



# LOUISIANA

## DEPARTMENT *of* REVENUE

# Frequently Asked Questions

## Sales Tax

### 1. To what transactions is sales tax applied?

The state general sales and use tax is levied on the following transactions:

1. The sale of tangible personal property in this state.
2. The use, consumption, distribution, or storage for use or consumption in this state of any tangible personal property.
3. The lease or rental within this state of any item or article of tangible personal property.
4. The sales of certain services as defined in LA R.S. 47:301(14). Those services are the furnishing of sleeping rooms by hotels; the sale of admissions to places of amusement and to athletic and recreational events, and the furnishing of privileges of access to amusement, entertainment, athletic, or recreational facilities; the furnishing of storage or parking privileges by auto hotels and parking lots; the furnishing of printing and overprinting; the furnishing of laundry, cleaning, pressing, and dyeing services; the furnishing of cold storage space and the preparation of property for such storage; the furnishing of repairs to tangible personal property; and the furnishing of telecommunications services.

All sales, use, consumption, distribution, storage for use or consumption, leases, and rentals of tangible personal property are taxable, unless an exemption or exclusion is provided by law for a particular transaction. In the case of service transactions, only the particular transactions enumerated in the law are taxable.

### 2. What is the sales tax rate in Louisiana?

Rate Type	Rate as of July 1, 2018 through June 30, 2018	Rate July 1, 2016
Sales Tax	4.45%	5.00%
Intrastate Telecommunications, Sales of Prepaid Telephone Cards and Prepaid Authorization Numbers	3.45%	4.00%
Interstate Telecommunications	2.45%	3.00%
Business Utilities	2.00%	4.00% (boiler fuel 5%)

3. Sales and use taxes levied by political subdivisions of the state are in addition to the sales and use taxes levied by the state. Local sales tax rate information can be obtained from the web site of the Louisiana Association of Tax Administrators at <http://www.laota.com>.

4. There are many similarities between the state sales and use tax and the sales taxes levied and collected by political subdivisions of the state. However, there are also significant differences, especially in regard to exemptions and suspensions of exemptions. Businesses should fully acquaint themselves with state sales tax statutes and local ordinances that are applicable to their specific businesses.
5. **Are there any exemptions from the sales tax?**

Yes, there are a number of exclusions and exemptions from the sales tax. Various statutory exemptions and exclusions have been partially and temporarily suspended since July 1, 1986. For more information the taxable rate of transactions for Exemptions and Exclusions, see [Form R-1002, Table of Sales Tax Rate Exemptions](#), posted on the LDR website.

Common consumer-related exemptions include:

1. Food for home consumption;
  2. Utilities such as electricity, natural gas and water;
  3. Drugs prescribed by a physician or dentists; and
  4. Articles traded-in on new articles.
6. **I am a wholesaler, selling only to other dealers for resale. Do I have to collect and remit state sales tax?**

No, you do not have to collect state sales tax when a dealer purchases items for resale and provides you with a valid Louisiana resale exemption certificate. These resale certificates can be verified at <http://www.revenue.louisiana.gov/SalesTax/ResaleCertificate>. Click the “Resale Certificate” link to reach the Resale Certificate Validation page. Instructions are included on this page on how to determine the validity of the resale certificate.

7. **How can a dealer get a credit or refund of sales tax paid on purchases of items that were resold?**

Dealers that purchase items for resale should provide the seller with a valid Louisiana resale exemption certificate, and not pay sales tax on these purchases. If the state sales tax has already been paid to the seller, the dealer will be required to obtain a refund of the sales tax paid on resale purchases from the seller. If you paid state sales tax on a purchase for resale, you will need to provide a valid Louisiana resale certificate to the dealer who made the sale to receive a refund or credit. By providing the seller a valid Louisiana resale exemption certificate at the time of purchase, you should not be charged state sales tax.

8. **Do I have to collect sales tax on charges for labor?**

Under certain circumstances, labor charges are taxable. Labor to fabricate or repair movable property is taxable. Labor charges to construct or repair immovable, or real, property are not subject to sales tax.

