
DIGEST

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HB 54 Original

2016 First Extraordinary Session

Broadwater

Abstract: Requires advance payment of sales tax to be collected and remitted by certain wholesalers and authorizes compensation for those wholesalers collecting advance sales tax.

Present law provides for returns and monthly or quarterly payment of sales tax by dealers. Further requires certain reporting relative to sales by dealers. Authorizes a vendor's compensation of 0.935% of the sales tax remitted by a dealer for timely remitting the sales tax. Requires registration by certain nonresident contractors. Provides for payment of the tax by a licensed vehicle dealer.

Proposed law retains present law and requires collection of advance sales tax by manufacturers, wholesalers, jobbers, and suppliers from any retail sale that would be taxable under the provisions of present law.

Proposed law provides an exemption for the advance payment of sales tax for the following:

- (1) Lumber dealers, farm implement dealers, and mobile, motorized self-propelled earth moving, and construction equipment dealers that were issued an exemption identification number by the Dept. in 1965.
- (2) Sales of menhaden bait in 100 pound lots.
- (3) Dealers of all-terrain vehicles or marine products who are licensed by the La. Used Motor Vehicle and Parts Commission.
- (4) Dealers whose sales are comprised of more than 50% to industrial users.

Proposed law defines "industrial user" as a business engaged in the manufacture of tangible personal property for sale, whose sales are primarily to other dealers for resale.

Proposed law exempts certain out-of-state wholesale dealers from payment of advance sales tax when transferring property to wholesale dealers who have an exemption identification number. Further defines "wholesale dealer" as a dealer who has at least 50% of sales that do not constitute retail sales.

Proposed law requires the advance payment amount collected by the wholesaler from the dealer to be the same amount the dealer would be required to collect upon the sale of the item.

Proposed law authorizes dealers to deduct out of the sales tax collected upon the retail sale of an item that amount of advance sales tax paid by the dealer to the wholesaler for the item.

Proposed law authorizes manufacturers, wholesalers, jobbers, and suppliers collecting advance sales tax to deduct 0.935% from the amount collected and remitted as compensation for the collection.

Proposed law prohibits local governing bodies from requiring advance sales tax collection, except for parishes having a population in excess of 200,000. Local governing authorities within a parish that has a population in excess of 200,000 may require advance sales tax if the dealers and wholesalers, manufacturers, jobbers, and suppliers are located within the parish.

Proposed law prohibits absorption of the tax by any retailer, wholesaler, manufacturer, or other supplier. Proposed law establishes a misdemeanor crime for absorption, punishable by a fine of not more than \$2,000, not more than two years in parish jail, or both.

Proposed law authorizes the secretary of the Dept. of Revenue to issue exemption identification numbers for certain dealers. To be eligible to receive an exemption identification number, a dealer must meet the following requirements:

- (1) Be registered and filing sales tax returns for a minimum of one year.
- (2) Have sales over 12 consecutive month periods to be \$3 million or more.
- (3) Have timely filed returns for the same period.

Proposed law grants the secretary discretion in determining eligibility. Further authorizes the secretary to refuse the issuance of an exemption identification number.

Proposed law authorizes the secretary to promulgate rules to administer advance sale tax implementation.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:306(B))