Louisiana Department of Revenue

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Louisiana Tax Topics

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Legislative Summary

Alcohol and Tobacco Control

Act 139 (HB 795) repeals R.S. 26:73(D)(3) requiring an affidavit from the local health department to be included in the application for a special Class “R” restaurant permit. Effective August 15, 1999.

Act 556 (HB 1157) amends R.S. 32:407(D) and R.S. 40:1321(E) and (F) to require that, beginning January 1, 2000, driver’s licenses and identification cards issued to persons under 21 years of age will contain a highly visible distinctive color to clearly indicate the applicant is underage. Effective August 15, 1999.

Act 719 (HB 796) amends R.S. 26:77 and 277 to require only one advertisement in the newspaper when making application for a retail dealer’s permit for the sale of alcoholic beverages. Effective August 15, 1999.

Act 987 (HB 794) amends R.S. 26:793(A) to allow the commissioner of the Office of Alcohol and Tobacco Control...

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Special Announcement

Not all taxpayers will be mailed pre-addressed income tax booklets

In a move to increase efficiency and save taxpayer dollars, Revenue Secretary Brett Crawford says approximately 650,000 taxpayers will not receive a pre-addressed state individual income tax booklet in the mail in January. That number includes taxpayers, who for the past two years, have filed electronically, through tax preparers who used computer-generated substitute tax forms, by on-line computer, or by TeleFile. Those who telefiled, however, will receive a TeleFile booklet in the mail.

“Taxpayers who use a paid professional tax preparer don’t need a tax booklet,” Crawford says. “He points out that taxpayers bring the pre-addressed booklet to a paid professional preparer thinking it will be used and sent to the Department. “In fact, most preparers have a software program that prints a computer-generated substitute form that is filed for processing,” Crawford says. “The pre-addressed booklet is usually discarded.” Statistics show that the Department processes only about one-third of the 1.5 million pre-addressed booklets that are mailed to taxpayers each January. “It is very inefficient and costly to print that many booklets because that means nearly one million of the booklets are not used by taxpayers, Crawford says.”

In selecting those who will not receive a booklet this year, Crawford says the Department compiled a list of those taxpayers who have filed by alternative methods of filing that don’t require printed booklets.

“By using this method, we came up with a list of about 650,000 taxpayers. By reducing the number of printed booklets by that number represents a savings of approximately $160,000 in printing costs and $98,000 in postage.” He stresses that the savings to taxpayers will grow even larger in future years as greater numbers of taxpayers choose to use popular alternative methods of filing that don’t require printed booklets.

Unaddressed booklets will be available at libraries and regional offices of the Department and downloadable forms will be available from the Department’s Internet web page at www.rev.state.la.us. Beginning in January, taxpayers may also order tax booklets by calling the toll-free number, (888) 829-3071.
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ers that fail to make a return or make a grossly incorrect or false or fraudulent report may be assessed costs incurred in making an examination or audit, holding hearings, or subpoenaing and compensating witnesses. This legislation provides that the secretary will not impose the examination and hearing cost penalty when the taxpayer has made a grossly incorrect report but shows that there was reasonable cause for the underpayment and they acted in good faith. Effective August 15, 1999.

Personal Income Taxes

Act 129 (HB 672) amends R.S. 47:120.35 to provide for the donation by an individual of all or any portion of his individual income tax refund to the Children’s Trust Fund. This fund will be added to the donation schedule beginning with the 1999 tax year. Effective August 15, 1999.

Act 195 (HB 2039) enacts R.S. 47:120.61 to provide for the donation by an individual of all or any portion of their individual income tax refund to the Louisiana Breast Cancer Task Force. This organization will be added to the donation schedule beginning with the 1999 tax return. Effective August 15, 1999.

Act 203 (SB 261) amends R.S. 47:101(B)(7) to expand the innocent spouse provisions and make relief easier to obtain. This Act eliminates existing understatement thresholds and only requires that the innocent spouse prove that the understatement of tax was attributable to an “erroneous,” as opposed to a “grossly erroneous” item of the other spouse. A method is also provided to apportion tax relief based on the tax attributable to the portion of the understatement that the innocent spouse was not aware. Taxpayers are allowed two years from the date that collection activities began to make the election to qualify as an innocent spouse, but under certain conditions the secretary is allowed discretionary authority to grant relief when the taxpayer fails to make the election within the prescribed time period. This Act conforms Louisiana’s innocent spouse provisions with the recent changes made by the Internal Revenue Service Restructuring Act of 1998. Effective August 15, 1999.

New Telephone System Installed

A new Automatic Call Distribution (ACD) telephone system has been installed in the Department’s Taxpayer Services Division in order to provide faster service to callers.

The telephone number for taxpayer assistance remains the same, (225) 925-7318. However, under the new ACD system, callers needing assistance from Central Registration will be instructed to press “1” on their touch-tone telephone. Callers to Special Collections will be instructed to press “2.” The new system eliminates manual transfers and speeds service to the caller.

New Fiduciary Income Tax booklets - Form IT 541 - Returns of Estates and Trusts

The state fiduciary tax return form and its instructions have been revised and put into booklet form.

