

# Louisiana Businesses, DOR Scramble to Comply With Sales Tax Changes

By


[Eric Yauch](#)

Louisiana businesses and the Department of Revenue are grappling with new sales tax laws from the recent special session that are set to take effect April 1.

Remote dealers with click-through nexus will be required as of April 1 to collect and remit sales and use tax if they have more than \$50,000 of sales in the state, or if they employ an affiliate to solicit and maintain a market in the state for the sale of tangible personal property.

Other sales typically exempt in Louisiana will also be taxed, like manufacturing machinery and equipment, casual and isolated sales, purchases for first use outside the state, sales for the purposes of leasing the property afterward, and business utilities purchases.



Matthew Mantle of Jones Walker LLP said that if someone sold a bike to another person, that transaction could now theoretically be subject to sales tax under the casual and isolated sales exclusion disappearing on April 1.

Highlighting just how rapidly the changes have come about, Bill Backstrom, also of Jones Walker, noted that the Department of Revenue posted a chart of the applicable rates under the laws that take effect April 1, but pulled the chart down and replaced it with a revised chart  on March 29.

Jaye Calhoun of McGlinchey Stafford told Tax Analysts on March 31 that in the original chart released by the DOR, property and services for use in fulfilling lump sum construction contracts that existed when the new provisions were enacted were shown as taxable under one of the new bills, but under the other bill, the applicable rate space was left blank.

However, under the revised chart those properties and services are not subject to any sales tax under either act.

The revised chart lists eight changes from the original chart posted online and shows the updated effective rates applicable on April 1 under each act.

For example, from April 1 to June 30, purchases of tangible personal property consumed in manufacturing processes will be taxed at 4 percent under Act 25  and an additional 1 percent under Act 26 .

But, from July 1 to June 30, 2018, that same property will be taxable at 2 percent under Act 25 and 1 percent under Act 26.


Calhoun said that the burden of figuring out the changes from the special legislative session doesn't just lie with the private sector, saying the DOR has had to learn rapidly how to deal with the changes, which have been law since only mid-March.

"They've done an amazing job of analyzing a lot of information very quickly," Calhoun said. "I don't fault them for that; I'm glad they're thinking this through."

Calhoun added that while she does not agree with everything they've done so far, the DOR under Kimberly Robinson, the new revenue secretary, has taken a very practical approach to administering the new laws.

Both Calhoun and Backstrom said that the new sales tax changes could also affect some nonprofit organizations. Calhoun said, for example, that nonprofits with clubhouses or facilities will have to start collecting tax on their dues, according to the DOR's guidance. But, Calhoun said, a lot of questions remained unanswered one day before the law goes into effect.

The sudden sales tax changes are the result of laws passed in the special legislative session called by Gov. John Bel Edwards (D) in order to address the state's budget shortfall.

Lawmakers approved a new 1 cent sales tax and scaled back exemptions and exclusions to the state's existing 4 percent sales tax. However, the state still faces a \$70 million budget shortfall for this fiscal year and nearly \$750 million for the next fiscal year. (Prior coverage )