

The mission of the Louisiana Department of Revenue and Taxation is to serve the citizens of Louisiana by efficiently collecting the state's tax revenue in a manner that will generate the highest degree of public confidence in our integrity and fairness.

Authorization to transport bulk gasoline is required in Louisiana

Bulk gasoline may be transported into Louisiana on Louisiana highways only by common or contract carriers licensed by the Interstate Commerce Commission. The carriers must file monthly reports under the provisions of Revised Statute 47:783. If the gasoline is coming into Louisiana from a state with a lower tax rate, the gasoline may be transported only on the designated routes authorized by the secretary of the Louisiana Department of Revenue and Taxation.

The interstate transportation of gasoline on highways other than those designated by

the secretary is strictly prohibited unless special authority to use alternate routes has been obtained from the secretary.

The following conditions must be met in order to transport bulk gasoline from any other state into Louisiana on any highway:

1. the carrier must be bonded in Louisiana as a dealer or jobber of gasoline, or,
2. the obligation to pay the tax has been assumed by the out-of-state supplier who is bonded as a dealer, or,

3. the gasoline being transported by common or contract carrier is consigned to, or the title is held by, a dealer or jobber of gasoline in Louisiana.

Written requests to the secretary for approval to transport bulk gasoline must be made at least 10 days prior to any interstate movements of gasoline. In addition, any requests for deviation from the assigned designated route must be made at least five days prior to movement of the gasoline.

Requests may be sent to the Excise Taxes Division, P.O. Box 201, Baton Rouge, LA 70821-0201, and must include the following information:

1. The name and address of the person or company who will be transporting the gasoline,
2. the origin of the gasoline,
3. the destination of the gasoline,
4. the number of trucks that will be transporting the gasoline, and,
5. the routes normally used at the present time.

Authorization cards will be issued for all vehicles transporting gasoline into or from Louisiana. A card must be kept in each vehicle at all times while transporting gasoline. The card is not transferable from one transporter to another and is valid until revoked, withdrawn, or surrendered.

For additional information concerning the transportation of gasoline, contact the Excise Taxes Division at (504) 925-7652. ■

Ethics commission fines taxpayer and former employee

Former Revenue Senior Agent Kenneth Samaha was charged by the Commission on Ethics for Public Employees with violating Sections 1121(A) and 1112(B)(4) of the Code of Governmental Ethics (Louisiana Revised Statutes 42:1101-1169).

Samaha was formally charged after entering into a written contract with Georgia Gulf Corporation for sales tax consulting services less than two weeks after supervising an audit of the corporation. The contract was signed ten days after his official resignation from the Department of Revenue and Taxation. Samaha returned to the site of the audit through his newly formed consulting business, Sales Tax, Inc., as a representative for Georgia Gulf Corporation.

Ethics Code, Section 1121(A) prohibits a former employee, for a period of two years following the termination of his public service, from assisting anyone, for compensation, in a transaction, or in an appearance in connection with a transaction involving that agency. Furthermore, Section 1112(B)(4) prohibits a public servant from participating in a transaction involving a party with whom he is negotiating or has an arrangement concerning prospective employment.

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Alternative fuels credit **[R.S. 47:38 and R.S. 47:287.757]**

A credit is allowed for vehicle conversion to certain alternative fuel use, for the purchase of vehicles that use certain alternative fuels, or for the purchase of equipment directly and exclusively related to the delivery of an alternative fuel into the fuel tank of a motor vehicle propelled by such fuel. The amount of the credit is 20 percent of:

- the cost of equipment installed to modify a motor vehicle that burns gasoline so that the vehicle may be propelled by an alternative fuel, provided the vehicle is registered with the Department of Public Safety and Corrections; or,
- the portion of the purchase price of a vehicle that burns alternative fuel that is attributable to the storage of such fuel, the delivery to the engine of such fuel, and the exhaust of gasses from combustion of such fuel, provided the vehicle is registered with the Department of Public Safety and Corrections; or,
- the cost of property that is directly and exclusively related to the delivery of an alternative fuel into the tank of a motor vehicle propelled by such fuel, including compression equipment, storage tanks, and dispensing units for such fuel at the

point where such fuel is so delivered, provided such property is located in Louisiana.

In the case of a vehicle purchased that is already equipped to burn alternative fuels, the taxpayer may elect to compute the credit as the lesser of 2 percent of the cost of the vehicle, or \$1,500.

Alternative fuels includes compressed natural gas, liquefied natural gas, liquefied petroleum gas, reformulated gasoline, methanol, ethanol, electricity, and any other fuels that meet or exceed federal clean air standards.

The credit is applicable to fiduciary, individual, and corporate income taxes. It is claimed under "Other Credits" on the corporate tax return and on Schedule A under "Other Credits" on the individual income tax return. The credit may be carried forward for up to three years.

A husband and wife who file separate income tax returns may each claim only one-half the credit that would be allowed on a joint return.