9. **I made a purchase of property for my own use from a vendor who did not collect the sales or use tax from me. Is the purchase taxable?**

If the property you purchased is tangible personal property and is subject to sales tax as described above, then the purchase is subject to sales tax even though your vendor did not collect it. The vendor acts as an agent on behalf of the state in collecting the sales tax due. In the event the vendor does not collect the sales tax, the department may seek to collect the sales tax from the vendor or the purchaser. This issue is addressed in the court case *Collector of Revenue v. J. L. Richardson Company*, 247 So.2d 151 (La. App. 4th Cir. 1971), and by the definition of dealer under LAC 61:I.4301.

**10. How do I remit the sales tax on a taxable purchase that I made on which the vendor did not collect the tax?**

If you are registered to collect and remit sales tax, the tax should be remitted directly to the state by reporting the purchase amount on Form R-1029, *Louisiana Sales Tax Return*, Line 2. Louisiana also has provisions in the individual income tax return by which citizens may report and remit the tax due on personal purchases on which sales tax was not collected by the vendor. In addition, individuals may complete Form R-1035, *Louisiana Consumer Use Return*, which may be found on the Department's website.

**11. Are sales to churches and nonprofit organizations subject to sales tax?**

Yes, sales to churches and nonprofit organizations are subject to sales tax unless they are specifically exempted by statute. The designation of tax-exempt status by the IRS provides for an exemption only from income tax and in no way applies to sales tax.

**12. When is the sales tax return due? What happens if I am late?**

The tax return is due on or before the 20th day of the month following the close of the calendar month or quarter reporting period. Interest and penalties will be assessed on delinquent returns and/or payments.

**13. When must I report a transaction on my sales tax return? Can I delay reporting a sale made on credit until the sales proceeds are collected?**

Transactions for the sale or purchase of tangible personal property or taxable services must be reported on the dealer's sales tax return for the month or quarter in which the sale was made, the service rendered, or the purchased property was imported into the state for use, regardless of when the proceeds of sales are collected, or when payment to the seller is required. LA R.S. 47:306(A)(2)(a) provides, however, that the reporting on sales tax returns of the gross proceeds from rentals and leases can be deferred until the dealer's sales tax return for the month or quarter in which payment is received. LA R.S. 47:303(F) provides a special rule for the remittance of the sales tax payments for memberships in health and physical fitness clubs. This statute says that the tax shall be assessed and shall be due and payable on a monthly basis computed on the amount paid each month less any actual or imputed interest or collection fees or unpaid reserve amounts not received by the health and physical fitness club.

**14. Can I receive an extension of the filing deadline?**

Yes, if a request is made in writing on or before the due date of the return, an extension may be granted for up to 30 days from the due date of the return as provided by LA R.S. 47:306(A)(4). Interest is payable on any return filed and paid after the normal filing deadline.

**15. Does the state of Louisiana require electronic payment of the tax?**

Yes, under certain circumstances. Currently, if payments made in connection with the filing of any return, report, or declaration during the prior 12-month period average \$5,000.00 or more, the taxpayer is required to remit the subsequent respective tax or taxes electronically.

**16. Is there an exemption for the purchase of motor vehicles for lease or rental? If so, how do I obtain the exemption? What if my business is located out of state?**

Yes, if certain criteria are met, an "L" number exemption may be issued upon approval from the Department. In order to qualify the following conditions must be met:

1. The taxpayer must be registered to collect state sales tax;
2. Each separate location must have its own account number;
3. Each separate location must have its own license from the Motor Vehicle Commission or the Used Motor Vehicle and Parts Commission; and
4. The taxpayer must have a license issued by the Motor Vehicle Commission before the application for an "L" number can be approved.

The "L" number exemption is only valid for the sales tax account number to which it is issued. The exemption certificate for purchases for one business location may not be used by another location of the same business. Each location must apply for and receive its own exemption. All locations located in the state must apply for and receive an exemption, even if the business headquarters are located out of the state. The application is Form [R-1370, Purchase of Lease or Rental Vehicles Tax Exemption Application](#), and may be found on the Department's website.

**17. If I do not have any sales or purchases for a certain month, do I still need to file a sales tax return?**

Yes, if a return is not filed, an assessment will be billed for that period.

