

Legislative Update 2006 Regular Session

Medicare Part B & D Drug Exemption

Effective July 1, 2006, prescription drugs purchased through or pursuant to a Medicare Part B and D plan are exempt from local sales or use taxes. (Act 411 & 608)

Component Parts of Immoveable Property

Amends Civil Code Article 466 to read as it did prior to the passage of Act 301 of 2005. Act 765 of 2006 is retroactive to 6/29/05. Consequently, component parts are again associated with a building or other construction rather than an immoveable. Leaves societal expectation test as a factor in considering whether things permanently attached to a building or other construction are its component parts.

Taxpayers are directed to the State Legislature's website www.legis.state.la.us for a more detailed listing of enacted legislation.

Scanner Friendly Returns

For several years, the Sales Tax Department has been using scanning software as a storage alternative. However, time has revealed that the process is being handicapped by returns received from taxpayers and due to the variety of formats being used. Over 50% of all returns received are in formats that complicate matters and also fail to comply with guidelines and requirements. The impact is two-fold. First, if the location of the Account Number and Return

Period is not within the parameters defined by the software the info will not be read. And second, the data can only be read when typed. Therefore, even if the properly formatted return is used but hand written data is inserted within the defined parameters, it will not be read. As a result, a future campaign will be launched asking dealers to either use the forms mailed out periodically or create a replica of the scanner friendly form that can be obtained from our office or website. In addition, emphasis must be given to the necessity to *type* the Account Number and Return Period instead of hand writing it within the parameters defined by the software (normally 1/4 inch to the left is perfect). Also, the return period *must* be typed in lowercase.

For Example:

Account #: XXXXXXXXX
Month of: january 2006

Scanner friendly returns can be obtained from our office or from our website. If you receive returns from this office, it is strongly suggested that those returns be used in lieu of others. It is important to understand that by not providing the data as featured above, the process is breached and the demand for clerks to manually correct erroneously scanned data becomes necessary to insure the accurate document storage. The same accuracy provides for ease in performing research services. We welcome questions regarding incompatible Sales Tax Forms and request contacting us at (337)437-1285 for more details on getting the correct form and data in service.

Get With Online Filing

Online filing has been available for over a year. Office personnel continue to celebrate the impact of having a monthly average of 400 taxpayers file their returns online.

Computer savvy taxpayers have found the service to be extremely convenient and speedy once preliminary arrangements are made. In order to register for online filing, access our web page at www.calcasieusalestax.org and click on the BaileyLink icon. Keep in mind that it does take a few weeks after registration before the first return can be filed through our online provider. Among all the upgrades attempted, this is one of the most beneficial and appreciated services offered. Taxpayers continue to boast of how simple it is to file online.

If you consider filing online, exercise extreme care during the registration process when entering your bank information. Otherwise, non sufficient payment errors may occur.

Sales Tax Office Restored

To those who may not know, we are back at our original office location which is 2439 6th St. in Lake Charles. After seven months of relocation at Mill and Shattuck, we are still gradually returning to normal. In the meantime, we want to express our gratitude to both taxpayers for their patience and other School Board employees who graciously helped us make a successful relocation. With the exception to summer hours which are 8:00am-4:00pm, we are full speed ahead with our usual daily services.

Additional Tax Due on Purchases:

Many times during the course of an examination, one of the recurring issues found is the incorrect tax rate paid on purchases subject to use tax. These are typically purchases made by a company for use or consumption during the course of their business.

When making a purchase look closely at the tax rate charged on the invoice. If no tax or a lesser tax rate is charged, then it is the taxpayer's responsibility to accrue and remit the additional tax.

Example for lesser rates: You purchase material in Texas and pay a total of 8.25%. However the material is to be used on a job where local tax rate is 8.5%. In this example an additional .25% tax would be due the taxing jurisdiction.



HOLIDAY SCHEDULE FOR CALCASIEU PARISH SALES TAX FY 2006-2007

Independence Day.....July 4th
 Labor Day.....Sept 4th
 Veterans Day.....Nov 10th
 Thanksgiving....Nov 22 - 24th
 ChristmasDec 18th-29th
 New Year's.....Jan 1st - 2nd
 Martin Luther King ..Jan 15th
 Mardi GrasFeb 19th -20th
 Easter Break....Apr 6th - 10th



Calculate Additional Use Tax Due Example

A company purchases \$1,000 worth of material. 8.25% is the tax (\$82.50) is charged on the invoice. Material is to be used in a jurisdiction where tax is 8.5%.

1. Calculate total tax due at location of use.
 $\$1,000 \times 8.5\% = \85.00
2. Determine the tax paid on the invoice.
 $\$1,000 \times 8.25\% = \82.50
3. Calculate Additional Sales/Use Tax due (Difference in what was paid and due)
 $85.00 - 82.50 = 2.50$ due
4. Determine Adjusted Taxable amount to report on Line 14
 $\$2.50 / 4.5\% = \55.56
 (Additional tax due divided by the total local tax rate will equal the Taxable Amount)
- 5 Record the \$55.56 on Line 14 of the Calcasieu Parish Sales Tax Return.

To Check Figure:

$$\$55.56 \times 4.5\% = \$2.50$$

Tax Increase Effective October 1, 2006

Voters approved a new 1/2% sales tax for the Calcasieu Law Enforcement District in an election held July 15, 2006. The increase will be effective October 1st, 2006 and will result in an increase parish wide. The rate will increase to 9% from 8.5% in the City of Lake Charles and unincorporated areas except for Ward 1. In the remaining municipalities and Ward 1 the rate will increase to 9.25%. Dealers will be further notified and provided with a tax chart reflecting the brackets needed to re-program their cash registers.

Are Churches and Synagogues Exempt?

Church representatives have unknowingly declared themselves exempt from Sales and Use Tax based on Section 501(c)(3) of the U. S. Internal Revenue Code for some time. The fact is this exemption is more of a federal income tax advantage than a local advantage. In the past there was an exemption for purchases of bibles, hymnals and literature used for religious instruction classes. On April 17, 2006 the U. S. District Court for the Eastern District issued a preliminary injunction. As per LA Revenue Information Bulletin No. 06-022, dated 5/05/2006... "Unless and until the judicial injunction is lifted, these exclusions cannot be claimed."

Churches, Synagogues, and the Society of the Little Sisters of the Poor will be required to pay the state and local sales/use tax on all of purchases including those previously exempt. Dealers are no longer authorized to accept exemption certificates in lieu of sales or use tax on any taxable purchase.

Private and Parochial Schools

When in compliance with the decision of the Dodd Brumfield court case and Section 501(c)(3) of the Internal Revenue Code, every approved Elementary and Secondary private or parochial school is entitled to a limited sales tax exclusion. The scope of which covers an exemption from local tax on the acquisition of educational materials or equipment used for classroom instruction when applicable to books, workbooks, computers, software, films, videos, and audio tapes. Again, the sale has to be to approved private or parochial schools.