

2018 Regular Session

SENATE BILL NO. 526

BY SENATOR LAFLEUR

REVENUE DEPARTMENT. Establishes reporting requirements for businesses and governmental entities using service providers. (8/1/18)

1 AN ACT

2 To enact R.S. 47:114.1, relative to reporting requirements to the Department of Revenue;
3 to require businesses and governmental entities that pay certain service providers to
4 file reports; to provide for the format of the reports; to provide for hardship
5 exceptions; to provide for penalties; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:114.1 is hereby enacted to read as follows:

8 **§114.1. Information reports required**

9 **A.(1) Beginning January 1, 2019, any service recipient who makes or is**
10 **required to make a return to the Internal Revenue Service, in accordance with**
11 **Section 6041A(a) of the Internal Revenue Code, relating to payments made to**
12 **a service provider as compensation for services, shall file an annual information**
13 **report with the secretary as provided in this Section.**

14 **(2) For purposes of this Section:**

15 **(a) "Service recipient" means any individual, person, corporation,**
16 **association, or partnership, or agent thereof, doing business in this state,**
17 **deriving trade or business income from sources within this state, or in any**

1 manner is engaged in the course of a trade or business subject to the laws of this
2 state. "Service recipient" also includes any agency or political subdivision of the
3 state.

4 (b) "Service provider" means a natural person who is not an employee
5 of the service recipient who received compensation or executes a contract for
6 services performed for that service recipient within the state.

7 (3) Each service recipient shall report the following information to the
8 secretary for each service provider to whom the service recipient has made
9 payments that in the aggregate equal or exceed six hundred dollars in any year,
10 or with whom the service provider has entered into a contract or contracts
11 providing for payments that in the aggregate equal or exceed six hundred
12 dollars in any year:

13 (a) The service recipient's name, business name, and address.

14 (b) The service recipient's federal employer identification number,
15 Department of Revenue account number, or other identifying number as
16 required by the secretary.

17 (c) The service provider's full name, address, social security number or
18 Department of Revenue account number, and total amount paid to the service
19 provider during the year.

20 B.(1) Annual reports required pursuant to this Section shall be filed with
21 the secretary on or before February twenty-eighth of each year for the
22 preceding calendar year in a form prescribed by the secretary.

23 (2) The secretary may grant a reasonable extension of time, not
24 exceeding thirty days, for filing the annual report.

25 (3) The annual reporting requirement may be waived by the secretary
26 for a service recipient if a hardship is shown by the service recipient in a written
27 request for a waiver.

28 C.(1) A late filing penalty shall be imposed for the delinquent submission
29 of, or failure to submit the annual report in the form prescribed by the

1 secretary.

2 (2) For each failure to fully comply with the annual report filing, unless
 3 the failure is due to good cause shown, the secretary may assess a penalty of one
 4 hundred dollars for each service provider for whom the required information
 5 is not reported or is incomplete. The total penalty imposed pursuant to this
 6 Subsection shall not exceed seven thousand five hundred dollars per calendar
 7 year.

8 (3) If the failure to timely submit the annual report is attributable not to
 9 the negligence of the taxpayer, but to other causes set forth in written form and
 10 considered reasonable by the secretary, the secretary may abate all or any part
 11 of the specific penalty provided for the failure.

12 D. The secretary shall prescribe the forms and format to be used for
 13 compliance with the provisions of this Section. The secretary may also prescribe
 14 the types of media and record layout to be used in the submission of the reports
 15 and receipts consistent with the Internal Revenue Code requirements. The
 16 secretary may promulgate rules and regulations to prescribe any alternative
 17 technological, mathematical, or data-driven methods for filing, signing, and
 18 submitting any report, statement, or other document required under this
 19 Section.

The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Cathy Wells.

SB 526 Reengrossed

DIGEST
2018 Regular Session

LaFleur

Proposed law requires service recipients to report payments made to service providers if the service recipient is required by federal law to withhold for federal income tax purposes.

Proposed law defines a service provider as any person including agencies and political subdivisions of the state, doing business in this state, deriving trade or business income from sources within this state, or is engaged in any manner in the course of a trade or business subject to the laws of this state.

Proposed law defines service recipient as a natural person who is not an employee of the service recipient, and who received compensation or executes a contract for services performed for that service recipient within the state.

Proposed law requires the following information to be submitted annually by service recipients for each service provider to whom they paid \$600 or more in any year:

- (1) The full name of the service provider.
- (2) The address of the service provider.
- (3) The social security number, Department of Revenue account number of the service provider, or other identifying number as required by the secretary.
- (4) The total dollar amount paid by the service recipient during the fiscal year.

Proposed law provides that the annual report is due on February 28th each year, but the annual reporting requirement may be waived by the secretary if the service provider can show that compliance would cause a hardship.

Proposed law provides for a penalty of \$100 for each failure to report the required information without good cause for any service provider on the annual report and provides a maximum penalty of no more than \$7,500 per year. Additionally, all or part of the penalty may be abated if the taxpayer can show in writing that the failure to comply was not due to the negligence of the taxpayer, but for a reasonable cause.

Proposed law authorizes the secretary to prescribe the format of the required reports and further authorizes the secretary to promulgate rules to prescribe alternative methods for filing, signing, or submitting any report or other document required by proposed law.

Effective August 1, 2018.

(Adds R.S. 47:114.1)

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Changes the annual reporting due date from January 31st to February 28th each year and maintains hardship provision.
2. Makes technical corrections.