



Tax Topics

www.revenue.louisiana.gov

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

Cynthia Bridges
Secretary

Suspension, Revocation, Denial of Licenses Now in Effect

Effective January 1, 2004, Act 380 of the 2003 Regular Session of the Louisiana Legislature requires that the Department of Revenue initiate the suspension, revocation, or denial of a taxpayer's driver's license if the taxpayer owes more than \$1,000 in Louisiana individual income tax. The same act requires the Department to initiate the suspension, revocation, or denial of a taxpayer's hunting and fishing licenses when the taxpayer owes more than \$500 in Louisiana individual income tax. The amounts are exclusive of penalty, interest, costs, and other charges.

Before a license can be revoked, denied, or suspended, the tax liability must be final and nonappealable. Any suspension, revocation, or denial of a license will remain effective until the individual has paid, or makes arrangements to pay, the delinquent tax, interest, penalties, and costs. The act also provides that suspension, revocation, or denial will not apply to spouses who qualify for tax relief under the innocent spouse provisions contained in Revised Statute 47:101(B)(7).

Taxpayers who are affected by this act are being sent a Letter of Intent prior to having their name submitted to the licensing agency.

Sales and Use Tax Seminar Scheduled to be in Alexandria

A one-day State and Local Sales and Use Tax Seminar will be presented May 11, 2004, in Alexandria by the Alexandria Regional Office of the Department of Revenue in conjunction with the Rapides Parish Sales and Use Tax Department. The seminar will be held at the Best Western Conference Center, 2720 North MacArthur Drive.

Joseph Vaughn, Director of the Alexandria Regional Office of the Louisiana Department of Revenue, and Donna Andries, Administrator for the Rapides Parish Sales & Use Tax Office, will present the seminar, which will cost \$25.00 per

person. CPAs attending the seminar will earn eight CPE credits. The seminar will include information on state and parish exemptions and deductions, new legislation, and line-by-line instructions on how to prepare both the Rapides Parish and Louisiana sales and use tax returns.

For more information about the seminar, call Joseph Vaughn, Regional Director of the Louisiana Department of Revenue's Alexandria Regional Office at 318-487-5333, or Donna Andries, CPA, Administrator of the Rapides Parish Sales and Use Tax Office at 318-445-0296, Ext. 3006.

Cynthia Bridges Reappointed Revenue Secretary



In January, Governor Kathleen Babineaux Blanco reappointed Cynthia Bridges as Secretary of the Louisiana Department of Revenue. She has served as Secretary since being appointed Secretary 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 the Research and Technical Services, Sales Tax, and Field Services divisions.

Reminder

The State Individual Income Tax filing deadline this year is midnight, May 17.



2004 Cost Price for Refinery Gas

Revenue Information Bulletin No. 03-017

\$ Louisiana Revised Statute 47:301(3)(f) provides that the cost of refinery gas will be computed annually by multiplying 52 cents per thousand cubic feet by a fraction, the numerator of which is the posted price for a barrel of West Texas Intermediate Crude Oil on December 1 of the preceding calendar year, and the denominator of which is \$29.00. The average posted price of a barrel of West Texas Intermediate Crude Oil on December 1, 2003, date was \$28.17. The use taxable cost price of refinery gas for calendar 2004 is, therefore, computed as follows:

$$\$0.52 \times (\$28.17 / 29.00) = \$0.505 \text{ per MCF}$$

Accordingly, the calendar 2004 cost price of refinery gas for use tax purposes has been set at \$0.505 per thousand cubic feet (MCF). This price is the maximum value that can be set for refinery gas by state and local authorities.

Refinery gas that is sold, exchanged, or bartered, rather than used by the producer, is subject to sales tax. Under R.S. 47:301(13)(d), the sales tax is based on the greater of the actual selling price, or the average monthly spot market price, of one MCF of natural gas delivered into pipelines in Louisiana as reported by the Natural Gas Clearing House and as determined by the Department of Revenue for natural gas severance tax purposes. Refinery gas is subject to both state and local use tax, regardless of its use.

