



## Correction from July 2013 Calcasieu Tax Review

In the July 2013 issue of the **Calcasieu Tax Review**, there was an article entitled "Speaking of Medicare and Medicaid." The last paragraph in the article stated: "It should be noted that where Medicare pays 80% of the allowable tangible personal property, the excess amount not paid shall be subject to taxation." **That statement was incorrect.** If the individual is a Medicare patient, then the entire Medicare transaction is exempt from local sales and use tax. This is only applicable to individuals on Medicare and not hospitals and other institutions that furnish a non-taxable service to Medicare patients. Please make note of this correction.

## Direct Pay Certificates and Real Property Construction Contractors



It has come to our attention that some of the industrial businesses in our parish are providing their direct pay certificates to real property (immovable) construction contractors. This practice is incorrect.

On the face of the direct pay certificate, it clearly states that: *"This certifies that the undersigned (the industry) is a holder of a direct payment account with the Calcasieu Parish Sales Tax Department and that the 1.) tangible personal property, 2.) rental/lease, 3.) taxable service purchased from: (Vendor Name, Address, City, State, Zip) is exempt from the payment of Calcasieu Parish*

*local sales taxes to the vendor under the provisions of R.S.47:337.15G of the Uniform Local Sales Tax Code."*

There are clearly three situations in which a direct payment certificate can be used: 1. for purchasing tangible personal property (movable property), 2. rental or lease purchases, and 3. purchases of taxable services. Please refer to the Louisiana Revised Statutes 47:303G, 47:303.1, and 47:337.15G. Contractors or construction contracts are not listed.

There are only seven taxable services listed in the Uniform Tax Code under Louisiana Revised Statutes 47:301(14) that apply to local taxing jurisdictions: 1. furnishing of sleeping rooms, cottages or cabins by hotels; 2. sale of admissions to places of amusement; 3. furnishing of storage or parking privileges by auto hotels and parking lots; 4. furnishing of printing or over printing, lithographic, multilith, bule printing, photostating or similar services of reproducing written or graphic matter; 5. furnishing of laundry, cleaning, pressing and dyeing services; 6. furnishing of cold storage space and furnishing of the service of preparing tangible personal property for cold storage; 7. furnishing of repairs to tangible personal property.

Real property (immovable) construction contractors are not reselling materials to their customers, but are using the materials they purchase in the performance of their real property construction contracts. These contractors can either pay the sales tax when they purchase the materials or accrue (self-assess) the correct local jurisdiction's use tax (depending on the location of their job) and

remit the use tax on line 14 (purchases subject to use tax) of the local sales and use tax return.



## Sales of Services Taxable Where Performed For Local Sales Tax Purposes

Generally, repairs are taxed where the service is performed regardless of where the tangible personal property was located prior to its repair, or where it will be returned after the repair. The Louisiana State sales tax generally applies in these situations except that tangible personal property imported in the state for repairs and is subsequently exported out of the state by either the repair dealer's own vehicle or a common carrier is excluded from the definition of sales of services and, therefore, not subject to the Louisiana State sales tax. It is very important to note that this exclusion is only applicable to state sales tax. Guidelines for the handling of these transactions may be found under the Louisiana Revised Statutes 47:301(14)(g)(i)(bb).

For local tax purposes, tangible personal property which is shipped out-of-parish or out-of-state for repairs may be subject to the applicable use tax when it is returned to this parish. If the repairs were not taxed in the jurisdiction in which they were performed, then the dealer should accrue the applicable use tax on the material or parts portion of the invoice. In the absence of a breakdown between parts or materials and labor, the total amount charged for the repair service will be considered taxable.

## Assistance in Processing Taxpayers' Sales & Use Tax Returns

During the month, mainly from the 19<sup>th</sup> through the 22<sup>nd</sup> of each month, the Sales Tax Office is very busy processing taxpayers' sales and use tax returns. Our office can always use your help to make the processing of returns faster and more efficient during these busy times. Here are some things that you can do to help:

- Do not staple your check or remittance to your return.
- If you do not file the pre-printed returns sent to you each quarter, please write your correct Calcasieu Parish sales tax account number, business name, and the return period on your tax return.
- Make sure that the math is correct on your return.
- Be sure to sign and date your sales tax return.
- If you file your tax return on time by the 20<sup>th</sup> of the month, be sure to take advantage of the vendor's compensation on line 19 of the sales and use tax return. The dealer is compensated for accounting and remitting the tax levied by each respective ordinance at the rate of 1% of the tax that is due on line 18. However, vendor's compensation is not allowed on returns transmitted after the 20<sup>th</sup> of the month in which the tax is due and payable.

### Negligence Cost



Dealers mistakenly neglect filing a return which is a basic requirement when registered to do business in the parish. That negligence may result in costly penalties as outlined in the ordinance when dealers fail to

make a return or make an incorrect return and the circumstances indicate willful negligence or intentional disregard of sales tax rules and regulations without the intent to defraud. The cost for being negligent would be in addition to any other penalties a specific penalty of five percent (5%) of the tax or deficiency found to be due or ten dollars (\$10.00) whichever is greater. Negligent penalty attaches to each delinquent period when imposed until paid and may be collected in the same manner as if it were a part of the tax due.

Another costly act of negligence occurs when a dealer fails, neglects or refuses to collect the tax either by himself or through his agents or employees. In such case, the dealer will be liable for paying the tax himself. Additionally, he may be fined not more than one hundred dollars (\$100.00) or imprisoned not more than three (3) months, or both, at the discretion of the court.

Again, dealers are required by the Ordinance to collect the tax when applicable and to file a return whether it's a "no sales" return or one with tax due in order to avoid the described negligent penalties. Further, dealers are asked to contact our office anytime communications representing delinquency are received in order to evade negligent consequences.



### Reminder

When our office is closed on weekends or holidays, dealers may use the green drop box

located under the breezeway to drop off returns or other payments if needed. The box is strategically located for taxpayer convenience, so take full advantage of its availability. This drop box is **ONLY** for sales and use tax returns and payments. The box is **NOT** intended for United States Postal Service mail.

## Due Dates for Sales and Use Tax Returns

<u>Return:</u>	<u>Due By:</u>
Dec. 2013	Jan. 21, 2014
Jan. 2014	Feb. 20, 2014
Feb. 2014	Mar. 20, 2014
Mar. 2014	Apr. 21, 2014
Apr. 2014	May 20, 2014
May 2014	Jun. 20, 2014
Jun. 2014	Jul. 21, 2014

## Local Office Holidays

Our offices will be closed on the following dates for the holidays mentioned:

Mardi Gras.....March 3 – 5, 2014  
 Easter.....April 18 – 25, 2014  
 Independence Day...July 4, 2014

In addition, our regular office hours through May are 8:00 am to 4:30 pm. Summer hours in June and July will be 8:00 am to 4:00 pm. Our office is open during the lunch hour throughout the year.

## How to Contact Us



Our main number is **(337) 217-4280** and fax number is **(337) 217-4281**. Extension for general customer assistance is 3413; for administration dial extension 3423; for delinquent returns dial 3406; and for audit information dial 3422.