HB 404   **2025 Regular Session**   **Willard**

REVENUE DEPARTMENT: Provides relative to various tax administration functions of the Department of Revenue

_ _

DIGEST

Present law establishes the Dept. of Revenue, referred to hereafter as the "department", as the collector of revenue for this state. Requires the department to collect and enforce collection of all taxes, penalties, interest, and other charges due pursuant to present law relative to revenue and taxation.

Proposed law revises various provisions of present law pertaining to administration by the department of various types of taxes, functions of the office of debt recovery within the department, and reporting on tax exemptions and incentives.

With respect to administration of alcoholic beverage taxes, proposed law repeals a requirement that out-of-state alcoholic beverage shippers mail their notices of shipments into La. and instead allows the secretary of the department to prescribe the method of reporting.

With respect to income tax administration, proposed law repeals an authorization for the department to institute a no-return option.

Present law provides that the department shall compute on all refunds or credits and allow as part of the refund or credit, interest at the annual rate established from 90 days after the later of the due date of the return, the filing date of the return or claim for refund on which the overpayment is claimed, or the date the tax was paid.

Proposed law provides that interest shall not accrue on an overpayment resulting from the payment of sales and use taxes on exempt purchases by a taxpayer holding DP number by changing the delay period from 90 days to 180 days beginning on the later of the due date of the return, the filing date of the return or claim for refund on which the overpayment is claimed, or the date the tax was paid and otherwise retains present law.

Present law provides for interest on unpaid taxes as well as for interest on refunds of overpaid taxes.

Proposed law retains present law and further provides that no refund shall be made for any overpayment that is based on a tax shelter, tax sham, tax evasion scheme, or any transaction, which lacks a legitimate business purpose or otherwise fails the economic substance doctrine as determined by a final decision of a court of competent jurisdiction.

Proposed law prohibits the accrual of interest on overpayments based upon a tax shelter, tax sham, tax evasion scheme, or any transaction that lacks a legitimate business purpose or otherwise fails the economic substance doctrine as determined by a final decision of a court of competent jurisdiction.

With respect to sales and use tax administration, proposed law establishes a definition of "drop shipment sale" and rules for sourcing of such sales. Provides that these rules shall be given prospective and retroactive application.

Proposed law repeals a special interest rate applicable to certain severance tax overpayments, thereby causing the general refund interest rate to apply to those overpayments.

Proposed law repeals present law requiring the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs to conduct hearings on the tax exemption budget every odd-numbered year.

Present law establishes the office of debt recovery within the department. Establishes among the office's powers and duties the authority to recover delinquent tax debt from taxpayers'

winnings from certain forms of gaming. Proposed law retains present law and extends this authority to winnings from sports wagering.

Proposed law repeals outdated references and expired provisions of present law.

The following provisions of proposed law become effective July 1, 2025: Prohibition on refunding of certain sales and use tax overpayments to taxpayers holding direct payment numbers; repeal of the special interest rate applicable to certain severance tax overpayments; and reduction of the rate of interest on delinquent tax liabilities. The remainder of proposed law becomes effective upon signature of the governor.

(Amends R.S. 26:364(C) and R.S. 47:301.4(B)(1), 1508(B), 1517(C), (E), and (F), 1621(D)(1) and (K),1624(A)(1), and 1676(C)(4), (D)(4)(a)(i) and (ii), (b), and (c), (E), and (F)(1); adds R.S. 47:301.4(C)(4) and 303.1(D); repeals R.S. 47:296.1 and 1624(A)(2))

Summary of Amendments Adopted by House

    The House Floor Amendments to the engrossed bill:

    1.   Delete proposed law reducing the rate of interest on delinquent tax liabilities.

Summary of Amendments Adopted by Senate

    Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

    1.   Provide for the accrual of interest on overpayments by Direct Payment holders by changing the delay period from 90 days to 180 days beginning on the later of the return due date, the return or claim for overpayment filing date, or date of the tax payment.

    2.   Provide that no refund shall be made for any overpayment that is based on a tax shelter, tax sham, tax evasion scheme, or any transaction, which lacks a legitimate business purpose or otherwise fails the economic substance doctrine as determined by a final decision of a court of competent jurisdiction.

    3.   Prohibits the accrual of interest on overpayments based upon a tax shelter, tax sham, tax evasion scheme, or any transaction that lacks a legitimate business purpose or otherwise fails the economic substance doctrine as determined by a final decision of a court of competent jurisdiction.

    4.   Make technical amendments.

    Committee Amendments Proposed by Senate Committee on Finance to the reengrossed bill

    1.   Retain provisions of present law relative to reporting requirements of wholesale dealers handling alcoholic beverages.

    2.   Retain provisions of present law relative to reports that state agencies provide on tax incentives and tax exemptions they administer.

    3.   Make technical changes.