**18. How do I get a sales tax-exempt number for a non-profit organization?**

Non-profit organizations are not generally exempt from sales tax on purchases in Louisiana. The tax exemption applies to income tax for the corporation. For more information on exemptions for nonprofit organizations, see Form R-20125, *Sales Tax Exemptions for Nonprofit Organizations*.

**19. Do businesses with Internet sales have to collect Louisiana sales tax on their sales?**

Internet sales are treated the same as catalog sales for sales tax purposes. If the business has a physical presence in Louisiana or delivers into Louisiana, it should register for and charge Louisiana sales tax on the sales it makes to Louisiana customers. Businesses with no physical presence in the state conducting internet sales may register to collect and remit the combined state and local sales tax amount of 8.45% on all taxable purchases of property. Returns and payments are submitted through LDR's free online business tax account management application called Louisiana Taxpayer Access Point (LaTap). See Revenue Information Bulletins 18-001, 18-002 and 18-006 for information on remote retailer filing requirements.

**20. What can I do with bad debts?**

Before the Department can issue a sales tax refund on a bad debt, the debt must actually be deducted on a federal income tax return. The Department will process one refund claim per year for each dealer. If all or some portion of the debt is collected, the gross amount collected shall be reported as a new sale for the period when the recovery is made.

**21. What are the criteria for determining if an item is a component of an immovable?**

To determine if an item is a component of an immovable, the taxpayer should ask whether or not the item will cause substantial damage, to either itself or the construction to which it is attached, upon removal.

**22. How is a taxpayer selected for audit?**

A taxpayer is selected randomly or by some unusual item reported.

**23. Why should I have to pay taxes on items that the vendor did not charge me tax on?**

If you purchase an item for use within the state of Louisiana, use tax is owned on that item.

**24. Are rentals with an operator taxable?**

Rentals with an operator are not taxable because this is a service being provided. The Louisiana sales tax law does not list this as a taxable service.

**25. How can a taxpayer get sales tax information from the Department?**

Submit an inquiry through our sales tax inquiry mailbox on this webpage at [Sales.Inquiries@la.gov](mailto:Sales.Inquiries@la.gov).

**26. Are newspapers taxable?**

Yes, newspapers are currently taxable at the rate of 4.45% beginning July 1, 2018. Newspapers were taxable at a rate of 5% from April 1, 2016 through June 30, 2016 and at 3% from July 1, 2016 - June 30, 2018.

**27. If a vendor does not charge us sales tax, isn't that their fault? Why don't you go to the vendor to collect the tax?**

If the vendor would have charged the tax, you would have paid it to the vendor when paying the invoice. The final consumer owes the tax even if the vendor fails to collect it. LA R.S. 47:303(A) provides the following:

1. "The tax imposed under LA R.S. 47:302 shall be collectible from persons, as hereinafter defined, engaged as dealers, as hereinafter defined."
2. "On all tangible personal property imported, or caused to be imported, from other states or foreign countries, and used by him, the "dealer", as hereinafter defined, shall pay the tax imposed by this Chapter on all articles of tangible personal property so imported and used, the same as if the said articles had been sold at retail for use or consumption in the state..."

**28. Can a taxpayer file a consolidated sales tax return if they have more than one business located in Louisiana?**

The taxpayer needs to request an Application for Consolidation from Central Registration and they will make the determination if you qualify for the consolidation.

Stores located in tax increment financing districts and all hotels and motels in Louisiana are prohibited from filing on a consolidated basis. These taxes are dedicated in whole or in part to special parish funds in the state Treasury, and therefore, each location must report individually.

**29. Do I have to get an exemption certificate on all my customers making an exempt purchase?**

Yes, you must have a valid exemption certificate for all of your customers making exempt purchases.

**30. How can I become a quarterly filer, as I seldom have taxable transactions?**

Dealers whose sales tax liabilities averages less than \$500 per month after filing six returns may apply to file on a quarterly basis.

**31. I am in the air conditioning and heating business. We sell, service and install heating and cooling systems. We pay the sales tax on our purchases of these systems. We have a contract to install a cooling system to a state agency. Do we owe the use tax on the purchases that go into this job?**

Yes, the fact that these purchases are for a state agency does not exempt you, as a contractor, from the use tax due on these purchases.