

RÉSUMÉ DIGEST

ACT 107 (HB 336)

2015 Regular Session

Connick

Existing law provides for the collection of sales and use tax imposed on certain articles of tangible property, including any motor vehicle, automobile, motorcycle, truck, truck-tractor, trailer, semi-trailer, motor bus, house trailer, or any other vehicle subject to the vehicle registration license tax.

New law authorizes the department to collect sales and use tax on motor vehicles purchased by foreign business entities if the department determines that the purpose of the foreign business entity was tax avoidance. New law requires the department to consider the following in making its determination:

- (1) Whether there is a specific business purpose for the foreign business entity to acquire the vehicle other than the avoidance of the tax imposed by existing law.
- (2) Whether the users of the vehicle compensate the foreign business entity reasonably for the use of the vehicle.
- (3) Whether the foreign business entity fails to maintain a physical location in the foreign state.
- (4) Whether the foreign business entity fails to employ individual persons and provide those persons with Internal Revenue Service Form W-2 wage and tax statements.
- (5) Whether the foreign business entity fails to file federal tax returns, or fails to file a required state tax return in the foreign state.
- (6) The location of where the vehicle is stored.
- (7) The jurisdiction where the vehicle is typically used.
- (8) The domicile of the most frequent drivers and passengers of the vehicle.
- (9) The duration of the trips for which the vehicle is used.

Effective upon signature of governor (June 19, 2015).

(Adds R.S. 47:303(B)(8))