

tax *Topics*

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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

Hurricane Sales Tax Refund Explained

Louisiana residents whose property was destroyed by Hurricanes Gustav or Ike may be entitled to a refund of the state sales tax paid on the property if the loss was not fully reimbursed by insurance.

To be eligible for a refund, a resident's loss must meet the following criteria:

- The loss was suffered by a Louisiana resident on property used in or about the individual's home, apartment, or homestead.
- The destroyed property must have been movable at the time of its purchase and at the time of its destruction. Examples are clothing, furniture, television, etc.
- The resident must have paid Louisiana state sales tax on the purchase of the destroyed property.

The refund amount will be equal to the state sales taxes paid (4%) on the original purchase of the destroyed property and not on the purchase of the replacement property. A refund will not be issued on the portion of the loss that was reimbursed by insurance, disaster relief agencies, or otherwise.

For more details, visit [http://www.revenue.louisiana.gov/forms/taxforms/1362i\(9_08\).pdf](http://www.revenue.louisiana.gov/forms/taxforms/1362i(9_08).pdf)

For more information, links and downloadable forms related to disaster claims and exemptions, visit <http://www.rev.state.la.us/sections/publications/gustavextensionsrelease.aspx>

Parish E-File Now Available

ParishE-File.com is an online tool that facilitates secure electronic filing of multiple parish sales and use tax returns and remittances to local taxing authorities throughout Louisiana from one centralized site.

Parish E-File, provided to you at no charge by the state or any local taxing authority, also offers an easy-to-use registration feature that allows taxpayers to subscribe to the system's services.

For more details, visit <http://www.parishe-file.com>

LDR Grants Tax Extensions after Recent Storms

The Louisiana Department of Revenue (LDR) granted filing extensions to taxpayers whose filing addresses or whose tax preparers' addresses are located in Louisiana communities declared federal disaster areas by President Bush following Hurricanes Gustav and Ike. Taxpayers who reside outside of a disaster area but whose books, records or tax professionals are located in the relief area will also be assisted.

LDR will recognize the January 5, 2009, extensions granted by the IRS for income-related taxes, which includes individual, corporation, declaration of estimates, and corporation franchise tax. The extensions are available on returns and payments due between September 1, 2008, and January 5, 2009.

(Continued on page 2)

LDR RELEASES NEW PUBLICATIONS

LDR has revised its Corporation Income and Franchise Taxes Statutes and Regulations compilation. This can be viewed at: [http://www.rev.state.la.us/forms/publications/6600\(3_08\).pdf](http://www.rev.state.la.us/forms/publications/6600(3_08).pdf)

Sales Tax Exemptions for Nonprofit Organizations
[http://www.rev.state.la.us/forms/publications/20215\(8_08\).pdf](http://www.rev.state.la.us/forms/publications/20215(8_08).pdf)

Table of Sales Tax Rates for Exemption
[http://www.rev.state.la.us/forms/publications/1002\(05_08\).pdf](http://www.rev.state.la.us/forms/publications/1002(05_08).pdf)

Sales Tax Flea Markets, Craft Shows, Itinerant Vendors
[http://www.rev.state.la.us/forms/publications/20068\(02_08\).pdf](http://www.rev.state.la.us/forms/publications/20068(02_08).pdf)

Rights of the Taxpayer
[http://www.rev.state.la.us/forms/publications/20161\(8_08\).pdf](http://www.rev.state.la.us/forms/publications/20161(8_08).pdf)



The extensions are available in the 42 parishes declared federal disaster areas by President Bush following Hurricane Gustav. For a list, visit <http://www.rev.state.la.us/sections/publications/gustavextensionsrelease.aspx>

The extensions are available for state excise, sales, and severance taxes with filing dates between Sept. 1, and Sept. 30, 2008. This disaster-related filing deadline is October 15.

