

Louisiana Tax Topics

Department of Revenue and Taxation



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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.

1995 Legislative Summary

Sales tax

Act 170 amends Revised Statute 47:1961.2(C)(1) to require certain motor vehicle dealers and marine dealers to separately state the applicable amount of the ad valorem taxes on each motor vehicle, boat, outboard motor, and boat with motor sold each month and remit that amount to the sheriff or appropriate tax collector using the method and forms promulgated by the Louisiana Tax Commission. This act also provides that such taxes shall be an element of the retail sales price. As such, this amount will be subject to any sales taxes properly due on the sale of the item. Effective June 12, 1995.

Act 284 amends R.S. 47:301(10)(c) and R.S. 47:306(A)(1) to provide that natural gas, when used in the production of iron in the process known as the direct reduced iron process, shall be considered a raw material. As such, the natural gas will be exempt from the Louisiana General Sales tax and the Louisiana Tourism Promotion District taxes of three percent. Such purchases will continue, however, to be subject to the one percent Louisiana Recovery District tax. This act also enacts R.S. 33:2720.1 to provide for certain taxpayers to file letter returns with the local sales tax collector. Effective July 1, 1995.

Act 848 enacts R.S. 32:706.1 to require that each person who transfers the ownership of a vehicle for which a salvage title or a reconstructed title has been issued, to disclose that information to the prospective

purchaser. In the event the seller fails to make such disclosure, the buyer may demand rescission of the sale and receive a refund of the sales price and any fees or taxes paid to any governmental agency in connection with that transaction. Effective August 15, 1995.

Act 1186 amends R.S. 47:306(A)(3)(a)(i), R.S. 47:306(B)(4)(a), and R.S. 47:318(B) to provide that the vendor's compensation allowed to dealers for the timely filing and remittance of state sales taxes shall continue at the rate of 1.1 percent of the amount of tax due and timely paid. Effective July 1, 1995. ■

Special fuels tax

Act 187 enacts R.S. 47:806(B)(3) to provide that computer records generated by a cardlock or meter system may be used for purposes of substantiating a claim for a special fuels tax refund submitted by a Louisiana bonded interstate user, or a user licensed under the International Fuel Tax Agreement (IFTA). Effective July 1, 1995.

Act 603 amends the special fuels tax law to make provisions for the use of dyed special fuels following the federal guidelines and establishes penalties for violations. It also enacts R.S. 47:802.1 to provide for the refund or credit of special fuel taxes paid on fuel used for nontaxable purposes and establishes the requirements and conditions under which the refund or credit can be allowed. Effective January 1, 1996. ■

This issue of Louisiana Tax Topics contains summaries of major tax laws amended or enacted during the 1995 Regular Session of the Louisiana Legislature. Summary information presented is only intended to provide a general description of the law's major provisions and should not be construed to represent a complete analysis or a specific interpretation of the law. Copies of particular acts may be obtained from the Office of the Secretary of State at (504) 342-2085.

Inspection and supervision fee

Act 301 amends R.S. 45:1177 relative to removing certain motor carriers from the jurisdiction of the Public Service Commission and thus relieving them from the Inspection and Supervision Fee. It also provides a definition of motor carriers that transport household goods, passengers, and waste, including hazardous waste, for the purpose of Public Service Commission regulation. Effective June 15, 1995. ■

Alcoholic beverage taxes

Act 1188 abolishes the Office of Alcoholic Beverage Control of the Department of Public Safety and Corrections and transfers its powers, duties, functions, employees, and responsibilities to a newly created Office of Alcoholic Beverage Control within the Department of Revenue and Taxation. Effective June 29, 1995.

Continued on page 2

Alcoholic beverage taxes *(continued)*

Act 1016 amends various sections of Title 26 to require that a tax clearance from the local taxing authority be provided when applying for or renewing alcoholic beverage and beer permits. Effective August 15, 1995. ■

Collections

Act 894 enacts R.S. 46:236.9 establishing a cooperative program between the Department of Social Services and the Louisiana Department of Revenue and Taxation for the collection of delinquent child support. Effective August 15, 1995. ■

Administrative and miscellaneous provisions

Act 167 enacts R.S. 47:1520 to provide the Secretary the authority to prescribe alternative methods for signing, subscribing, or verifying tax returns filed by electronic means. Effective June 12, 1995.

