

2016 Regular Session

HOUSE BILL NO. 1129

BY REPRESENTATIVE STOKES

TAX/SALES & USE: Establishes a procedure for coordinated audits of certain dealers who collect state and local sales and use taxes in multiple parishes

1 AN ACT

2 To enact R.S. 47:303.2, relative to sales and use taxes; to provide relative to audits for  
3 purposes of state and local tax; to establish a procedure whereby a dealer may  
4 request a coordinated audit to include various taxing authorities; to provide for  
5 requirements and limitations; to require certain notices and deadlines; to provide for  
6 an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:303.2 is hereby enacted to read as follows:

9 §303.2. Sales and use tax; coordinated audit at the request of a dealer; procedures;  
10 requirements; limitations

11 A. Purpose. There is hereby established a procedure whereby a dealer who  
12 is registered to collect state and local sales and use taxes in more than one parish  
13 may request a coordinated audit to include audits by the state and by taxing  
14 authorities in those parishes.

15 B. Definitions. The following words and phrases shall have the following  
16 meanings unless the context clearly indicates otherwise:

17 (1) "Coordinated audit" or "audit" means an audit conducted in accordance  
18 with the provisions of this Section for an agreed upon tax period, for an agreed upon  
19 duration of time, and which may include audits by the state and by any taxing  
20 authority in a parish in which a dealer collects local sales and use taxes.

1           (2) "Dealer" means a dealer as defined in R.S. 47:301(4).

2           (3) "Primary taxing authority" means the taxing authority whose notice of  
3 an intended audit generated a request for a coordinated audit by a dealer or the taxing  
4 authority designated by the dealer in their request for a coordinated audit to be the  
5 taxing authority for whom the dealer collects the most local sales and use taxes,  
6 including agents of those taxing authorities.

7           (4) "Other taxing authority" means any taxing authority which has agreed to  
8 participate in a coordinated audit, other than the primary taxing authority, including  
9 agents of that taxing authority.

10           C. Request for coordinated audit.

11           (1) When a dealer receives a notice of an intended audit by the state or a  
12 local taxing authority, the dealer may elect to request a coordinated audit to include  
13 all taxing authorities in those parishes in which the dealer collects sales and use  
14 taxes.

15           (2) The request shall be made in the form of a letter from the dealer to the  
16 primary taxing authority and the taxing authority that provided the initial notice of  
17 an intended audit if different than the primary taxing authority. The letter shall  
18 include a declaration by the dealer agreeing to execute a waiver of the statute of  
19 limitations for the prescription of taxes, interest, and penalties. The letter shall  
20 provide a list of parishes in which the dealer collects sales and use taxes. It shall be  
21 sent no more than fourteen days after the dealer received the notice of intended audit  
22 from the initiating taxing authority and be transmitted by certified mail, return  
23 receipt requested.

24           D. Organization of coordinated audit.

25           (1) The primary taxing authority, upon receiving a request for a coordinated  
26 audit, shall within ten days after receiving the request, notify each of the other taxing  
27 authorities listed in the dealer's letter, advising them of the opportunity to participate  
28 in a coordinated audit. The notification shall be by certified mail, return receipt

1 requested. Any taxing authority that intends to participate in the coordinated audit  
2 shall respond to that notice within ten days, in the manner stated in the notice.

3 (2) The primary taxing authority shall coordinate the development of the  
4 plan and other arrangements concerning the audit in consultation with the other  
5 taxing authorities, and shall be the primary point of contact for the dealer for general  
6 matters concerning the coordinated audit. The plan and arrangements shall include  
7 the tax period to be the subject of audit, the duration of the audit, and the preparation  
8 of a list of documents which are most likely to be required by the various taxing  
9 authorities for the completion of the audit. The audit plan, arrangements, and the list  
10 of documents shall be transmitted by the primary taxing authority to the dealer upon  
11 their completion. All participating taxing authorities shall cooperate so as to  
12 minimize the number of auditors that will be present at the dealer's premises at any  
13 one time. All participating taxing authorities shall agree to restrict information  
14 obtained during the audit to only those taxing authorities participating in the audit.  
15 If agreed to by the primary taxing authority, the state or another taxing authority may  
16 assume the responsibilities of the primary taxing authority.

17 E. Exceptions. There shall be no coordinated audits under the following  
18 circumstances:

19 (1) The notice of intended audit by the initiating taxing authority is related  
20 to a jeopardy assessment or the dealer is filing bankruptcy.

21 (2) The intended audit notice by the initiating taxing authority was issued to  
22 the dealer prior to July 1, 2016.

23 (3) The dealer fails to execute a waiver of the statute of limitations for the  
24 prescription of taxes, interest, and penalties as is required for a request for a  
25 coordinated audit.

26 Section 2. This Act shall become effective on July 1, 2016.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 1129 Reengrossed

2016 Regular Session

Stokes

**Abstract:** Authorizes a dealer to request a coordinated audit to include the state and all other taxing authorities in which the dealer collects sales and use taxes.

Proposed law establishes a procedure for a dealer who is registered to collect state and local sales and use taxes in more than one parish to request a coordinated audit to include audits by the state and by taxing authorities in those parishes.

Proposed law defines the following terms and phrases: "coordinated audit", "dealer", "primary taxing authority", and "other taxing authorities".

Proposed law authorizes a dealer to request a coordinated audit upon receipt of a notice of an intended audit by the state or a local taxing authority, hereinafter referred to as "initial taxing authority". The request for this audit shall be made by a letter from the dealer to the initial taxing authority and the taxing authority which the dealer designates as the jurisdiction in which they collect the most tax (primary taxing authority), within 14 days of the dealer's receipt of the notice of intended audit. The letter shall include a list of parishes in which the dealer collects sales and use taxes.

Proposed law requires that the primary taxing authority, upon receipt of a request for a coordinated audit, notify each of the other taxing authorities listed in the dealer's letter, advising them of the opportunity to participate in a coordinated audit. The notification shall be made within 10 days of receipt of the letter requesting the coordinated audit. Any taxing authority that intends to participate in the coordinated audit shall respond to that notice within ten days, in the manner stated in the notice.

Proposed law requires that the primary taxing authority coordinate the development of the plan and arrangements for the audit in consultation with the other taxing authorities. Further, the primary taxing authority shall be the primary point of contact for the dealer for general matters concerning the coordinated audit. If agreed to by the primary taxing authority, the state or another taxing authority may assume the responsibilities of the primary taxing authority. Arrangements for the audit shall include establishment of time periods and procedures and the development of a list of documents most likely to be required by the various taxing authorities for the completion of the audit. The audit arrangements and list of documents shall be transmitted by the primary taxing authority to the dealer upon completion.

Proposed law requires that all participating taxing authorities agree to restrict information obtained during the audit to only those taxing authorities participating in the audit.

Proposed law provides that there shall be no coordinated audits under the following circumstances:

- (1) The notice of intended audit by the initiating taxing authority is related to a jeopardy assessment or the dealer is filing bankruptcy.
- (2) The intended audit notice by the initiating taxing authority was issued to the dealer prior to July 1, 2016.

- (3) The dealer fails to execute the waiver of the statute of limitations for the prescription of taxes, interest, and penalties as is required for a request for a coordinated audit.

Effective July 1, 2016.

(Adds R.S. 47:303.2)

Summary of Amendments Adopted by House

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

1. Technical changes.