After Hurricane Ike, LDR extended the deadline for the filing and payment of a broad range of state taxes in the aftermath of Hurricane Ike. These extensions are available for individual income, corporate income and franchise, fiduciary and partnership taxes, as well as estimated tax payments with original or extended due dates on or after September 11, 2008, and on or before January 5, 2009. The due date for qualifying tax returns and payments has been extended to January 5, 2009.

LDR extended the filing deadlines for sales, severance, and excise taxes in areas devastated by Hurricane Ike. LDR also granted filing and payment extensions to employers located in federally-declared disaster areas in the aftermath of Hurricane Ike.

The extensions are available to taxpayers in 14 Louisiana parishes declared federal disaster areas by President Bush after Hurricane Ike. For a list, visit <http://www.rev.state.la.us/sections/publications/gustavextensionsrelease.aspx>

Taxpayers whose businesses, homes, or tax professionals are in a disaster area should write "Hurricane Gustav" or "Hurricane Ike," as appropriate, in black ink at the top of their returns. LDR will waive any late filing penalties, late payment penalties and interest that would otherwise apply. Any return or amount on which penalty or interest began accruing before September 13, 2008 will not be eligible for this relief.

The extensions are available for withholding returns and payments due on or after September 11, 2008, and on or before September 26, 2008. LDR will waive any late filing penalties, late payment penalties and interest that would otherwise apply. Any withholding tax return or amount on which penalty or interest began accruing before September 11, 2008 will not be eligible for these extensions.

LDR Details Storm-Related Policies

The Louisiana Department of Revenue has issued eight Revenue Information Bulletins (RIB) regarding extensions available for taxpayers affected by the hurricanes of 2008.

[Revenue Information Bulletin 08-024](#) addresses filing and payment extensions for individual income, corporate income and franchise, fiduciary and partnership taxes and estimated tax payments with original or extended due dates on or after September 1, 2008, and on or before January 5, 2009.

[Revenue Information Bulletin 08-025](#) addresses filing and payment extensions for withholding by employers due on or after September 1, 2008, and on or before September 16, 2008.

[Revenue Information Bulletin 08-026](#) addresses filing and payment extensions for sales tax, severance tax and excise taxes with original or extended due dates on or after September 1, 2008, and on or before September 30, 2008.

[Revenue Information Bulletin 08-028](#) applies to licensed vehicle dealers and addresses filing and payment extensions for sales tax associated with sales of a vehicle at retail with an original due date on or after September 1, 2008, and on or before September 30, 2008.

[Revenue Information Bulletin 08-029](#) addresses filing and payment extensions for sales, severance, and excise taxes in federally declared disaster areas affected by Hurricane Ike.

[Revenue Information Bulletin 08-030](#) addresses filing and payment extensions for state tax withholding in federally declared disaster areas affected by Hurricane Ike.

[Revenue Information Bulletin 08-031](#) addresses filing and payment extensions for individual income, corporate income and franchise, fiduciary and partnership taxes, and estimated tax payments in federally declared disaster areas affected by Hurricane Ike.

The Louisiana Department of Revenue would remind taxpayers and tax practitioners that the year in which Hurricane Gustav casualty losses are deducted will impact state tax liability.

For more information, see [Revenue Information Bulletin 08-027, Timing of Federal Casualty Loss Deductions Following Hurricane Gustav](#).

Sales Tax Classes Offered

Many LDR Regional Offices conduct free New Business Sales Tax Classes. Reservations are recommended; please call ahead. The schedule is:

Baton Rouge

10:00 AM, Friday, October 17
8585 Archives Avenue (225) 922-2300

Shreveport

10:00 AM, Friday, October 17
10:00 AM, Friday, December 19
1525 Fairfield Avenue, Room 630 (318) 676-7505

Lafayette

2:00 PM, Wednesday, October 15
2:00 PM, Monday, November 17
2:00 PM, Monday, December 15
825 Kaliste Saloom Road (337) 262-5455

Lake Charles

2:00 PM, Wednesday, November 5
2:00 PM, Wednesday, December 3
One Lakeshore Drive, Suite 1550 (337) 491-2504

2008 Regular Session of Legislature Made Tax Changes

Here is the Department of Revenue's summary of more significant Acts:

Administrative

[Act 748](#) creates the "Grants for Grads Program" to provide grants of cash awards to Louisiana residents who receive an associate, baccalaureate, masters, or other postgraduate degree to assist with payment of the down payment or closing costs on the purchase of a first home in Louisiana. The program will be administered by the Louisiana Housing Finance Agency.

