. Use paper clips.
4. Submit only an ORIGINAL LASER COPY of substitute forms.
5. Be sure the return has been signed before mailing.

Important point for preparers

Tax preparers should ensure that the address used to prepare a client's substitute return is current and correct. If an old address in the preparer's software is used to prepare a return, the Department's processing protocol assumes that the address on the return is the current correct address and automatically updates the taxpayer's file with the incorrect address. This will delay a client's refund or cause unnecessary billings to be issued.

Act Summaries

X The following tax laws were enacted during the 2001 Regular Session of the Louisiana Legislature. Summaries of these Acts were omitted from the legislative Act summaries printed in the October issue of Tax Topics. The summary information presented here is only intended to provide a general description of the laws' major provisions and should not be construed to represent a complete analysis or specific interpretation of the laws.

A complete listing of tax legislation enacted in 2001 may be obtained from the Department's web page on the Internet at www.rev.state.la.us, or by contacting the Policy Services Division at the following address: P.O. Box 15409, Baton Rouge, LA 70895, FAX (225) 219-2758. Copies of particular acts may be obtained from the Office of the Secretary of State at (225) 342-2085.

Collection

Act 141 of the Regular Session (HB 1102) enacts Revised Statute 14:71(A)(1)(e) to provide that the crime of issuing worthless checks applies to any check, draft, or order issued for payment of any tax, fee, fine, penalty, or other obligation to the state or any of its political subdivisions. (Also see Act 1022.) Effective May 25, 2001.

Act 1022 of the Regular Session amends Revised Statute 14:71 to provide that the crime of issuing worthless checks applies to any check issued for payment of any tax, fee, fine, penalty, or other obligation to the state or any of its political subdivisions. (Also see Act 141.) Effective July 1, 2001.

Sales Tax

Act 1175 of the Regular Session amends Revised Statute 33:9109(C)(4) and 9126(F), and 47:301(14)(i)(ii) and (iii), (16)(d)(ii), 302(C), and 331(C) to conform Louisiana law to the federal Mobile Telecommunications Sourcing Act (P.L. 106-252). The bill imposes state sales and use tax and emergency service telephone charges on mobile telecommunications services when the customer's place of primary use is within Louisiana, regardless of whether the customer's transmis-

sions originate or terminate within Louisiana. Previously, a tax was imposed on interstate communications that either originated or terminated in Louisiana and were billed to a Louisiana address. Effective August 2, 2002

Revenue Information Bulletin 01-007

\$ Collection of Oil Spill Contingency Fee to Resume

The Oil Spill Prevention and Response Act, Louisiana Revised Statute Annotated § 30:2451 et seq., provides a two-cent per barrel oil spill contingency fee on crude oil at the time that it is transferred to or from a vessel at a marine terminal within the state. La. Rev. Stat. Ann. § 30:2486 provides that the fee is to be collected until the Oil Spill Contingency Fund reaches \$10 million, at which time collection will be suspended until the balance in the fund falls below \$8 million. Collection of the fee has been suspended since May 1, 1999.

On September 28, 2001, the State Treasurer notified the Secretary of the Department of Revenue that the Oil Spill Contingency Fund balance has fallen below \$8 million. Therefore, collection resumed November 1, 2001. Returns must be filed quarterly on or before the last day of the month following the calendar quarter to which the fee applies. The first return, covering the fourth quarter of 2001, is due January 31, 2002.

Marine terminal operators within the state collect the fee from the crude oil owners when the oil is transferred to or from the vessel at the marine terminal. This fee is imposed on foreign and domestic oil transferred in the state, regardless of its origination or destination. The fee is only collected once on the same crude oil. If more than one marine terminal facility handles the same oil, the other marine terminal operators must obtain an affidavit certifying payment of the fee to the Department of Revenue from the marine terminal operator who paid the fee.

For the purposes of the Act, marine terminals are defined as "any terminal facility within the state of Louisiana used for transferring crude oil to or from vessels" and vessels are defined to include "every description of watercraft or other contrivance used or capable of being used as a means of transportation on water, whether self-propelled or otherwise, including barges."

If you operate a marine terminal facility within the state and are not registered for the oil spill contingency fee, please contact the Department of Revenue (Severance Tax Division) at (225) 219-2500 to obtain a registration form.

Policy Statement Subscription Service Now Available

The Department has recently added to its web page a subscription service for anyone who would like to be notified electronically whenever a formal policy statement has been issued. Visit our website at www.rev.state.la.us to subscribe to this service.