Department of Revenue Form 541 (Fiduciary Income Tax Return and Instructions) may be obtained by writing or calling the Personal Income Tax Division at the following: Louisiana Department of Revenue, Personal Income Tax Division, Post Office 201, Baton Rouge, LA 70821-0201, (225) 925-4611.

Revisions to the form were made necessary when Louisiana began “piggy backing” Federal Form 1041 (Income Tax Return for Estates and Trusts) in 1998. Forms dated prior to October 1998 can no longer be used for filing year 1998 or later.
Legislative Summary (continued)

from the date of the notification. This Act codifies current Department procedures. Effective October 1, 1999.

**Act 429** (SB 897) amends R.S. 47:473(H), which currently allows motor vehicle dealers to furnish vehicles with dealer inventory plates to the dealer’s own sales representatives or educational institution employees as long as they are not renting or leasing the vehicle to them. This Act adds language to clarify that even though the IRS considers the dealer-provided automobile to be a taxable fringe benefit, the arrangement is not considered a rental or lease transaction. This amendment is consistent with the Department’s interpretation of these transactions. Effective August 15, 1999.

**Act 553** (HB 1132) enacts R.S. 47:303(B)(7) to provide that when the agent of a motor vehicle lessor collects an initial payment from a lessee, the state and local sales tax must be collected by the agent from the lessee and paid to the lessor. The lessor would then be responsible for remitting the tax to the appropriate state and local taxing authorities. The local tax rate collected by the dealer from the lessee is to be based on the rate in effect in the parish where the vehicle will be used and not necessarily the location of the lessee. As an example, a motor vehicle could be leased by a dealer in one parish, leased to a company in a second parish, and primarily used by an employee (i.e. salesperson) in a third parish. The payments and the tax would be due based on the location where the vehicle is primarily used, in the third parish. Effective August 15, 1999.

**Local Sales Tax**

Act 1266 amends the exclusions from the statutory definitions of “retail sale” and “use” in the sales tax law to provide a phased-in exclusion from local sales and use taxes on the purchase and use of tangible property to be leased or rented in arm’s-length transactions. The bill amends R.S. 47:301(10)(a)(iii) and 47:301(18)(a)(iii). From the July 9, 1999, effective date of Act 1266 through June 30, 2000, one-fourth of the sales price or cost price of property sold or purchased for the purpose of lease or rental will be excluded from the sales and use taxes imposed by political subdivisions of the state. From July 1, 2000, through June 30, 2001, one-half of the sales price or cost price of lease or rental property purchases will be excluded from local sales and use taxes. During the period July 1, 2001, through June 30, 2002, the portion of the sales price or cost price of lease or rental property to be excluded from local sales taxes will be increased to three-fourths. As of July 1, 2002, the entire sales price or cost price of tangible personal property purchased or sold for lease or rental will be excluded from local sales and use taxes.

The Act also provides that a property owner who is entitled to a homestead exemption from property taxes on his/her residence can waive that exemption and pay the property taxes. The property owner who waives the homestead exemption will receive a credit for the increased amount of taxes paid because of the waiver. The credit can be applied to local sales taxes in the parish in which the taxpayer filed the waiver. The credit cannot be applied to state sales or use taxes or to any other state or local tax.

State sales taxes are not affected by Act 1266. This exclusion for lease and rental property has already been in effect for several years for state sales and use taxes, and will remain in effect. Questions concerning the changes made by this act should, therefore, be directed to local sales and use tax authorities.

**Withholding Tax**

**Act 204** (SB 262) amends R.S. 47:1519(B)(1) to require tax payments by electronic funds transfer (EFT) when the taxpayer files more frequently than monthly and the average total monthly payments during the preceding 12-month period exceed $20,000 per month. In addition, this Act requires companies who file withholding returns and payment on behalf of other taxpayers to remit the taxes by EFT when the average total payments for all tax returns filed during the preceding 12-month period exceed $20,000 per month. Effective June 11, 1999.

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**Regional Offices**

Alexandria ............... 318•487•5333
Baton Rouge .............. 225•763•5721
Lafayette ................. 225•362•5455
Lake Charles ............. 318•491•2504
Monroe .................... 318•362•3151
New Orleans ............. 504•568•5226
Shreveport ............... 318•676•7505
Thibodaux ............... 504•447•0976

**Baton Rouge – Main Office**

Central Registration
(Taxpayer Services) .... 225•925•7318
Collection ................ 225•925•7448
Corporate Income and
Franchise Taxes ......... 225•922•0447
Excise Taxes ............. 225•925•7656
Inheritance &
Gift Taxes .............. 225•925•7424
Office of Alcohol and
Tobacco Control ....... 225•925•4041
Personal Income Tax ... 225•925•4611
Sales Tax ............... 225•925•7356
Severance Tax .......... 225•925•7500
Tax Forms ............... 225•925•7537
Unclaimed Property .... 225•925•7407
Toll-Free ................ 888•925•4127
Withholding .......... 225•922•0447
TDD ...................... 225•925•7533

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