

The logo features the word "tax" in a lowercase, sans-serif font inside a speech bubble. To the right, the word "Topics" is written in a large, bold, italicized serif font.

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"The mission of the Louisiana Department of Revenue is to administer applicable laws and collect revenues to fund state services."

Cynthia Bridges
Secretary

www.revenue.louisiana.gov

Governor Jindal Reappoints Cynthia Bridges as Secretary of Revenue

One of Governor Bobby Jindal's early decisions was to reappoint Cynthia Bridges as Secretary of the Department of Revenue. Ms. Bridges has served as Secretary of this agency since being appointed in June 2000 by former Governor Mike Foster.

Secretary Bridges is a CPA and holds a Bachelor of Administration degree from the University of Louisiana at Lafayette. She has been employed with the Department of Revenue since 1979 and has previously served in a number of positions, including Deputy Secretary, Director of the Excise Taxes Division, and as Assistant Director of Research and Technical Services, Sales Tax, and Field Services Division.

Secretary Bridges was named one of Baton Rouge's 2007 "Influential Women in Business" and was instrumental in obtaining the "2005 Award for Technology Application" by the Federation of Tax Administrators and the "2005 Partnership Award" from the Internal Revenue Service.

2008 Interest Rates

Interest Collected on Unpaid Taxes – Effective January 1, 2008, through December 31, 2008, interest on unpaid taxes will be collected at the annual rate of 12.5 percent. For additional information see [Revenue Information Bulletin No 08-001](#).

Interest Paid on Refunds and Credits – Effective January 1, 2008, through December 31, 2008, interest on refunds and credits will be paid at the annual rate of 8.5 percent. For additional information see [Revenue Information Bulletin No 08-002](#).

2008 Taxable Value for Refinery Gas

The taxable value for refinery gas for sales and use tax purposes for calendar year 2008 has been set at \$1.601 per thousand cubic feet (MCF). This value was set in accordance with R.S. 47:301(3)(f) and (13)(d) and is based on the posted price for a barrel of west Texas Intermediate Crude Oil on December 1, 2007. Because this date fell on a Saturday, the posted price used in the computation was the average of the posted prices for a barrel of West Texas Intermediate Crude Oil as reported by the Wall Street Journal for November 30, 2007, and December 3, 2007. The average of these two postings was \$89.32.

For questions concerning the price for refinery gas for state purposes, call the Taxpayer Services Division at (225) 219-7318. Questions about the valuation adopted by local authorities should be directed to the appropriate local authority. For more information, see [Revenue Information Bulletin No. 08-004](#).

The Baton Rouge Regional Office, hosts a New Business Sales Tax Class each quarter. The classes are held at the Regional Office, 8549 United Plaza Blvd. Suite 200, Baton Rouge, Louisiana, in the first-floor auditorium. The class begins at 10:00 a.m. and lasts approximately 90 minutes. Classes are scheduled for 2008 on Friday, January 18, April 18, July 18, and October 17. Persons interested in attending the class should contact the Regional Office at (225) 922-2300.

The Lake Charles Regional Office also hosts a New Business Sales Tax Class on the first Wednesday of each month, except if the Wednesday is a holiday, in which case the class is conducted the next workday. The class begins at 2:00 p.m. and lasts approximately 90 minutes. The Lake Charles Regional Office is located at 1 Lake Shore Drive, Suite 1550, Lake Charles, Louisiana. Persons interested in attending the class should contact the office at (337) 491-2504. Classes currently scheduled for 2008 are on Thursday January 3, and Wednesday February 6, March 5, and April 2.



2008 Severance Tax Rates for Timber Products

Revised Statute 47:633 imposes a severance tax on timber and pulpwood based on the current average stumpage market value determined annually on the second Monday of December by the Louisiana Forestry Commission and the Louisiana Tax Commission.

Effective for 2008, the timber values to be used to determine the severance tax on timber are as follows:

Product	Value Per Ton	Tax Rate	Tax Per Ton
Pine Sawtimber	\$40.38	2.25%	\$0.91
Hardwood Sawtimber	\$28.14	2.25%	\$0.63
Pine Chip-N-Saw	\$20.89	2.25%	\$0.47
Pulpwood Pine	\$ 9.71	5.00%	\$0.49
Pulpwood Hardwood	\$ 5.80	5.00%	\$0.29

Revised tax forms will be distributed as soon as they are available. Questions concerning these severance tax values and rates should be directed to the Taxpayer Services Division at (225) 219-7656, option 3. See [Revenue Information Bulletin No. 08-003](#).