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Louisiana Tax Topics Index (Vol 21, Nos. 1-4)

Subject Month

Administrative

Audit Procedures - Act 201 (Regular Session)	October 2001
Department of Revenue Policy and Procedure Memorandum 30.1 - Refund Procedures	April 2001
Emergency Rule - Duplicate payments (LAC 61:III.7501)	April 2001
Judicial Interest Rate 2001	April 2001
LaSalle Building to house Revenue	April 2001
Louisiana Tax Amnesty - A Second Chance	October 2001
Policy Services Division created	January 2001
Record keeping requirements — Act 104 (Regular Session)	October 2001
Refund denials re-evaluated	July 2001
Rule adopted (LAC 61:III.101) Types of Department Policy Statements	July 2001
Rule - Signature alternatives for electronic filings (LAC 61:I.4905)	October 2001
Rule - Penalty Waivers (LAC 61:III.2101)	October 2001
Secretary's authority to refund overpayments — Act 6 (First Extraordinary Session)	October 2001

Alcohol and Tobacco Control

Class A permits; definition of donut shop; documentation for Alcohol permits — Act 1188 (Regular Session)	October 2001
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Charitable Gaming

Definition of non-commercial lessor; examination of records renewals — Act 106 (Regular Session)	October 2001
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Collection

Clarify actions that constitute filing of a false/fraudulent tax return — Act 1167 (Regular Session)	October 2001
Federal refund offset fee — Act 69 (Regular Session)	October 2001
Private collection agencies to collect in-state tax debts — Act 763 (Regular Session)	October 2001
Publishing names and addresses of delinquent taxpayers — Act 257 (Regular Session) ..	October 2001
Suspension and interruption of prescription — Act 103 (Regular Session)	October 2001

Excise Taxes

IFTA license renewals	July 2001
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ICFT

Act 203 (Regular Session) - Requirements to file declarations of estimated tax	October 2001
Act 269 (Regular Session) - Offset claims by state agencies with Revenue Department ..	October 2001
Act 332 (Regular Session) - Taxation of education savings accounts	October 2001
Estimated income tax payments required for many taxpayers	April 2001
Incomplete tax returns	October 2001
Revenue Ruling 01-001 May 16, 2001 Garnishment of Seamen and Masters Federal Income Tax Refund	October 2001
Revenue Ruling 01-002 May 18, 2001 Certain Lump Sum Distributions Not Taxable	July 2001
Tax Year 2000 booklets mailed	January 2001

Inheritance tax

Inheritance tax may be filed at Regional Offices	July 2001
Inheritance tax rates to reduce	April 2001

Miscellaneous

Publication of delinquent taxpayers 103 names added to CyberShame list	July 2001
Constitutional amendments fail in November 7, 2000 election	January 2001
Couple arrested for failing to pay \$1.6 million in state taxes	July 2001
Former probation officer pleads guilty	April 2001
Investigation nets guilty pleas	July 2001
Man pleads guilty in election probe	October 2001
Names of delinquent taxpayers published	April 2001
New Orleans man pleads guilty	April 2001
Ragley man guilty of tax charges	July 2001
Tax Topics Index for 2001	January 2001
Two plead guilty to mail fraud	January 2001

Sales Tax

2001 cost price for refinery gas	April 2001
Rate of vendor's compensation — Act 7 (Regular Session)	October 2001
Sales tax by lessor of motor vehicles — Act 13 (Regular Session)	October 2001
Allows dealers to absorb sales tax charged under certain circumstances — Act 245 (Regular Session)	October 2001
Advance Sales Tax requirements	July 2001
Drop shipments to a Louisiana destination must bear sales tax on billing	July 2001
Internet Sales Tax Filing Program	January 2001
Nonprofits not always exempt from sales taxes	April 2001
Nonprofit organizations are generally not exempt from sales taxes	July 2001
Streamlined Sales Tax Project	January 2001

Severance Tax

Natural gas severance tax rate change	July 2001
Timber rates for 2001	April 2001

Regional Offices

Alexandria Regional Office

900 Murray Street, Room B-100
(318) 487-5333

Baton Rouge Main Office

617 North Third Street
(225) 219-7318

Baton Rouge Regional Office

8549 United Plaza Boulevard
(225) 922-2300

Lafayette Regional Office

825 Kaliste Saloom Road
Brandywine III, Ste. 150
(337) 262-5455

Lake Charles Regional Office

One Lakeshore Drive, Ste. 1550
(337) 491-2504

Monroe Regional Office

122 St. John Street, Room 105
(318) 362-3151

New Orleans Regional Office

1555 Poydras Street, Ste. 900
(504) 568-5233

Shreveport Regional Office

1525 Fairfield Avenue
(318) 676-7505

Thibodaux Regional Office

1418 Tiger Drive
(504) 447-0976

Dallas District Office

4100 Spring Valley Road, Ste. 315
(972) 701-9682

Houston District Office

5177 Richmond Avenue, Ste. 325
(713) 629-8335

Tax Topics is a quarterly publication of the Louisiana Department of Revenue. Information contained herein is of a general nature; taxpayers requiring information concerning a specific tax matter should contact the appropriate tax office. Subscription information may be obtained from the Public Affairs Bureau at the address below, or by calling (225) 219-2760.

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