

GREEN SHEET REDIGEST

HB 791

2020 Regular Session

Magee

TAX/SALES & USE: Requires the Department of Revenue to create and manage a technology solution to centralize sales and use tax registration, filing, and remittance

DIGEST

Present law establishes a uniform electronic local return and remittance system for sales and use taxes.

Present law establishes the Uniform Electronic Local Return and Remittance Advisory Committee (committee) which makes recommendations to the secretary of the Dept. of Revenue (dept.) regarding the design, implementation, and operation of the uniform electronic local return and remittance system.

Present law requires local sales and use tax collectors to furnish all necessary forms and instructions for filing sales and use tax returns and remitting monies.

Present law requires the committee to design a standard, uniform, paper return to be used by the collectors of the sales and use tax of political subdivisions. Present law further directs the committee to include space in the return for the state tax identification number.

Proposed law retains present law but changes "state tax identification number" to "registration number".

Proposed law provides that beginning Jan. 1, 2022, every local sales and use tax collector shall require electronic filing of returns and remittance by all taxpayers, unless the taxpayer receives a waiver from the dept.

Proposed law establishes a technological solution created and maintained by the dept. to provide taxpayers centralized electronic registration and to be used for taxpayer registration with the dept. and local sales tax collectors.

Proposed law provides for the definitions of "department", "local sales tax collector", "registration number", "secretary", and "technological solution".

Proposed law authorizes the technological solution to convert a taxpayer's state tax identification number and local sales and use tax identification number into a single, unique registration number.

Present law provides the registration number shall be provided to the dept., the La. Sales and Use Tax Commission for Remote Sellers (commission), and local sales tax collectors in a data or image file transferred in a machine-readable format.

Proposed law, to the extent permitted by appropriation and available funding, creates an independent application or program available to taxpayers for obtaining the unique registration number.

Proposed law provides that pertinent taxpayer information such as the parish in which the taxpayer engages in transactions, shall be related to the registration number.

Proposed law provides that the technological solution shall provide multiple return and remittance portals to enable taxpayers a single electronic application or program to file sales and use tax returns and remit all sales and use taxes to the appropriate taxing bodies. The solution shall also allow taxpayers to edit information and data maintained by the dept. to validate the taxpayer's registration number.

Proposed law provides the dept. shall assign all taxpayers who have registered with the dept. for the filing and remittance of state tax prior to Jan. 1, 2021 a registration number. The dept.

shall also provide the registration number and associated information to local sales tax collectors in which the taxpayer is located or conducts business no later than Jan. 1, 2022.

Proposed law further provides taxpayers who have registered through the technological solution on or after Jan. 1, 2021, shall be assigned a unique registration number and state and local tax collectors shall have access to the number and associated information.

Proposed law provides that the technological solution shall reconcile the conversion of identification or registration number previously issued by the local sales tax collectors of all taxpayers who have registered with one or more local sales tax collectors prior to Jan. 1, 2021. The local sales tax collectors shall provide the dept. with access to relevant information related to the taxpayer.

Proposed law does not require the secretary or any local sales tax collector to provide information that they are contractually required to keep confidential.

Proposed law authorizes the secretary to suspend implementation of the technological solution until the secretary and the commissioner certify that sufficient funds have been appropriated from the general fund or from monies received from local sales tax collectors.

Present law establishes the La. Sales and Use Tax Commission for Remote Sellers for the purpose of collecting sales and use taxes from remote sellers without a physical presence in La. Proposed law retains present law.

Present law provides that the commission's operations shall be funded by an amount not to exceed 1% of the total amount of state and local sales and use taxes collected on remote sales by the commission.

Proposed law retains present law.

Present law provides the commission shall establish a fiscal agent for remote seller remittances. Proposed law changes present law to require a fiscal agent for any remittances.

Present law allows for the commission to take any action related to the collection of sales and use tax within its jurisdiction as permitted by law that the secretary of the dept. is authorized to take to enforce administration.

Present law authorizes the commission to take the same actions as the secretary of dept. necessary in order to enforce the remittance of sales and use tax.

Present law provides the commission shall collect taxpayer information from remote sellers and coordinate with tax collectors through the technological solution to ensure remote sellers are properly registered with a unique registration number.

Present law provides the commission shall remit money monthly less any refund or administrative collection fees to the appropriate collector. Present law further provides the remittance shall be completed by electronic funds on or before the 10th day of the month of collection. Proposed law changes present law to require the remittance to be completed by electronic funds on or before the 10th day of the month monies were received.

Present law authorizes state or local collectors on a monthly basis, to access records of gross collections, refunds, and amounts retained for administrative expenses. Proposed law expands present law to allow access of records of gross remittance.

Present law gives the commission the power, duty, and authority to provide to the single tax collector for each parish, on or before June first of each year, an annual report of revenues collected and distributed in the previous calendar year. Proposed law requires the report to include revenues remitted in the previous calendar year.

Present law authorizes the commission with the consent of the affected local taxing authority to issue certain notices and enforce collection of sales and use tax collection. Proposed law

retains present law and expands the commission's power to enforce remittance of local sales and use taxes.

Present law provides that nothing in present law provisions related to the commission shall be construed to:

- (1) Authorize the commission to exercise any right or perform any function presently exercised by local sales and use tax authorities.
- (2) Authorize the commission to serve as a central state collection agency for local sales and use taxes.
- (3) Limit any statutory and ordinal provisions in place as of June 16, 2017, that require dealers and taxpayers, with respect to non-remote sales, to pay and remit directly to the single sales and use tax collector in each parish the sales and use taxes due to each local taxing authority within each parish.

Present law authorizes the La. State Law Institute to review all statutes related to the commission and remote sales and make appropriate changes to references.

Proposed law provides local taxing authorities shall maintain exclusive right to administer local tax levies and conduct audits related to local taxes.

Effective upon signature of the governor.

(Amends R.S. 47:337.22(C)(1), 337.23(K)(2), 339(A)(4), and 340(A), (E)(2) and (4), (F)(2), (G)(7) and (9), and (I); Adds R.S. 47:337.23(K)(3), 337.103, 339(A)(5), 340(J), and 1520(A)(4))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Remove provisions related to the La. Sales and Use Tax Commission for Remote Sellers remitting local sales and use tax on behalf of taxpayers.
2. Require electronic registration and the sharing of taxpayer information among the Dept. of Revenue, local sales tax collectors and the La. Sales and Use Tax Commission for Remote Sellers.
3. Establish a technological solution for the purpose of centralized sales and use tax taxpayer registration and filing sales and use tax returns and remitting monies owed.
4. Change effectiveness to upon signature of the governor.
5. Make technical changes.

Summary of Amendments Adopted by Senate

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

1. Specifies that the secretary and local sales tax collectors are not required to provide information that they are contractually required to keep confidential.
2. Authorizes the secretary to suspend implementation of the technological solution until the secretary and the commissioner certify that sufficient funds have been appropriated from the general fund or from monies received from local sales tax collectors.