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NEW RULES FOR STATE TAX FILING EXTENSIONS

This year will bring an important change for taxpayers requesting more time to file state taxes. Beginning with the 2008 Louisiana income tax year, taxpayers requesting state filing extensions must do so before the filing deadline.

In the past, taxpayers granted an automatic federal extension were allowed a state extension if a copy of their federal extension request (Form 4868) was attached to their state return.

Beginning in 2009, state filing extensions must be requested no later than the individual income tax filing due date. This date is May 15, 2009, for 2008 calendar year income tax returns or, for fiscal filers, the 15th day of the 5th month after the close of the fiscal year.

The Louisiana Department of Revenue (LDR) has made it easy to request an extension electronically through the LDR web site, www.revenue.louisiana.gov

Taxpayers may also request an extension by completing the Application for Extension of Time to File Louisiana Individual Income Tax (Form R-2868). Both the internet option and paper form will be available from LDR on January 2, 2009.

Louisiana Revised Statute 47:103 allows a six-month extension of time to file a state individual income tax return. Filing extensions only allow

more time to file a tax return. An extension does not allow more time to pay the tax due. Payments received after the return due date are subject to interest and penalties.

ADVANCE SALES TAX TO DISAPPEAR

A significant change to Louisiana tax law took effect on January 1, 2009, with the repeal of the Advance Sales Tax.

The Advance Sales Tax applies to retail dealers who purchase articles of tangible property for resale to the public.

Under the current law, dealers that do not qualify for exemption from the advance sales tax requirement are required to pay state sales tax on purchases for resale and then claim credit for the sales taxes paid on line 12 of the state sales tax return, Form R-1029.

Beginning January 1, 2009, all purchases for resale will be exempt from sales tax and line 12 will be removed from the sales tax return beginning with the July 2009 return.

To prepare for this transition, the Louisiana Department of Revenue (LDR) will begin reviewing sales tax accounts in October to identify retail dealers that will be affected by the repeal of the Advance Sales Tax. LDR will mail letters to the retail dealers that are identified to confirm their retail dealer status and instruct them regarding the documentation that must be provided to their vendors

for their resale purchases to be exempt from the state sales tax. Retail dealers that did not receive a confirmation letter before December 31, 2008, should contact the LDR Taxpayer Services Division at 225-219-7356 to request certification.

Additional documentation from the taxpayer may be required to verify status as a retailer. A Louisiana Resale Certificate, Form R-1042, will be posted on the LDR web site, www.revenue.louisiana.gov.

The certificate can be completed online and printed as needed. Retail dealers must provide resale certificates to their vendors to certify that the purchases are for resale. Retail dealers are reminded that the resale certificate may only be used to purchase items for resale.

Purchases for use or consumption are still taxable and the dealer is required to pay the sales tax at the time of purchase or report the purchase on line 2 of the sales tax return to be paid with the sales tax return remittance.

Louisiana Revised Statute 47:306(A)(6) allows dealers to claim credit for Advance Sales Tax paid before the repeal of La. R.S. 47:306(B) on January 1, 2009. Advance taxes paid after the repeal must be refunded by the vendor. To allow time for the change, the Advance Sales Tax credit, line 12, will remain on the sales tax return until July 1, 2009, and dealers will be able to claim the credit for state sales tax paid on purchases for resale billed during the transition period. However, retail dealers should provide resale exemption certificates to their vendors as soon as possible.

After July 1, 2009, retail dealers that paid advance sales tax to their vendors will be required to obtain a refund from their vendors for the tax paid in error.

Dealers that register a sales tax account after the Advance Sales Tax credit repeal will be required to provide their North American Industry Classification System (NAICS) code as proof of their qualification as a retail dealer. Dealers are encouraged to register using LDR's Online Registration system for fast and accurate processing of their sales tax registration and retail designation.

UNEMPLOYMENT INSURANCE TAX CUT TO TAKE EFFECT AND MAXIMUM WEEKLY BENEFIT TO INCREASE

Legislation passed in the 2008 regular session that went into effect Jan. 1 will cut unemployment insurance taxes by 10 percent while increasing the maximum weekly benefit amount from \$258 to \$284.

These changes will remain in effect for as long as the state's unemployment insurance trust fund balance exceeds \$1.4 billion. If the fund drops below \$1.4 billion, benefit payments and tax rates will revert to the levels in place last year.

The fund currently has a balance of \$1.45 billion. The ability to increase weekly benefit amounts while also easing the tax burden on employers indicates the stability of the Louisiana unemployment insurance trust fund. These changes were enacted with the support of business and industry and organized labor.