Refinery gas taxable values for previous years are as follows:

2003	\$.441
2002	\$.304
2001	\$.58
2000	\$.41
1999	\$.20

Questions concerning the taxable value of refinery gas should be directed to the Taxpayer Services Division at (225) 219-7318. Questions about the taxable valuation adopted by local sales tax authorities should be directed to the appropriate local authorities.

Judicial Interest Rate for Refunds

Revenue Information Bulletin No. 04-002

✓ The judicial interest rate, which is the rate the Department uses to pay interest on refunds and credits, has been set by the Office of Financial Institutions at 5.25 percent, effective January 1, 2004, through December 31, 2004.

Revised Statute 47:1624(B) provides that the Department will pay interest on refunds and credits at the judicial interest rate established pursuant to Louisiana Civil Code Article 2924(B)(l), which states that the judicial rate will be set by the Commissioner of the Office of Financial Institutions in accordance with R.S. 13:4202. The annual judicial interest rates for years through 2004 are available at the Office of Financial Institution's Internet web page at <http://www.ofi.state.la.us>.

For further information concerning this matter, contact the Taxpayer Services Division at (225) 219-7318.

Inheritance Tax Rates Phased Out

✓ Pursuant to Act 18 of the 1997 Regular Session of the Louisiana Legislature that amends and re-enacts Revised Statutes 47:2401, 2431, and 2432(A), and enacts R. S. 2403(E) and 2420(D) which provide that the inheritance tax rate shall not apply for deaths occurring after June 30, 2004, when a judgment of possession is rendered or when a succession is judicially opened no later than the last day of the ninth month following the death of a decedent.

The phase out of inheritance tax began July 1, 1998, and reduced rates by 18 percent for deaths that occurred after June 30, 1998, and before July 1, 2001. The rate was reduced by 40 percent for deaths that occurred after June 30, 2001, and before July 1, 2002. For deaths occurring after June 30, 2002, and before July 1, 2003, the rate was reduced by 60 percent. The rate was further reduced by 80 percent for deaths occurring after June 30, 2003, and before July 1, 2004.

For further information, contact the Taxpayer Services Division at (225) 219-0067.

The Department of Revenue has a new web address:

www.revenue.louisiana.gov

E-as-y File/E-as-y Pay Program

\$ The Department's E-as-y File/E-as-y Pay program gives individuals and businesses the option to electronically file individual income tax, sales tax, severance tax, and withholding tax through the Department's website. There is also an option to submit an electronic payment with a sales tax return, a current year individual income electronic tax return, a prior year individual income tax return, withholding tax returns, or declaration of individual estimated tax returns. Direct deposits are available for refunds and automated bank drafts are an option for payment of installment agreements.



Earned Income Tax Credit

\$ Taxpayers are urged to check with any office of the Department of Revenue or with a professional tax preparer to determine if they qualify for the federal Earned Income Tax Credit (EITC). The federal EITC is designed to assist moderate and low-income taxpayers with dependent children and can mean up to an additional \$4,000 in their federal income tax refund.

2004 Severance Tax Rates for Timber Products

Revenue Information Bulletin No. 04-001



Louisiana 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 2004, 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	\$40.56	2.25%	\$0.91
Hardwood Sawtimber	\$31.39	2.25%	\$0.71
Pine Chip-N-Saw	\$41.69	2.25%	\$0.94
Pulpwood Pine	\$7.10	5.00%	\$0.36
Pulpwood Hardwood	\$5.64	5.00%	\$0.28

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) 219-7318.

Adopted Rules and Policy Documents



The following are brief descriptions of adopted rules and policy documents recently published by the Department. The policy documents include Revenue Rulings, Revenue Information Bulletins, Redacted Private Letter Rulings, and Statements of Acquiescence and Non-Acquiescence. The full texts of adopted rules are available on the Department's Internet web page at www.revenue.louisiana.gov under "Laws and Policies/Louisiana Administrative Code/Adopted Rules." The other policy documents are available under "Laws and Policies/Louisiana Administrative Code/Policy Documents." Adopted rules are also available from the Office of the State Register's Internet web page at www.state.la.us/osr/reg/.

Rules

On January 20, 2004, the Department adopted Louisiana Administrative Code 61:I.1520 relative to withholding by professional athletic teams.

On December 20, 2003, the Department adopted Louisiana Administrative Code 42:I.1775 relative to Charitable Gaming Progressive Pull-Tabs.