[Act 750](#) requires that any return, statement, declaration, waiver, agreement, form or other document relative to matters subject to the jurisdiction of the Department of Revenue shall be signed by the individual, person, or persons having the authority to sign such document in accordance with forms or regulations prescribed by the secretary of the Department of Revenue. This requirement also applies to signatures which are electronic or in digital format. Effective July 6, 2008.

[Act 826](#) requires that a refund ordered by a final, non-appealable administrative decision or judgment be issued by the secretary of the Department of Revenue within 45 days of the date the administrative decision or judgment has become final and non-appealable. Any refund not paid within 45 days, together with other information, must be reported to the Joint Legislative Committee on Budget. Effective for all final, non-appealable judgments issued on or after July 1, 2008. Charitable Gaming

[Act 630](#) defines the types of games played or displayed on electronic video bingo machines. The Act also provides for exceptions and for the replacement of certain machines destroyed or rendered inoperable. Effective July 1, 2008.

Income Tax

[Act 123](#) provides for donations to the Coastal Protection and Restoration Fund on individual income tax returns for tax years beginning on and after January 1, 2009. Effective June 6, 2008.

[Act 396](#) returns the four percent and six percent brackets for individual income tax to those provided for before the enactment of the "Stelly Plan." The first \$12,500 of net income will be taxed at 2%, the next \$37,500 of net income will be taxed at 4% and any net income in excess of \$50,000 will be taxed at 6%. These dollar amounts are doubled for married persons filing jointly. It is effective for tax years beginning on or after January 1, 2009.

Inheritance Tax

[Act 822](#), effective January 1, 2008, provides that inheritance taxes shall prescribe in three years from December 31 of the year in which the taxes become due. Inheritance taxes owed for deaths occurring before July 1, 2004, for which an inheritance tax return has not been filed before

January 1, 2008, shall be due on January 1, 2008. Act 822 also repeals the inheritance tax law, La. R.S. 47:2401 through La. R.S. 47:2426, effective January 1, 2010.

[HCR 5](#) and [SCR 27](#) request that the Louisiana Law Institute study the laws regarding successions and the inconsistencies existing due to the phase out of inheritance taxes. The Institute will report its findings to the Legislature before the convening of the 2009 Regular Session.

Miscellaneous

[Act 637](#) amends the Louisiana Trust Code relative to the creation, administration and duration of charitable trusts, and repeals Sections 2276 through 2280 and 2292 through 2295 in their entirety. Effective January 1, 2009.

Sales Tax

[Act 232](#) changes the termination date of the Louisiana Tax Free Shopping Program from July 1, 2009 to July 1, 2013. Effective June 17, 2008.

[Act 250](#) dedicates the avails of the 1.97 percent state sales tax imposed under La. R.S. 47:321(C) and 331(C) on hotel occupancy in Webster Parish to the Webster Parish Convention and Visitors Bureau. Effective July 1, 2008.

[Act 456](#) reduces the amount of annual average taxable purchases or leases necessary for certain taxpayers to receive a Direct Payment Number from fifteen million dollars to five million dollars. The Act also provides that a taxpayer issued a DP number is not responsible for the remittance of use taxes on purchases made pursuant to a tax exemption contract with the Department of Economic Development. Effective August 15, 2008.

[Act 463](#) prohibits action to collect state and local sales tax on purchases of certain manufactured homes between September 1, 2005 and December 31, 2006 used as residences in certain parishes which were severely impacted by hurricanes Katrina or Rita, or by purchasers who formally lived within one of these parishes on or after September 1, 2004, if the basis for such action is the date upon which the declaration of immovability is recorded. Effective July 1, 2008.

