

GENERAL INFORMATION CONCERNING LOUISIANA ADVANCE SALES TAX

Louisiana Revised Statute 47:306(B) requires dealers who sell tangible personal property to other dealers for resale to collect "advance sales tax" on those sales. The advance sales tax is imposed at the same rate as the sales tax imposed on the retail sale of the property. Retail dealers may claim a credit for the advance tax paid to suppliers on line 12 of the Louisiana State Sales Tax return for the period in which they were invoiced by their suppliers. The Department of Revenue will issue a refund for any reporting period where the advance tax paid to suppliers exceeds the tax collected from customers, as reported on the sales and use tax return.

EXEMPTION FROM PAYMENT OF THE ADVANCE SALES TAX

R.S.47:306(B) provides an exemption from the advance sales tax for certain wholesale dealers. To qualify, over fifty-percent (50%) of the dealer's sales must consist of the types of property listed on Lines 8a through 8f or the types of customers listed on Lines 9a through 9i. Wholesalers with multiple locations may apply for exemption for each location separately or for all locations combined provided the taxpayer files sales taxes on a master account. A two-month sales history is required for each account making application.

R.S. 47:306(B)(11) also allows certain retail dealers to be exempt from payment of the advance sales tax. To qualify for exemption from advance sales tax as a retailer, the business must have been registered with the Louisiana Department of Revenue for a sales tax account for at least one year; filed timely all sales tax returns for at least twelve consecutive months; and reported gross sales of at least three million dollars on line one of the business' state sales tax returns during the most recent twelve month period. Each location must qualify independently for this exemption.

NO EXEMPTION FROM COLLECTION OF TAX OR REPORTING OF SALES

This statute does not provide a general exemption from the collection of tax or an exemption from reporting requirements. If approved for this exemption, dealers must still report their sales and collect the state sales tax on all of their sales unless the property being sold is specifically exempt or the customer has provided the selling dealer with a valid Louisiana Exemption Certificate attesting that the property will be used in an exempt manner.

INSTRUCTIONS FOR COMPLETING FORM R-1318

Enter your sale tax account number on line 1. Failure to include the account number could delay the processing of your application. Enter the information requested on lines 2 through 6. On line 7, enter the total sales of "tangible personal property." Do not enter sales of immovable property or services. Your business must sell tangible personal property to qualify for exemption from the payment of advance sales tax.

PART A—QUALIFICATIONS REQUIRED FOR WHOLESALERS:**LINE 8 – TYPES OF PROPERTY SOLD**

- a. Vehicles subject to license and title, on which tax is paid directly to the Department of Public Safety, Office of Motor Vehicles. (dealer must be licensed with the Louisiana Motor Vehicle Commission)
- b. All-terrain vehicles as defined under R.S.32:771. (dealer must be licensed with the La. Used Motor Vehicle and Parts Commission)
- c. Marine products as defined under R.S.32:771. (dealer must be licensed with the La. Used Motor Vehicle and Parts Commission)
- d. Lumber, including dressed timber, logs, timber sold by the board foot, and related unfinished building materials fabricated from lumber, such as paneling and molding.
- e. Farm implements, including mechanical equipment intended for use primarily for a commercial farming operation in the planting, cultivation, and harvesting of crops.
- f. Motorized self-propelled earth-moving and construction equipment.

LINE 9 – TYPES OF CUSTOMERS

- a. Sales to contractors, defined as a business that by itself or through others, constructs, alters, repairs, improves, or demolishes land or fixed structures.
- b. Sales to industrial users, defined as a business engaged in the manufacture of tangible personal property for sale, whose sales are primarily to other dealers for resale.
- c. Sales to retail dealers who will resell the property as moveable.
- d. Sales to wholesale dealers who will resale the property to retailers as moveable.
- e. Sales of property delivered outside of Louisiana either by the selling dealers own vehicle, or by common carrier.
- f. Sales of property to be used first and exclusively in the offshore area, for which the purchaser has provided the seller with Louisiana Exemption Certificate R-1096 (LGST-9-D) or R-1023 (LGST-90/S).
- g. Sales to Federal, Louisiana State, or Louisiana Local government agencies, provided that the tax-exempt agency has been directly invoiced by the seller, and is directly responsible for payment.
- h. Sales made to direct payment account holders, for which the purchaser has provided the seller with Louisiana Exemption Certificate R-1322 (LGST DP).
- i. Sales to any other customer who is exempt from state sales tax. An explanation why the customer is exempt must be provided on this line.

SUPPORTING DOCUMENTATION REQUIRED WITH NEW APPLICATIONS

New applicants must provide documentation for verification of at least fifty-percent of their total sales. If the majority of your sales are sales of motor vehicles, all-terrain vehicles, or marine products, you must provide a copy of the license issued to you by the appropriate Commission shown above. If the majority of your sales are shown on lines 9a, 9b, or 9c, you must provide a list of your customers' names and the dollar amounts sold to each for the two-month period. If the majority of your sales are shown on lines 9e, 9g, or 9i, you must provide copies (5 to 10) of the appropriate exemption certificates obtained from those customers. If the majority of your sales are shown on lines 9f or 9h, you must provide copies (5 to 10) of the invoices showing out-of-state delivery or sales to Government agencies, whichever is applicable. Renewal applicants are not required to furnish supporting documentation at the time of application.

PART B—QUALIFICATIONS REQUIRED FOR RETAILERS:

List all retail locations that have been registered for sales tax for at least one year, timely filed all returns for that location for one year, and has over three million dollars in sales of tangible personal property as reported on Line 1 of the sales tax return for the most recent 12-month period. Each location must independently qualify for this exemption. Businesses that file a master sales tax return must submit applications only for those locations that qualify for the exemption.