Oil Spill Contingency Fee Suspended

The State Treasurer has notified the Department of Revenue that the Oil Spill Contingency Fund has reached a balance of \$7 million. Therefore, in accordance with the provisions of R.S. 30:2486(A), the collection of the fee is suspended as of January 1, 2008. This fee is suspended until the fund balance falls below \$5 million at which time notice will be given to resume collection.

If you have any questions concerning the suspension of this fee, see [Revenue Information Bulletin No. 08-005](#). If you need further information concerning the Oil Spill Contingency Fund, please contact the Severance Tax Unit in the Taxpayer Services Division at (225) 219-7656, option 3.

Online Account Registration Now Available

Whether you are opening a new business, adding a new location or a new tax type to an existing business, you can now register your tax accounts online from your computer. Just complete the online question-based application and submit your applications and your tax account number will be issued and mailed to you.

Before you begin the online registration process, you must have the following information:

- Legal name, location and mailing address of your business
- Federal Identification Number (if applicable)
- Charter Number (if applicable)
- Louisiana Tax Account Number (if existing business)
- Name and address of owners, partners or officers
- Email address (if available)

Electronic Filing Mandate For Income Tax Preparers

Act 452 of the 2006 Regular Legislative Session enacted R.S. 47:1520(A)(1)(c) to require electronic filing by tax preparers who prepare and file 100 or more individual income tax returns in a calendar year. For 2008 and 2009, tax preparers who meet the threshold must file at least 30 percent of the individual income tax returns electronically. This requirement will increase to 60 percent effective January 1, 2010, and 90 percent effective January 1, 2012.

To assist preparers making the transition to electronic filing, the following informational brochures and documents are available from the Department's website at www.revenue.louisiana.gov under the [Tax Preparer](#) link:

- The electronic filing mandate law – [LA Revised Statute 47:1520](#).
- The electronic filing mandate regulation – [LAC 61:III:1501](#).
- Electronic filing mandate [Frequently Asked Questions](#).
- List of approved electronic filing [software vendors](#).
- Brochure – [E-Filing for Tax Professionals](#).
- Brochure – [E-Filing for Taxpayers](#).
- [Comparison of State Electronic Filing Mandates for Individual Income Tax](#).
- [Comparison of Electronic Filing Costs for the Most Common Software Packages](#).
- [Practitioner Electronic Filing Guide](#).

Copies of the [E-Filing for Taxpayers](#) brochure are available to tax preparers for distribution to their clients to assist in educating clients about electronic filing. Contact the Tax Administration Division at (225) 219-2690 to order additional brochures.

Individual Income Tax Assistance

Once again the Department of Revenue is participating in the annual Volunteer Income Tax Assistance (VITA) program. Personnel will be available at the headquarters and regional offices to assist taxpayers in completing their federal and state income tax returns with free electronic filing for eligible middle to low-income taxpayers. To ensure prompt assistance, taxpayers interested in this service should contact the Taxpayer Services Division at (225) 219-2448 or the regional office in their area to make an appointment. Some offices may accommodate walk-in taxpayers between scheduled appointments if time permits.

Taxpayers seeking tax return preparation assistance must bring the following items to their VITA appointment:

- Taxpayer and dependents' dates of birth,
- Social Security Cards for taxpayer, spouse and all dependents. If card is not available, a Social Security Number verification letter issued by the Social Security Administration will be accepted;
- Taxpayer – two forms of identification including one with a picture.

- If filing a joint return, both parties must be present.
- Wage and earning statement Form W-2, W-2G, 1099-R, from all employers
- Form 1099 for interest and dividend income;
- Social security and retirement income statements;
- Copy of last year's return, if possible;
- Child care expense receipts, the provider's name, address, and tax identification number, which is the provider's Social Security Number or business Employer Identification Number; and
- A voided check for direct deposit or debit.

2007 Individual Income Tax Return Changes

The following significant changes were made to 2007 individual income tax:

Child Care Credit – R.S. 47:297.4 provides a refundable credit for residents eligible for the federal child care credit and whose federal adjusted gross income is \$25,000 or less. The credit is for 50 percent of the federal tax credit before it is reduced by the individual's federal income tax.

Excess Itemized Deductions – Act 399 of the 2007 Regular Legislative Session amended R.S. 47:293 to allow a deduction for excess itemized deductions. The deduction is phased in over three years. The percentage allowed for the 2007 tax year is 57.5 percent, 65 percent for the 2008 tax year, and 100 percent for tax years after January, 2009.

Firefighter and Recreation Department Volunteers – Act 458 of the 2007 Regular Session amended R.S. 47:293(10) and enacted R.S. 47:293(7) and (8)(a)(xii) to provide a \$500 deduction for certain volunteer firefighters and recreation department volunteers.

