

GREEN SHEET REDIGEST

HB 523

2025 Regular Session

Romero

TAX/SALES & USE: Provides for the payment of vendor's compensation for the timely collection and remittance of state and local sales taxes.

DIGEST

Present law provides for the levy, collection, and remittance of state and local sales and use taxes. Further requires taxes levied by local ordinance to be due and payable monthly on the first day of the month. All dealers are required to transmit to the collector, on or before the 20th day of the month following the month in which the tax is due returns showing the gross sales, purchases, gross proceeds from lease or rental, gross payments for lease or rental, gross proceeds derived from sales of services, or gross payments for services, as the case may be, arising from all taxable transactions during the preceding calendar month.

Proposed law authorizes dealers to be compensated for timely collecting and remitting state sales taxes at the local rate of vendor's compensation specified in local ordinances. Proposed law authorizes a dealer to claim the compensation through a deduction against local sales and use taxes due, if the return is filed timely on or before the 20th day of the month following the month of collection, and all tax shown due on the return is remitted on or before the 20th day of the month following the month of collection.

Present law authorizes a taxpayer to file a sales and use tax return of a taxing authority and remit any tax, interest, penalty, or other charge due by means of the uniform electronic local return and remittance system as established in present law. Further provides that the system by which such taxpayers file electronically and pay their taxes shall be managed, maintained, and supervised by the La. Uniform Local Sales Tax Board.

Present law requires the system to allow taxpayer to file a sales and use tax return that is uniform for each taxing authority except for items such as the rate of the taxing authority's tax and optional exclusions or exemptions allowed by state sales and use tax law, adopted by a local ordinance.

Proposed law retains present law but adds the amount of vendor's compensation allowed to a dealer for collection and remittance of local sales and use taxes to the items that are exempted from uniformity requirements.

Present law establishes the La. Sales and Use Tax Commission for Remote Sellers, (commission) within the Dept. of Revenue for the administration and collection of sales and use taxes imposed by the state and political subdivisions with respect to remote sales. The commission shall have the power, duty, and authority to require remote sellers and qualifying nonremote sellers to register with the commission.

Proposed law retains present law and adds requirement that vendor's compensation be allowed as a deduction against tax due if the sales tax return is filed timely and all taxes shown due on the return are remitted on or before the 20th day of the month following the month of collection. Proposed law further requires the commission to apply each taxing jurisdiction's specific rate of vendor's compensation as a deduction against tax due and shall reduce the monthly distribution provided for in present law to the political subdivision accordingly.

Effective on July 1, 2025, and applicable to taxable periods beginning on and after July 1, 2025.

(Adds R.S. 47:337.2(B)(3)(e), 337.18(A)(3), 337.23(C)(1)(a)(ii), and 340(G)(6)(d))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add vendor's compensation provisions relative to compensation for collection and remittance of state sales taxes and reduce the maximum rate for this compensation from 1.05% of the amount of tax collected and remitted to .84% of the amount of tax collected and remitted.
2. Remove authorization for the amount of compensation paid to dealers for collecting and remitting local sales taxes from amounts set forth by local ordinances to .84% of the amount collected and remitted not to exceed \$750 per month.

Summary of Amendments Adopted by Senate

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

1. Eliminate the limits to vendor's compensation levied by local ordinance at the rate of .84% of the amount of taxes collected and remitted for a maximum monthly amount of \$750.
2. Remove provisions pertaining to vendor's compensation for the collection and remittance of state taxes.
3. Allow each dealer compensation in the form of a deduction against the local taxes due at the rate of vendor's compensation as specified in local ordinances.
4. Change the effective date from effective upon governor signature to July 1, 2025.
5. Make technical amendments.