[Act 468](#) creates the Manufactured Home Tax Fairness Fund to be used for refunds of tax, penalty, and interest paid on purchases of manufactured homes made on or after September 1, 2005 and before January 1, 2007 used solely as residential housing in certain parishes severely impacted by hurricanes Katrina or Rita, or by purchasers who formally lived within one of these parishes on or after September 1, 2004 if a declaration of immovability has been recorded. Effective July 1, 2008.

[Act 632](#) redefines and clarifies that component parts of immovable property serve to complete a building of the same general type, without regard to its specific use. Article 466 specifically states certain movables that are considered component parts of an immovable, while Article 508 provides that accessories of a principal thing

of a movable construction permanently attached to the ground are its components parts. Section 2 of Act 632 states that for purposes of sales and use taxation, the changes to Articles 466 and 508 do not change the characterization of movables as tangible personal property prior to the attachment or incorporation of them into a building or other construction. Effective July 1, 2008.

Act 707 authorizes an extension for remittance of taxes on the sale of a motor vehicle by a licensed motor vehicle dealer. Remittance of the tax is required no later than forty days from the date of sale or ten days from receipt of the title to any vehicle accepted in trade, if the title is received by the dealer more than thirty days from the date of sale. Effective August 15, 2008.

Act 720 requires that the Department of Revenue within 10 business days of the receipt of a properly completed rebate request pay 80 percent of the total amount claimed. The Department will audit the rebate request within 3 months and rebate the remaining 20 percent of the amount claimed less any amount properly disallowed. Failure by the Department to pay rebates within the allotted time will entitle the taxpayer to interest at the judicial rate. Any rebate amount determined to be in excess of what should have been allowed is subject to collection by the Department. The Act also forbids the rebate of local sales and use taxes, which are dedicated to the repayment of bonded indebtedness or to schools. Effective July 1, 2008.

Act 880 creates the FEMA Mobile Home Reimbursement Fund. The Act requires the commissioner of the office of motor vehicles to identify for the state treasurer certain state and local sales or use tax, penalty and interest paid on mobile or manufactured homes provided to Louisiana citizens by FEMA or the General Services Administration (GSA). These mobile or manufactured homes must have been used or intended for use solely as residential housing from August 29, 2005 to July 9, 2008, and were subsequently returned to FEMA or the GSA. The amount identified shall be appropriated by the Legislature and credited by the treasurer to the FEMA Mobile Home Reimbursement Fund to be used solely for refunding any state or local tax, penalty and interest paid on or after August 29, 2005. Persons requesting a refund of tax, penalty and interest paid must present evidence of payment to the state treasurer. Effective July 9, 2008.

Act 924 authorizes the recordation of an act of immobilization of a manufactured home with the Department of Public Safety and Corrections. Effective January 1, 2009.

Sales Tax, Local

Act 582 requires health insurance issuers which provide coverage for prescription drugs and pharmacist services to clearly define the responsibility of the health insurance issuer or the health insurance issuer's member for the payment of local sales tax on such items. Effective June 30, 2008.

Act 762 provides procedures for determining whether a law, rule, regulation, policy, or interpretation of local sales and use tax law, ordinance, rules, or regulations violates the requirement of uniformity of interpretation provided in La. R.S. 47:337.2(A) and (D), 337.4(C), 337.87(A), and 337.91. The Act allows a tax collector or taxpayer to seek uniformity of interpretation from any court of competent jurisdiction or through arbitration as provided in La. R.S. 47:337.101(B). Effective July 6, 2008.

Severance Tax

Act 901 allows the Department of Revenue and the Department of Agriculture and Forestry to enter into a cooperative agreement for collection of timber severance taxes, interest, penalties, and fees. The Act also authorizes a collection fee, not to exceed 15% of the total liability, to be paid to the Department of Agriculture and Forestry. Effective July 1, 2008.