Louisiana Citizens Insurance Credit – Credit for the portion of the homeowner's insurance premium paid to the Louisiana Citizens Property Insurance Corporation can now be claimed on line 20 of the return, which will eliminate the need for taxpayers to file Schedule F with the return.

Road Home – Act 247 of the 2007 Regular Legislative Session amended R.S. 47:293(10) and enacted R.S. 47:287:738(G), 293(5) and (9)(a)(i) to provide a deduction for Louisiana corporations and individuals for any funds received from a hurricane recovery entity if the income was required to be included on their federal income tax return. Hurricane recovery entities that provided these benefits are the Road Home Corporation, the Louisiana Recovery Authority, or the Louisiana Family Recovery Corps.

Teacher Deduction – Act 351 of the 2007 Regular Legislative Session amended R.S. 47:293(10) and enacted R.S. 47:293(11) and (9)(a)(x) to provide a \$1,000 deduction for individuals who were previously employed as a public school classroom teacher by a school board in one of the following parishes impacted by Hurricane Katrina: Jefferson, Orleans, Plaquemines, St. Bernard, and St. Tammany. To qualify for the exclusion, the teacher must agree in writing to be

employed as a public school classroom teacher for at least three years and submit a copy of the agreement with their tax return. The exclusion only applies to the 2007 and 2008 tax years

Schedule F – Refundable Credits

Because the number of refundable credits increased as a result of the 2007 Regular Legislative Session, Schedule F has been revised to a table format with each credit assigned a code that ends in "F." Changes enacted during the session include the following:

- **Angel Investor Credit** – Act 445 amended R.S. 47:6020.1(A) and 6020.2(A)(1) to make this nonrefundable credit refundable.
- **Technology Commercialization Credit**, previously a non-refundable credit that had expired, reenacted by Act 401 as a refundable credit under R.S. 51:2354.
- **Hunting and Fishing License Fee Credit** – Act 306 amended R.S. 56:643(B) and enacted R.S. 47:297.9 to authorize a credit for noncommercial hunting and fishing licenses purchased by an active or reserve military service member or the spouse or dependent of the service member.
- **Mentor-Protege** – Act 356 enacted R.S. 47:6027 to establish the Mentor-Protege Tax Credit Program to allow qualifying entities that fulfill the terms of a Mentor-Protege Agreement to earn a refundable tax credit.
- **Milk Producers** – Act 461 enacted R.S. 47:6032 to create a tax credit for resident taxpayers engaged in the business of producing milk for sale.
- **Broadway South** – Act 482 enacts R.S. 47:6034 to create a tax credit for musical or theatrical productions or musical or theatrical facility infrastructure projects.

Schedule G – Nonrefundable Credits

The number of nonrefundable credits also increased as the result of the 2007 Regular Legislative Session and the existing Louisiana Community Development Financial Institution and New Markets credits were changed from nonrefundable with a carryforward to nonrefundable and transferable.

Other new nonrefundable credits enacted during the 2007 Regular Legislative Session include the following:

- **Cane River and Atchafalaya Trace Heritage Credits** – Act 299 amended R.S. 25:1226.4(C)(1) and (2) and 1226.6(A) and enacted R.S. 47:6026 to authorize a credit for heritage based cottage industries located or to be located in the Cane River Heritage Area and to increase the tax credit for operating a cottage industry within the Atchafalaya Trace Heritage Area Development Zone and for hiring new employees in either area.

(Continued on page 4)

- **LA Community Economic Development** – Act 374 enacted R.S. 47:6031, which authorizes a tax credit for 25 percent of the money donated, contributed, or represented by a sale below cost by the taxpayer to a certified community development corporation or a certified community development financial institution.

Inheritance Tax Changes Effective January 1, 2008

Effective January 1, 2008, no inheritance tax will be due for any death occurring after June 30, 2004.

Act 371 of 2007 Regular Legislative Session amended R.S. 47:2401(B) and 2451(A)(5) to provide that, effective January 1, 2008, the inheritance tax will not apply to deaths occurring after June 30, 2004, and that all persons who paid inheritance taxes based on deaths occurring after June 30, 2004, may claim a refund of those taxes between August 1, 2008 and December 31, 2009. Act 371 also amended Code of Civil Procedure Article 2953(C)(1) to remove the requirement for proof of the filing of an inheritance tax return and other succession related documents with the Department of Revenue.

