

## What Do Those Words Mean??

**Sales of Services** – There are eight taxable services that are enumerated in the Uniform Tax Code (LA R.S. 47:301(14)). However, the local taxing jurisdictions by law can only tax seven of these sales of services. The eighth service is telecommunications which can only be taxed by the State of Louisiana. The seven taxable services are as follows:

1. Furnishing of sleeping rooms (hotels/motels)
2. Sale of admissions to places of amusement
3. Parking
4. Printing or reproducing written or graphic matter
5. Furnishing of laundry or cleaning services (cleaning clothes, furs, furniture, carpets, rugs)
6. Furnishing of cold storage
7. Furnishing of repairs

**Repair** – Basically, it is fixing an item to bring it back to its original function. Both parts and labor are taxable on repairs to tangible personal property (TPP).

*Tip: Repairs to tangible personal property (movable) are taxable where the repair is performed.*

**Upgrade or modification** – Repairing and improving an item to perform a function that it did not do before. This is considered a fabrication and both parts and labor are taxable.

**Repairs to immovable (real) property** – These are repairs performed to buildings, central air conditioning systems, etc. No tax should be charged to the purchaser of the repair. However, the repair dealer is responsible for all use taxes that are due on the cost of materials used or consumed in the performance of his or her real property repair contract.

## “Free” Oil Changes

There has been a change in the sales tax consequences pertaining to “free” oil changes by car dealers. There are two different situations that can occur:

- 1.) When car dealers offer “free” oil changes for a period (1 year or 24 months) after the purchase of a vehicle or after the purchase of a taxable service such as a brake job, the oil change is technically not “free” but considered paid in the purchase of the car or other goods and services purchased.
- 2.) When no purchase is required and a “free” oil change is provided with the presentation of a free coupon, the service provider shall owe the use tax on products such as oil, filters, and any other tangible personal property furnished during the oil change(s) (free oil change).

An example of an oil change not subject to taxation would be when a customer is entitled to an oil change due to a sales promotion or an agreement between the provider and the customer at the time of purchasing a vehicle, tangible personal property, or other taxable service. The customer should not be charged tax on the “free” oil change, but the car dealer or other service provider will owe use tax on the cost of the materials used in the performance of a “free” oil change.

## Manufacturing Machinery/Equipment Exemption Inside City Limits of Lake Charles (Brownfields Program)

The Environmental Protection Agency (EPA) defines brownfields, as real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a

hazardous substance, pollutant, or contaminant. The concept of the City of Lake Charles’ Brownfields Program began in 1992. The goal is to generate a positive force for the redevelopment of abandoned commercial and industrial properties. Eligible sites for redevelopment are located in the North Lake Charles area, Downtown Development Area, Charpentier Historical District, and along and north of Broad Street.

All requirements necessary for qualifying for the State of LA Manufacturing, Machinery and Equipment Exclusion would also be operative for the purposes consistent with the Lake Charles exclusion. However, unlike the state, Lake Charles will grant its exclusion to 100% of the cost or sales price of all eligible purchases by dealers who have met the qualifications required by statute. Various publications outlining qualifications and eligible purchases may be found in Revenue Information Bulletin No. 09-016 on the LA Department of Revenue’s website, [www.revenue.louisiana.gov](http://www.revenue.louisiana.gov).

A special exemption certificate will be made available to qualified manufacturers to signify their eligibility for the local exclusion. The exclusion is only for the City of Lake Charles tax of 2.25%.

For more information, you may contact the City of Lake Charles Brownfields Program located in the Planning Department for consideration by phone at (337) 491-1513 or by email at [brownfields@cityoflc.us](mailto:brownfields@cityoflc.us).

## Did you know?

The United States Post Office postmark is used to determine if a return has been transmitted on time.

## To Give a Gift Card or Not to Give a Gift Card? That is the Question.....

Gift certificates and gift cards are not taxable at the time of purchase. The tax is due at the time of redemption of the gift certificate or gift card for tangible personal property. However, gift certificates or gift cards to a spa or hair salon for non-taxable services would not be taxable at the time of redemption.

## Proceeds From Vending Machines Taxable

Dealers who own coin-operated vending machines are responsible for remitting tax. According to the definition of "sale at retail," sales and use tax levied by political subdivisions include the sale of tangible personal property by dealers through coin-operated vending machines. Because the proceeds include the local tax only, the dealer is expected to back into the taxable base.

For local tax purposes, since the sales are considered "retail sales," dealers of coin-operated vending machines are allowed to buy for resale, provided they obtain the required exemption certificate and furnish the same to their suppliers.

## Who Owes the Tax?

On occasions, we are asked who owes the tax, the buyer or seller? The general answer is both the buyer and the seller. According to the Ordinance, both the buyer and the seller are defined as dealers. Therefore, they both have an obligation of paying the tax on the retail sale of tangible personal property. Except for the tax due on the sale of a motor vehicle, the ordinance states that the tax levied shall be collected by the seller.

A dealer who fails, neglects, or refuses to collect the tax as provided, either by himself or through authorized agents or employees, may face a fine of not more than one hundred dollars (\$100) or imprisonment of not more than three (3) months, or both in addition to the normal penalty of being liable for and paying the tax.

When a purchaser fails to pay the tax and the seller fails to collect the tax imposed by the Ordinance, the tax shall be payable by the purchaser directly to the Collector. At that point, it shall be the duty of the purchaser to file a return with the Collector and pay the tax imposed by the Ordinance within fifteen (15) days after the sale is completed. Like the seller, the purchaser may face additional consequences in the form of a fine or imprisonment when he fails, neglects, or refuses to file a return.

## Sales & Use Tax Report

Our website offers a scanner friendly Sales and Use Tax Report. The website is easily accessed by going to [www.calcasieusalestax.org](http://www.calcasieusalestax.org). Once arriving at the site and after accessing the form, one has the ability to insert the applicable business name and address, account number, return period, year, and filing frequency. Lower case letters should be used to begin the return period.

Dealers are also reminded not to use lines, punctuation marks or dates in or near fields for the account number or the return period and year regardless of whether a custom return has been prepared and approved for use or whether a return is taken from the website. Placing lines, commas, checks, or other markings in those fields will negate our scanning efforts.



## 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. 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>
Jan. 2015	Feb. 20, 2015
Feb. 2015	Mar. 20, 2015
Mar. 2015	Apr. 20, 2015
Apr. 2015	May 20, 2015
May 2015	Jun. 22, 2015
Jun. 2015	Jul. 20, 2015
Jul. 2015	Aug. 20, 2015

## Local Office Holidays

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

MLK Day.....	Jan. 9, 2015
Mardi Gras.....	Feb. 16-18, 2015
Easter.....	Apr. 3-10, 2015
Independence Day...	Jul. 3, 2015

In addition, regular office hours through May are 8:00 am to 4:30 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.