On December 20, 2003, the Department

adopted Louisiana Administrative Code 61:I.4910 relative to electronic funds transfer.

On October 20, 2003, the Department amended Louisiana Administrative Code 61:I.4307B relative to sales taxes on vehicles, to remove language within the former rule that provided for the collection by vehicle renters of a local sales tax recovery surcharge.

Rulings

No. 03-006 – Corporation Income Tax Treatment of Single Member LLCs (December 8, 2003)

No. 03-007 – State Sales Taxability of Charges for Hotel Room Occupancy for Guests Who Occupy Rooms Permanently or for Extended Durations (December 8, 2003)

No. 03-008 – Deferred Retirement Option Plan Self-Directed Sub-Accounts (December 22, 2003)

Revenue Information Bulletins

No. 03-016 – Severance Tax Filing Changes (November 19, 2003)

No. 03-018 – Policy and Procedure Memoranda Repealed (December 17, 2003)

No. 04-003 – Filing Requirements for Single Member LLCs and Qsubs (January 8, 2004)

No. 04-004 – Definition of Farmer for

Phase Three of DELTA Project Implemented

The third phase of the DELTA Project (Defining Excellence in Louisiana Tax Administration) was implemented on February 2, 2004. The DELTA Project is systematically replacing the Department's present computer system with GenTax®, an off-the-shelf software by Fast Enterprises that is being fully adapted for use within the Department.

Secretary **Cynthia Bridges** says, "The DELTA Project is more efficient and allows the Department to accomplish its responsibilities to taxpayers faster and more efficiently. It is imperative we implement new technology like this as fast as possible." Secretary Bridges adds this decreases the time needed to provide information to customers and also decreases the time needed to train new employees.

Phase One of the project was implemented on February 3, 2003, and involved withholding tax, fuel taxes administered under the International Fuel Tax Agreement (IFTA), and the Low Alcohol Content (Beer) Beverage Tax.

Phase Two was implemented on August 4, 2003, and involved sales and use taxes, the New Orleans Hotel/Motel Tax (Domed Stadium), the statewide Hotel/Motel Tax, the New Orleans Exposition Hall Tax, and the Automobile Rental Excise Tax. Phase Four is scheduled for implementation during October 2004 and will involve income and corporation taxes. The DELTA Project is scheduled to conclude in May 2005 when excise taxes are moved to the GenTax® system.

Purposes of Applying Underpayment Penalty (January 8, 2004)

Redacted Private Letter Rulings

No. 03-013 – Exemption for Banks Organized Under Laws of Other States (December 12, 2003)

No. 03-014 – Transferability and Application of Motion Picture Investor Tax (December 17, 2003).

*TAX ASSISTANCE IS AVAILABLE AT THE
FOLLOWING OFFICES OF THE
LOUISIANA DEPARTMENT OF REVENUE.*

ALEXANDRIA REGIONAL OFFICE
201 JOHNSTON STREET, STE. 100
318-487-5333

BATON ROUGE—MAIN OFFICE
617 NORTH THIRD STREET
225-219-7318 (ASSISTANCE)
225-219-2114 (TDD)

BATON ROUGE—REGIONAL OFFICE
8549 UNITED PLAZA BOULEVARD, STE. 200
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, ROOM 630
318-676-7505

THIBODAUX REGIONAL OFFICE
1418 TIGER DRIVE
985-447-0976

Reserve Man Indicted

Richard Dale Wolfe, Reserve, was indicted on January 14, 2004, for four counts of intentionally failing to file a Louisiana individual income tax return and four counts of felony theft for the misappropriation of money in the amount of \$300 or more. The indictment was handed down by a grand jury for the Fortieth Judicial District Court in St. John the Baptist Parish.

Each count of intentionally failing to file carries a potential maximum penalty of six months imprisonment or a fine of not more than five hundred dollars. Each count of felony theft carries a potential maximum penalty of two years imprisonment, or a fine of not more than two thousand dollars, or both. The Special Investigations Division of the Louisiana Department of Revenue is working with the Louisiana Attorney General's Office on the case.

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 Section at the address below, or by calling (225) 219-2760.

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