Act 932 proposes to amend Article VII, Section 4(D)(3) and add Article VII, Section 4(D)(4) and (5) of the Constitution of Louisiana to increase the amount of severance tax remitted to parish governing authorities from \$850,000 to \$1,850,000, effective July 1, 2009, and to \$2,850,000, effective July 1, 2010. The Act also provides that beginning January 1, 2009, fifty percent of the revenues received from severance taxes collected on state lands in the Atchafalaya Basin shall be deposited into the Atchafalaya Basin Conservation Fund each fiscal year, up to \$10 million. The proposal will be submitted to the voters at the statewide election November 4, 2008.

Tax Incremental Financing Districts

Act 903 creates a tax increment financing district in Jefferson Parish. The Act provides for the boundaries, purpose, and powers of the district. The dedication of tax increments from any portion of tax previously dedicated to another purpose will require prior voter approval. Effective July 10, 2008.

Act 912 creates the North Lafayette Redevelopment Authority and authorizes the formation of certain parish redevelopment authorities in Lafayette and St. Tammany parishes. The redevelopment authorities are granted the power to implement tax increment financing under certain conditions. Effective July 14, 2008.

Act 914 creates the Gentilly Taxing District as a tax increment financing district in the parish of Orleans. The Act provides for the boundaries, purpose, and governance of the district. The dedication of tax increments from any portion of tax previously dedicated to another purpose will require prior voter approval. Effective July 11, 2008.

2008 Second Extraordinary Session Also Made Changes Louisiana Legislature Met from March 9 to March 14, 2008

For details on Acts 1 and 9 of the 2008 Second Extraordinary Session, see the Tax Topics section "Revenue Information Bulletins Released."

Corporation Franchise Tax

Act 10 accelerates the phase out of the exclusion of borrowed capital from taxable capital by one year as follows:

- On the 2008 income/2009 franchise tax return, 44% of borrowed capital is included.
- On the 2009 income/2010 franchise tax return, 30% of borrowed capital is included.
- On the 2010 income/2011 franchise tax return and subsequent returns, no borrowed capital is included.
- The total exclusion of borrowed capital from taxable capital will be effective for all franchise tax periods beginning on or after January 1, 2011.

Income Tax

Act 5 creates an adjustment that allows taxpayers to add back the 2008 stimulus rebate to their 2008 federal income tax deduction in order to prevent taxation of the stimulus rebate for individual income tax. Effective May 13, 2008.

Act 8 creates a deduction for private school tuition and fees, including expenses for uniforms and supplies for private school students. The Act also creates deductions for parents of home school and public school students. Parents of home school students will be allowed to deduct expenses for home school curricula and instructional materials, while parents of public school students will be allowed to deduct expenses for uniforms and supplies that are purchased from the school. In each instance, the deduction allowed shall be fifty percent of the actual amount paid per student, or five thousand dollars, whichever is less. Effective March 24, 2008.

Act 12 accelerates the phase out of state sales and use taxes on manufacturing machinery and equipment by one year. For the taxable period beginning on 7/1/08 and ending on 6/30/09 the reduction of the cost or sales price is 68%. For all taxable periods beginning July 1, 2009 the purchase or lease of qualifying machinery and equipment will be not be subject to state sales or use tax. Effective July 1, 2008.

Advance Sales Tax To Disappear

A significant change to Louisiana tax law takes effect on January 1, 2009, with the repeal of the Advance Sales Tax.

The Advance Sales Tax applies to retail dealers who purchase articles of tangible property for resale to the public.

Under the current law, dealers that do not qualify for exemption from the advance sales tax requirement are

required to pay state sales tax on purchases for resale and then claim credit for the sales taxes paid on line 12 of the state sales tax return, [Form R-1029](#).

Beginning January 1, 2009, all purchases for resale will be exempt from sales tax and line 12 will be removed from the sales tax return beginning with the July 2009 return.