For more information about this credit, contact the Income and Corporation Franchise Taxes Division at (504) 925-4611. ■

Louisiana credit for certain federal credits **[R.S. 47:297(B)]**

Individual taxpayers are allowed a credit of 10 percent of certain federal credits taken on the federal income tax return. This credit is limited to \$25. For example, if the total of the federal eligible credits equals \$100, the credit against Louisiana tax would be 10 percent, equaling \$10. If the federal credits equal \$300, the credit against Louisiana tax would be the lesser of 10 percent of \$300, or \$25. If the credit is not utilized on the federal return because of the alternative minimum tax, the Louisiana credit must be based only on the portion of the credits utilized on the federal return. The credit is claimed as a "Special Allowable Credit" on Schedule A of the Louisiana individual income tax return.

The following federal credits are the basis for this Louisiana credit:

- Child care credit
- Credit for the elderly
- Credit for contributions to candidates for public office
- Investment tax credit
- Foreign tax credit
- Work incentive credit
- Jobs credit
- Residential energy credit

Not all of these eligible federal credits exist at this time. The credits may only be used against Louisiana tax when they are eligible for use against the Federal income tax. There is no carryover or refund of the credit amount that exceeds the Louisiana tax.

For more information about this credit, contact the Income and Corporation Franchise Taxes Division at (504) 925-4611. ■

Seminars on Electronic Tax Filing set

Beginning in August, Federal/State Electronic Filing seminars will be held throughout the state to provide tax preparers and transmitters information on the program and how to participate. Both federal and state representatives will be available to answer questions.

For further information on times and locations, contact Jeannie Rasmussen of the Louisiana Department of Revenue and Taxation at (504) 925-7293 or Sargiena Thomas of the Internal Revenue Service at (504) 558-3008. ■

Lafayette

August 16, 1995
University of Southwestern Louisiana

Alexandria

August 17, 1995
City Council Chambers - City Hall

Baton Rouge

August 22, 1995
Louisiana State University

Shreveport

August 30, 1995
LSU-Shreveport

Monroe

August 31, 1995
Northeast Louisiana University

New Orleans

September 6, 1995
University of New Orleans

**Don't
miss out**



**ELECTRONIC
TAX FILING**

Taxability of school fund-raising events

Public schools and other instruments of state and local governments were granted a sales tax exclusion effective September 6, 1991, and are able to make purchases of tangible personal property and services for their own use or consumption without the payment of any state or local sales or use taxes. This exclusion applies only when public schools make purchases in their own name using public funds, and does not apply when public schools are the sellers of goods or services. Whenever schools engage in the sale of property or taxable services, they must collect and remit the sales tax, unless a statutory exemption can be claimed.

Revised Statute 47:305.14 is an exemption sometimes sought by schools, which provides, upon approval of an application to the Department of Revenue and Taxation, certain nonprofit organizations can be exempted from the collection of sales taxes on admissions to and sales at fund-raising events. The statute specifically provides that the exemption does not apply to regular commercial ventures of any type such as bookstores, restaurants, or gift shops, even if operated by a nonprofit organization. The tax collection exemption cannot be granted to any event, even when a nonprofit organization is involved, if the event will yield a

profit to a promoter or to any individual contracted to provide goods or services for the event. The department intends to closely follow the dictates of the statute, and not approve any tax collection exemption where schools appear to serve as the vehicle for sales to their students by profit-seeking enterprises in competition with other businesses.

For example, in the case of school pictures or class rings, a private vendor normally produces a specific product based on student orders. The department will not allow the public agency exclusion to be claimed by schools on these purchases, even when the purchases are invoiced by the vendors to the schools rather than to the students, because the purchases are not intended for the use of the schools. If the schools resell the products to the students, the department will not approve the schools' applications for the fund-raising tax collection exemption under R.S. 47:305.14 because the sales would have yielded profits to profit-seeking vendors, and the schools in essence would have served as the vehicles for the sales by those vendors to the students.

In most instances of taxable sales by Louisiana sales tax registered vendors, it will not be necessary for the schools themselves

to collect taxes or to file sales and use tax returns. In the cases where vendors sell tangible personal property directly to students, the vendors will collect the proper amount of taxes and remit the taxes on their sales tax returns. The schools' earnings of vendor-paid commissions on the vendors' sales to students will not require that the schools file sales tax returns with the department.

It is only in those instances where schools pay the vendors in total for items such as school pictures or class rings and themselves resell the items to students at higher prices, that the schools must collect sales taxes from students and file tax returns with the department. In these latter cases, vendors will collect state advance sales taxes from the schools, and the schools will be able to deduct the advance tax on their tax returns when remitting the tax due on sales. ■

Corporation credits for employment

There are several types of tax credits available to corporations for the creation of jobs that did not previously exist, or for filling existing jobs with employees who meet certain criteria. Some of the job-related credits are available only through contracts with other agencies. A brief description of the job-related tax credits that are allowed without such contracts are:

- **Corporation jobs credits [R.S. 47:287.749]**

This credit is allowed against the income tax to reward the generation of new full-time and part-time jobs in the state. The credit is \$100 per eligible new employee, \$200 dollars if the employee is economically disadvantaged, or \$225 dollars if the employee is a resident of a neighborhood with an unemployment rate of 10 percent or more.