Beginning August 1, 2008, through December 31, 2009, persons who paid inheritance taxes based on deaths occurring after June 30, 2004 may claim a refund of those taxes. The refund claim can be submitted on the Claim for Refund of Taxes Paid [Form R-20217](#), as an amended Inheritance and Estate Transfer Tax Return, on [Form R-3318](#), or by a letter with all of the pertinent information requesting the refund. Claims should be submitted to the Taxpayer Services Division, Inheritance Tax Section, Post Office Box 201, Baton Rouge, Louisiana 70821. No refund claims will be processed before August 1, 2008. For additional information please refer to [Revenue Information Bulletin No. 07-018](#).

Advance Sales Tax Law Changes

Act 393 of the 2007 Regular Legislative Session enacted major changes to the 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 retail dealers to qualify for the exemption from the payment of the advance sales tax on purchases of tangible personal property for resale is reduced from \$3 million to \$500,000. Retail dealers that qualify for the exemption certificate under the new lowered threshold should complete the Application for Exemption from the Payment of Advance State Sales Tax on Resale Inventory - "W" Number, [Form R-1318](#) and return the application and supporting documentation to the Louisiana Department of Revenue, Taxpayer Services Division, Sales Tax Section, P.O. Box 3863, Baton Rouge, LA 70821.

Dealers that qualify for the exemption will be issued a state sales tax exemption number and certificate that must be provided to manufacturers, wholesalers, jobbers, and suppliers for exemption from paying the state advance sales tax on purchases for resale. The exemption certificate 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.

Effective January 1, 2009, the state advance sales tax on purchases of tangible personal property for resale is repealed in its entirety. In addition, the authority of certain local governments to levy advance sales taxes is repealed.

For additional information, see [Revenue Information Bulletin No. 07-028](#), which is posted on the Department's website at www.revenue.louisiana.gov. Questions concerning the proper use of the exemption certificate can be directed to the LDR Taxpayer Services Division, Sales Tax Section at (225) 219-7356 or by email at sales.inquiries@la.gov.

Sales Tax Holiday for Hurricane Preparedness Supplies

Act 429 of the 2007 Regular Legislative Session enacted R.S. 47:305.58 to create an annual state sales tax holiday on the last Saturday and Sunday of each May exempting the sales of certain hurricane preparedness items. The first sales tax holiday for hurricane preparedness supplies will be on Saturday and Sunday, May 24-25, 2008.

The sales tax exemption covers the first \$1,500 of the sales price of each portable self-powered light source; portable self-powered radio, two-way radio, or weather band radio; tarpaulin or other flexible waterproof sheeting; any ground anchor system or tie-down kit; any gas or diesel fuel tank; any package of AAA-cell, AA-cell, C-cell, D-cell, 6-volt, or 9-volt batteries, excluding automobile and boat batteries; any cell phone battery and any cell phone charger; any non-electric food storage cooler; any portable generator used to provide light or communications or preserve food in the event of a power outage; any carbon monoxide detector; and any blue ice product.

The sales tax holiday exemption does not cover hurricane preparedness items or supplies purchased at airports, public lodging establishments, convenience stores, or entertainment complexes. Additional information is included in [Revenue Information Bulletin No. 07-027](#), which is posted on the Department's website.

Additional guidance pertaining to the administration of the sales tax holiday and the definition of terms will be published and furnished to retail dealers to assist them in administering the sales tax holiday exemption.

Private Letter Ruling – Credit for Rehabilitation of Historic Structures

Revised Statute 47:6019 provides a credit against income and corporation franchise tax for the amount of eligible costs and expenses incurred during the rehabilitation of a historic structure located in a downtown development or a cultural product district. The credit may not exceed 25 percent of the eligible costs and expenses of the rehabilitation. No taxpayer, or any entity affiliated with the taxpayer, may receive more than \$5 million of credit for any number of structures rehabilitated within a particular downtown development or cultural product district.

A request for a private letter ruling was made by a developer who had submitted an application to the Louisiana Division of Historic Preservation for a historic structure located in the downtown development or cultural product district listed on the National Register of Historic Places or be certified by the state historic preservation office as contributing to the historical significance of the district. It was expected that the tax credit associated with the restoration will exceed \$5 million. The request was for a ruling as to whether the \$5 million per taxpayer, or entity affiliated with the taxpayer, limit applied to the whole investor group or individually to each investor or partner.

In response to the private letter ruling request, [Private Letter Ruling, Redacted Version 07-017](#) was issued to address the use of corporate income, franchise, and individual income tax credit earned for the rehabilitation of historic structures in downtown development districts. Also included in the ruling is reference and discussion for the definition of an “affiliated entity.”

TaxTopics 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 Tax Administration Division at the address below, or by calling (225) 219-2760.

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