

Louisiana **Tax Topics**

Department of Revenue

Vol. 18, No. 1
January 1998

"The mission of the Louisiana Department of Revenue is to serve the citizens of Louisiana by efficiently administering the state's tax and regulatory statutes in a manner that will generate the highest degree of confidence in our integrity and fairness."

John Neely Kennedy, Secretary

Electronic Funds Transfer threshold lowered

Effective January 1, 1998, the threshold for the electronic funds transfer (EFT) program is being lowered to \$20,000.

Louisiana Administrative Code 61:I.4910 now requires that taxpayers transmit tax payments electronically if the average payments for a specific tax equal or exceed \$20,000. Payments may be made by Automated Clearinghouse (ACH) Debit or Credit. FedWire Transfers are accepted only in emergencies and require prior approval by the Department.

In lieu of transmitting electronically, taxpayers may deliver to the Department immediately investible funds (cash, cashiers check, or money order) on or before the statutory due date of the return. Delivery may be in person or by courier and must be accompanied by the corresponding tax return. If funds are transmitted electronically, the tax return must still be timely filed with the Department in order to avoid delinquent penalty and loss of discount.

Taxpayers now mandated to begin paying electronically as of January 1, 1998, were notified in October 1997. The Department began the EFT program in 1993, targeting business tax accounts with payments exceeding \$100,000. In 1995, the mandatory participation threshold was lowered to \$50,000. Voluntary participation in the EFT program is welcomed by the Department. Anyone interested should contact the appropriate tax division. ■

1997 Tax Booklets mailed

More than 1.5 million Louisiana taxpayers were mailed their 1997 individual income tax booklets during the first week of January. Both the resident IT-540 booklet and the nonresident IT-540B booklet are in a scannable format that enables automatic processing equipment to electronically capture income tax information directly from the form. Taxpayers meeting certain prerequisites were also mailed TeleFile booklets, allowing them a choice of filing a paper return or filing their return by telephone.

There are two format changes to the IT-540 and IT-540B booklets this year. The remittance coupon has been moved from the bottom of the return to the cover as an extended detachable foldout. Schedule D (Donations) has been moved from the Schedule page to the back of the return. A bar code

has also been added to the top of all return pages to assist in processing.

Again this year, the Department will be accepting substitute returns produced from commercial software programs that have been approved by the Department. Substitute forms will again

utilize the scannable band format on a single return page. Schedules A, D, and E are together on a separate sheet, and a remittance coupon is available for any accompanying payment.

A listing of companies that have received software

approval for substitute forms can be obtained from *Fax Link* at (504) 922-2984, from the electronic bulletin board service (BBS) at (504) 922-2529, or from the Internet at <http://www.rev.state.la.us>. ■

Important

Please remember the following when filing individual income tax returns:

1. Do NOT submit a photocopy of an original scannable IT-540 or IT-540B return.
2. Do NOT staple W-2s or other pages to the return. Use paper clips.
3. Submit only an ORIGINAL LASER COPY of substitute returns.
4. Be sure the return has been signed before mailing.

Signature alternatives for electronic returns

The Department has amended LAC 61:I.4905 to provide for additional tax return signature alternatives. The amendment provides for a signature alternative for sales tax returns filed via a touch-tone telephone and individual income tax returns filed by taxpayers using personal computers and software providers/transmitters.

Title 61
REVENUE AND TAXATION
Part I. Taxes Collected and Administered by the Secretary of Revenue
Chapter 49. Tax Collection
§4905. Signature Alternatives; Electronic Filings

Continued on next page

Signature continued

- A. As authorized by R.S. 47:1520, the following alternate methods for signing, subscribing, or verifying tax returns, statements, or other documents filed by electronic means are allowed and shall have the same validity and consequence as the actual signature and/or written declaration.
- B. Electronic Filing. The following alternatives, as determined by the secretary, are allowed for submitting a written signature/declaration for tax returns transmitted electronically by the taxpayer's agent:
1. the taxpayer's signature document maintained by the electronic filer on file and secure for a period of three years from December 31 of the year in which the taxes were due;
 2. the taxpayer's signature on a trading partner agreement with the department; or
 3. an electronic signature as determined by the secretary.
- C. Telefiling
1. Individual Income Tax Returns. For tax returns filed by the taxpayer using a touch-tone telephone to transmit return information, a voice recording of the taxpayer, and spouse for married taxpayers filing joint returns, will serve as a signature alternative. The voice recording will be maintained by the department for a period of three years from December 31 of the year in which the taxes were due.
 2. Sales Tax Returns. For tax returns filed by the taxpayer using a touch-tone telephone to transmit return information, a Personal Identification Number (PIN) will serve as the signature alternative.
- D. On-line Filing. For individual income tax returns filed by the taxpayer using a personal computer and software provider/transmitter, the signature document provided by the department must be completed and filed with the department as an alternative to the signed tax return. ■

