



Our Telephone Numbers Have Changed

Contacting us may have been a little tricky during the month of July due to the new telephone system acquired by the Calcasieu Parish School System. In order to make contacting us more convenient, our new number is **(337) 217-4280** and fax number is **(337) 217-4281**. Please disregard any communication received after July 15th that may reflect a contact number other than (337)217-4280. The extension for general customer assistance is 3413; for Administration dial extension 3423; for delinquent returns dial 3406; and for Audit information dial 3419.

Free Training for Business Owners/Tax Preparers

A new class is being offered free of charge to all dealers in Calcasieu Parish. This class is held at our office at 2439 6th Street on the first Friday of each month. Class begins at 9:30 am and lasts about 1½ hours. Members of our audit staff are also on hand to answer specific questions concerning individual businesses and tax questions. Call 217-4280 ext. 3413 or come by our office to sign up in advance for the class.

Where are vehicles taxable?

For the benefit of imposing the local sales and use tax in Calcasieu Parish, the sale of a

vehicle subject to the Vehicle Registration License Tax Law (R.S. 47:451 et seq.) in Calcasieu Parish shall be considered a "retail sale" or a "sale at retail."

The "sale at retail" of a vehicle in the Parish will be taxed based on the principal residence of the purchaser if the vehicle is purchased for private use. In the case of a vehicle being purchased for commercial use, the principal location of the business will be the point of taxation unless the vehicle purchased for commercial use is assigned, garaged and used outside the Parish. In this case, the sale shall be considered a sale in the political subdivision where the vehicle is assigned, garaged, and used and not subject to tax in the Parish of Calcasieu.

Some Admission Fees Are Taxable

Under R.S. 47:301(14)(b)(i), admissions to places of amusement, to athletic entertainment not in connection to schools, colleges, and universities are taxable in addition to recreational events. Other taxable fees include dues, fees, or other consideration furnished for the privilege of accessing clubs, amusement, entertainment, athletic or recreational facilities. Examples of these establishments include nightclubs, concerts, health clubs/spas and pro or semi-pro football, hockey or basketball. However, the term "sales of services" shall not cover membership dues or fees for non-profit or civic organizations including the Young Men's Christian Association (YMCA), the Catholic Youth Organization (CYO), and the Young Women's

Christian Association (YWCA). Although these organizations are not subject to taxation on admissions, it does not mean that other taxable activity will not be encountered.

For clarification purposes, the provisions of Act 796 of the 1989 Regular Legislative Session pointed out that sales of admissions to "museums" as defined by R.S. 47:301(14)(b)(ii) were not intended to have been included in the application of sales tax. Therefore, places of amusement shall not include "museums" which are defined as public or private non-profit institutions organized on a permanent basis for educational or aesthetic purposes and which use professional staff to perform specific duties routinely.



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.

Sales Tax Clarification Regarding Collision Damage Waivers

Recently, the Louisiana Department of Revenue issued Revenue Ruling No. 06-007 regarding the sales tax treatment of Collision Damage Waivers in connection with an automobile rental transaction. The specific issue surrounds the question of whether optional Collision Damage Waiver charges in connection with an automobile rental transaction are subject to sales taxes.

For example, a customer rents a vehicle from a vehicle rental agency and accepts responsibility for any damage to the vehicle while under rent, and then returns the vehicle in a damaged condition. Ultimately, the customer is liable for any damages to the vehicle while in his possession. To avoid having to pay for such repairs to a vehicle personally, a customer is given the option to purchase a Collision Damage Waiver as specified in the rental contract. When the Collision Damage Waiver terms are purchased, the vehicle rental agency forfeits their rights to force the rental customer to pay for the physical damages. Collision Damage Waiver terms are offered as an option and a rental customer may rent a vehicle without accepting these separately stated terms and charges.

The Uniform Local Sales Tax Code, in sections L.R.S. 47:337.6 (B) and L.R.S. 47:301(7)(a), authorizes local jurisdictions to levy a tax upon the gross proceeds derived from the lease or rental of tangible personal property, where the lease or rental of such property is an established business, or part of the same is incidental or

germane to the business. It also defines "lease or rental" as the leasing or renting of tangible personal property and the possession or use thereof by the lessee or rentee, for a consideration, without transfer of the title of such property.

L.R.S. 22:2091.3(A) defines " 'collision damage waiver' as any contract or contractual provision, whether separate from or a part of a motor vehicle rental agreement, whereby the lessor agrees for a charge, to waive any and all claims against the lessee for any damages to the rental motor vehicle during the term of the rental agreement." According to L.R.S. 22:2091.2, "the collision damage waiver portion of the rental agreement....shall not be considered insurance." Additionally, L.R.S. 22:2091.10 states, "The rates charged for the collision damage waiver by a licensee under this Part shall be exempt from insurance taxes and insurance taxation **provided that sales taxes in effect in the locale of rental contract issuance are applied, collected and remitted to the proper tax authority.**"

As a result, it is the position of the Calcasieu Parish School Board Sales Tax Department that Collision Damage Waiver charges are to be included as part of the gross proceeds derived from the lease or rental of a motor vehicle, because the Collision Damage Waiver necessarily arises from the lease or rental of the vehicle, is obtained through a contract with the lessor of the automobile, and the language of L.R.S. 22:2091.10 expresses a clear legislative intent that Collision Damage Waiver charges are subject to taxation. This decision is consistent with that of the

Louisiana Department of
Revenue.

Legislative Summary

For a detailed report of legislation passed during the Regular Session of the Louisiana Legislature, visit their website at www.legis.state.la.us. Several bills that affect local taxation are listed below:

Act 426 – Excludes gasoline sales from gross sales for occupational license tax purposes; effective 1-1-2008.

Act 209 – Exemption for certain trucks and trailers; effective 7-1-2007.

HB 260 - Constitutional amendment (election 10/2007) exempts consigned jewelry from ad valorem tax.

HB 386 – Provides an exclusion from state and local sales and use taxes for newspapers; effective date: sent to governor.

Act 419 – Provides an exclusion for lease of certain pallets by manufacturers; effective 7-1-08.

Act 162 – Provides for the issuance of a state exemption number for political subdivisions; effective 8-15-2007.

Act 245 – Expands option given to political subdivisions to grant farm equipment an immediate or phased-in exclusion; effective 7-1-2007.

Act 462 – Provides local option to exclude storm shutter devices from tax; effective 7-1-2007.

Act 173 – Changes an exemption for repairs to drilling rigs to an exclusion. Provides for local option. Effective 7-1-2007.