Act 422 amends R.S. 47:1603 to provide, for individual income taxes, reasonable causes for the waiver of delinquent penalties. Effective for tax years ending on or after December 31, 1994.

Act 515 amends R.S. 47:101 to provide an innocent spouse rule; amends R.S. 47:118 to change the additions to the tax for underpayment of estimating individual income taxes from a charge calculated at six percent of the underpayment to a charge to be calculated at 12 percent of the underpayment; and amends R.S. 47:1602 to reduce the penalty for late payment of individual income tax in certain situations from five percent per month to .5 percent per month. Effective for tax periods beginning after December 31, 1994.

Act 1238 enacts R.S. 51:2451 through 2461 to provide for an incentive program for basic industries in order to promote economic development and the creation of jobs. To qualify under the "Louisiana Quality Jobs Act," the basic industry establish-

ment must offer a basic health benefits plan to employees and meets certain other qualifications provided for in the Act. An establishment that meets such qualifications may receive quarterly incentive payments for a 10 year period from the Department of Revenue and Taxation in an amount that shall be equal to the net benefit rate multiplied by the actual gross payroll of new direct jobs for a calendar quarter as verified by the office of employment security of the Department of Labor. Establishments receiving incentive payments are not eligible to receive certain tax credits and exemptions. To receive incentive payments, an establishment must first apply to the Department of Economic Development. The Department of Economic Development will determine whether an applicant is eligible to receive such payments. If an applicant is found to be qualified, the Department of Economic Development will establish the net benefit rate for that applicant and notify the Department of Revenue and Taxation. Effective July 1, 1995. ■

Individual income tax

Acts 162 and 1283 enact R.S. 47:120.40 and R.S. 47:120.51 through 120.55 to provide that every individual who is entitled to an income tax refund may designate on his income tax return that part or all of such refund be donated to the "United States Olympic Committee" in lieu of such amount being returned as a refund of taxes overpaid. Monies donated to the "United States Olympic Committee" will be used to provide the facilities and training programs for amateur athletes. Effective for taxable years beginning after December 31, 1994.

Act 357 enacts R.S. 47:120.40 to provide that every individual who is entitled to an income tax refund may designate on his income tax return that any part or all of such refund be donated to "Louisiana Operation Game Thief Incorporated" in lieu of such amount being returned as a refund of taxes overpaid. Monies donated will be used solely for the purposes set forth in the corporate charter of Louisiana Game Thief Incorporated. Effective for taxable years beginning on or after December 31, 1994. ■

Inheritance tax

Act 314 amends and reenacts Code of Civil Procedure Article 2951 to authorize the filing of a tableau of distribution or certain trust instruments in lieu of a petition for possession. Effective August 15, 1995.

Act 1180 becomes effective only if the proposed constitutional amendment authorized by Act 1321 is approved by the voters. Act 1180 redefines forced heirs as descendants of the first degree who have not attained the age of 23, or of any age who, because of mental incapacity or physical infirmity, are incapable of taking care of their persons or administering their estates. This act clarifies that adopted children are forced heirs to the same extent as other children and retains the "forced portion" provided in the prior law. However, if the fraction that would otherwise be used to calculate the legitime is greater than the fraction of the decedent's estate to which the forced heir would succeed by intestacy, then the legitime is calculated by using the fraction of an intestate successor. If Act 1321 is approved by the voters, this act becomes effective on January 1, 1996, and shall apply to the successions of persons who die after December 31, 1995.

Act 1321 authorizes the submission of a proposed constitutional amendment to the voters at the 1995 gubernatorial primary election that, if approved, abolishes forced heirship, except for specified classes of descendants. ■

Tax Topics is a monthly publication of the Louisiana Department of Revenue and Taxation. 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 Research and Technical Services Division at the address below, or by calling 504•925•6047.

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