Sales and Use Taxability of Transactions with Foreign Diplomatic Personnel

The Office of Foreign Missions of the United States Department of State issues cards to foreign diplomatic personnel in the United States who are eligible under treaties between the United States and the diplomats' governments for various levels of exemption from state and local sales taxes while in the United States. The cards are issued with 18 different levels of sales tax exemption, nine of which provide complete or partial exemption from hotel room taxes, and nine others which do not allow any exemption from hotel room taxes.

The cards and codes that allow some exemption from hotel room taxes are as follows:

- Code B all taxes, including hotel room taxes.
- Code R sales taxes on purchases totalling over \$50, including hotel room taxes.
- Code C sales taxes on purchases totalling over \$100, including hotel room taxes.
- Code S sales taxes on purchases totalling over \$150, including hotel room taxes.
- Code T sales taxes on purchases totalling over \$200, including hotel room taxes.
- Code U sales taxes on purchases totalling over \$300, including hotel room taxes.
- Code V sales taxes on purchases totalling over \$400, including hotel room taxes.
- Code W sales taxes on purchases totalling over \$500, including hotel room taxes.
- Code Q sales taxes on purchases totalling over \$700, including hotel room taxes.

The cards and codes that exclude hotel taxes from exemption are as follows:

- Code G all taxes except hotel room taxes.
- Code D sales taxes on purchases totalling over \$50, excluding hotel room taxes.
- Code F sales taxes on purchases totalling over \$100, excluding hotel room taxes.
- Code H sales taxes on purchases totalling over \$150, excluding hotel room taxes.
- Code J sales taxes on purchases totalling over \$200, excluding hotel room taxes.
- Code K sales taxes on purchases totalling over \$300, excluding hotel room taxes.
- Code L sales taxes on purchases totalling over \$400, excluding hotel room taxes.
- Code M sales taxes on purchases totalling over \$500, excluding hotel room taxes.
- Code P sales taxes on purchases totalling over \$700, excluding hotel room taxes.

Each diplomatic exemption card displays the photograph of the person authorized to use the card. Louisiana vendors should verify the level of exemption to which their customers are entitled, that the photo on the card is of the customer claiming the exemption, and that the spending level required for exemption is achieved during the guest's stay. Information from each card, including the name of the card holder and the tax exempt number, should be recorded in the vendor's records to support the exemption to be claimed on sales tax returns. Where possible, retention in the vendor's records of a photocopy of the card is recommended.

Questions concerning this matter can be directed to the Sales Tax Division at (504) 925-7356, or to any of the Department's regional offices. ■

Important reminder to sales tax return filers

Filers of sales tax returns are reminded that *both* the detached sales tax coupon and the return portion of the sales tax return should be returned to the Department with a sales tax remittance.

In September 1997, the Department requested that the sales tax payment coupon be detached from the sales tax return prior to being submitted to the Department for processing. This request has caused some confusion and the Department is receiving numerous payment coupons and remittances without the return portion of the sales tax return. In order to receive proper credit to your sales tax account, the *return portion* and the *detached payment coupon* should be returned to the Department with your remittance. ■

Rule defines payout

The Department has amended LAC 61:I.2903.A to define *Payout of the Well Cost*. Revised Statutes 47:633(7)(c)(iii), 633(9)(d)(v), and 648.3 allow severance tax suspensions for horizontal, deep, and new discovery wells. The suspensions are limited to 24 months or until payout of the well cost, whichever comes first. Because payout of the well cost triggers the end of the severance tax suspension, the rule defines the term *Payout* and specifies those well costs that are considered direct operating well costs.