To prepare for this transition, the Louisiana Department of Revenue (LDR) will begin reviewing sales tax accounts in October to identify retail dealers that will be affected by the repeal of the Advance Sales Tax. LDR will mail letters to the retail dealers that are identified to confirm their retail dealer status and instruct them regarding the documentation that must be provided to their vendors for their resale purchases to be exempt from the state sales tax. Retail dealers that do not receive a confirmation letter before December 31, 2008, should contact the LDR Taxpayer Services Division at 225-219-7356 to request certification. Additional documentation from the taxpayer may be required to verify status as a retailer.

A Louisiana Resale Certificate, Form R-1042, will be posted on the LDR web site, www.revenue.louisiana.gov, in December. The certificate can be completed online and printed as needed. Retail dealers must provide resale certificates to their vendors to certify that the purchases are for resale. Retail dealers are reminded that the resale certificate may only be used to purchase items for resale. Purchases for use or consumption are still taxable and the dealer is required to pay the sales tax at the time of purchase or report the purchase on line 2 of the sales tax return to be paid with the sales tax return remittance.

Louisiana Revised Statute 47:306(A)(6) allows dealers to claim credit for Advance Sales Tax paid before the repeal of La. R.S. 47:306(B) on January 1, 2009. Advance tax paid after the repeal must be refunded by the vendor. To allow time for the change, the Advance Sales Tax credit, line 12, will remain on the sales tax return until July 1, 2009, and dealers will be able to claim the credit for state sales tax paid on purchases for resale billed during the transition period. However, retail dealers should provide resale exemption certificates to their vendors as soon as possible. After July 1, 2009, retail dealers that paid advance sales tax to their vendors will be required to obtain a refund from their vendors for the tax paid in error.

Dealers that register a sales tax account after the Advance Sales Tax credit repeal will be required to provide their North American Industry Classification System (NAICS) code as proof of their qualification as a retail dealer. Dealers are encouraged to register using LDR's Online Registration system for fast and accurate processing of their sales tax registration and retail designation.

Notice of Intent concerning Income Tax Credits for Wind or Solar Energy Systems

A public hearing was held on the Notice of Intent on Tuesday, July 29, 2008. After careful review and analysis of the public comments, the Department has concluded that the comments do not require a substantive change in the Notice of Intent as originally published. The Response to Public Comments Report was sent to the oversight committees on September 5, 2008. It is anticipated that the final Rule will be submitted to the Office of the State Register by October 10th, in order to meet their deadline for publishing in the October 2008 edition of the Louisiana Register. For details on this issue, visit:

http://www.revenue.louisiana.gov/forms/lawspolicies/NOI_LAC61_1907.pdf

New Revenue Information Bulletins Provide Guidance

Revenue Information Bulletin No. 08-022

Acts 1 and 9 of the 2008 Second Extraordinary Session of the Louisiana Legislature provide both a one percent reduction in the sales tax rate applicable to sales and purchases of certain utility and energy products for nonresidential use and a total exclusion from sales tax on sales and purchases of two other energy products, also for nonresidential use. These changes became effective on July 1, 2008. For the full text, visit:

<http://www.rev.state.la.us/forms/lawspolicies/RIB08022.pdf>

Revenue Information Bulletin No. 08-023

Act 419 of the 2007 Regular Session of the Louisiana Legislature enacted La. R.S. 47:301(7)

(l) to provide that leases and rentals of pallets to be used in packaging products produced by manufacturers are excluded from the imposition of state and local sales taxes. This exclusion from state and local sales taxes became effective on July 1, 2008. For the full text, visit:

<http://www.rev.state.la.us/forms/lawspolicies/RIB08023.pdf>

Revenue Information Bulletin No. 08-032

Taxpayers filing amended federal income tax returns solely to take advantage of the Federal Housing and Economic Recovery Act of 2008 will not be required to file amended Louisiana income tax returns. Normally, a taxpayer amending the federal income tax return is required to amend the Louisiana income tax return for the same year. For the full text, visit:

<http://www.rev.state.la.us/forms/lawspolicies/RIB08032.pdf>

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 Tax Administration Division at the address below, or by calling (225) 219-2690.

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