The amount of credit is limited to 50 percent of the tax, and any unused credit may be carried forward for five consecutive

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Louisiana capital companies credit

This credit is available to fiduciary, individual, and corporation income taxpayers who receive certification from the Department of Economic Development, Office of Financial Institutions, for an investment in a Louisiana capital company. The Louisiana capital company must also be certified by the Office of Financial Institutions.

The amount of the credit is 35 percent of the certified amount of investment in a Louisiana capital company. The credit is claimed under "Other Credits" on Schedule A of the individual income tax return, and on Line 3C of the corporation income tax return. Any amount of credit that exceeds the income tax liability for the period on which it is claimed may be carried for-

ward until used in full. The Department of Economic Development may also provide for the sale of the credit to another entity.

The certified Louisiana capital company in which the investment is made is provided an exemption from income tax for its first five years and an exemption from franchise tax for its second through sixth years. The statutory citation for the Louisiana capital companies credit is Revised Statute 51:1924 et seq. The exemption for the capital company itself is provided by R.S. 51:1932.

Additional information may be obtained by contacting the Department of Economic Development, Office of Financial Institutions, at (504) 925-4660. ■

Corporation credits (continued)

years following the year in which the credit originated.

• Re-entrant jobs credit [R.S. 47:287.748]

This credit is allowed against the income tax to encourage the employment in full-time jobs in the state of re-entrants who have been convicted of a felony and who have successfully completed the Intensive Incarceration Program provided for in R.S. 15:574.4. The credit is \$100 per eligible re-entrant.

The amount of the credit is limited to 50 percent of the tax, and any unused credit may be carried forward for five consecutive years following the year in which the credit originated.

• Credit for employing first-time drug offenders [R.S. 47:287.752]

This credit is allowed against the income tax for providing full-time employment to an individual who has been convicted of a first-time drug offense and is less than 25 years of age. The credit is \$200 per eligible

employee per taxable year, for two taxable years.

The law provides no carryover of unused credits.

• Credit for employing the previously unemployed [R.S. 47:6004]

This credit is allowed against the income tax and franchise tax to encourage the employment of previously unemployed Louisiana residents and recipients of Aid to Families with Dependent Children participating in Project Independence. The credit is \$750 per eligible new employee after the employer has created new jobs in excess of 5 percent of a base employment number.

Any unused credit may be carried forward for five consecutive years following the year in which the credit originated.

Definitions of terms used above and information regarding eligibility may be found in the referenced statutes, or by contacting the Income and Corporation Franchise Taxes Division at (504) 925-4611. ■

Baton Rouge – Main Office

Central Registration	504•925•7318
Collection	504•925•7448
Excise Taxes	504•925•7656
Income & Corporation	
Franchise Taxes	504•925•4611
Inheritance & Gift Taxes	504•925•7424
Sales Tax	504•925•7356
Severance Tax	504•925•7500
Tax Forms	504•925•7532
Unclaimed Property	504•925•7407
Withholding	504•925•4611
TDD	504•925•7533

Regional Offices

Alexandria	318•487•5333
Lafayette	318•262•5455
Lake Charles	318•491•2504
Monroe	318•362•3151
New Orleans	504•568•5233
Shreveport	318•676•7505
Thibodaux	504•447•0976

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Edwin W. Edwards
Governor

Ralph Slaughter, CPA
Secretary

Ethics (continued)

The Ethics Commission found that during the first week of the department's audit, Samaha began negotiating with the taxpayer for private consulting work. Furthermore, an oral agreement was reached between Samaha and Georgia Gulf's representative during the first week of the department's audit in which Samaha was the Senior Agent.

The Ethics Commission found that Samaha violated two code provisions [Section 1121(A) and Section 1112(B)(4)] and imposed a \$10,000 civil fine. The Commission also ordered him not to assist any person for compensation in any transaction or any appearance in connection with a transaction involving the Department of Revenue and Taxation for a period of five years. This order includes Samaha's corporation, Sales Tax, Inc. The Commission found that it violated Section 1121(C) by rendering the tax consulting service to Georgia Gulf. The legal entity was disallowed for a two-year period from participating in any activity that Samaha was prohibited from doing because the former public servant was an "officer, director, trustee, partner or employee" of the corporation.

Likewise, the Ethics Commission charged Georgia Gulf with violations of the ethics code and imposed a \$10,000 fine against the corporation. In addition, the employee of Georgia Gulf who negotiated with Samaha was ordered not to have any dealings with or any appearance in connection with any transaction involving the Department of Revenue and Taxation for a period of five years. Initially, Georgia Gulf challenged the jurisdiction of the State Ethics Commission over a private corporation. It was held that the Commission had the legal authority to review and consider the actions of "other persons." The Appeal Court and the Supreme Court denied Georgia Gulf's request for review on the ruling. ■