If you have filed severance tax returns, including the O-5 (R-9054) and G-5 (R-9055) for this suspension, and have not taken the royalty and operating expense deductions, please file amended returns from the date of first production as soon as possible. The forms O-5 and G-5 will be reprinted reflecting this rule change. However, until these forms are reprinted, you should use the current supply with the following changes: On the form O-5, in the column headed Gross taxable value of disposition, put in a net value, which is the gross value of the production less royalty and well operating costs. On the form G-5, in the column headed Gross value of production, put in the net value, which is the gross value of the production less royalty and well operating costs. Any questions should be directed to the Severance Tax Division at (504) 925-7500.

Title 61

REVENUE AND TAXATION

Part 1. Taxes Collected and Administered By the Secretary of Revenue

Chapter 29. Natural Resources: Severance Tax

§2903. Severance Taxes on Oil; Distillate, Condensate or Similar Natural Resources; Natural Gasoline or Casinghead Gasoline; Liquefied Petroleum Gases and Other Natural Gas Liquids; and Gas

A. Definitions

* * *

10. *Payout*—the payout of the well cost for a horizontal well, as referred to in R.S. 47:633(7) (c)(iii), a deep well, as referred to in R.S. 47:633(9)(d)(v), and a new discovery well as referred to in R.S. 47:648.3, occurs when gross revenue from the well, less royalties and operating costs directly attributable to the well, equals the well cost as approved by the Office of Conservation. Operating costs are limited to those costs directly attributable to the operation of the exempt well, such as direct materials, supplies, fuel, direct labor, contract labor or services, repairs, maintenance, property taxes, insurance, depreciation, and any other costs that can be directly attributed to the operation of the well. ■

On-Line Filing Program

Beginning in 1998, Louisiana taxpayers will have the option of filing their individual income tax returns from their own personal computers via software that will be available from participating software providers.

In the past, the federal/state electronic filing program, which allows taxpayers to file both their federal and state income tax returns electronically, has only been available to Louisiana taxpayers through professional tax preparers or electronic transmitters. The Internal Revenue Service (IRS) first offered the new on-line option for federal returns only, but has expanded the program this year to include state returns.

The federal/state on-line filing option will be offered by tax preparation software providers who have successfully tested their software with the IRS and the Department. As software is approved by the Department, this information will be made available on the Department's website (www.rev.state.la.us). Software providers may charge for their software and/or for the transmission of the on-line filing.

Advantages of on-line filing include faster refunds, more accurate returns, and electronic acknowledgments that the returns have been received by the IRS and the state. Once a taxpayer has filed an on-line return, a signed state signature document (LA 8453OL) and the state copies of W2's must be mailed to the state. A federal signature document and the federal copies of W2's must also be mailed to the IRS. ■

Notice to Sellers of Off-Road Vehicles

R.S. 47:304 provides as follows with respect to the collection of sales taxes on off-road vehicles:

§304. Treatment of tax by dealer.

A. The tax levied in this Chapter shall be collected by the dealer from the purchaser or consumer, except as provided for the collection of the tax on motor vehicles in R.S. 47:303 and the collection of tax on property leased or rented for use offshore in R.S. 47:301(4)(d)(ii). The dealer shall collect the sales tax on off-road vehicles and remit them directly to the Department of Public Safety and Corrections upon application for certificate of title and registration as required for the registration and licens-

ing of other vehicles under the provisions of Subsection B of this Section. The dealer shall collect the sales taxes on off-road vehicles from out-of-state residents who purchase off-road vehicles in this state and remit the sales taxes due directly to the Department of Revenue and Taxation."

Sellers of off-road vehicles in Louisiana are required to register for sales tax with the Department of Revenue and to collect the sales or use tax in accord with this statute. Questions concerning this matter can be directed to the Sales Tax Division at (504) 925-7356, or to any of the regional offices of the Department. ■



World Wide Web
www.rev.state.la.us

Fax Link (Fax-on-demand)
(504) 922-2984

Bulletin Board System
(504) 922-2529

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New Louisiana Truck Center Opens

In October, the new Louisiana Truck Center opened in Baton Rouge allowing truck drivers to take care of most of their governmental business in one centralized office.

The center is located in the old Troop A State Police headquarters building at 11117 Airline Highway and is designed to allow truck drivers to obtain tax requirements, permits, vehicle and commercial licenses and other regulatory information at a one-stop office.

In addition to representatives from the Department's Excise Taxes Division, the Truck Center also houses employees of the Department of Public Safety, the Department of Transportation and Development, and the Louisiana Public Service Commission. ■

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