



# Tax Topics

[www.revenue.louisiana.gov](http://www.revenue.louisiana.gov)

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*"The mission of the Louisiana Department of Revenue is to administer applicable laws and collect revenues to fund state services."*

Cynthia Bridges  
Secretary

## Sales Tax on Food for Home Consumption



LDR continues to receive telephone calls and letters indicating that some retail dealers have not yet fully implemented the changes made following voters' passage of the 2002 Stelly Amendment. Retail dealers are reminded that two important changes were made to Louisiana state sales taxation of food that is sold for home consumption. If you sell food items at retail, please examine your retail taxation policies, procedures and software programming to ensure that they comply fully with the two changes indicated below.

First, the Stelly Amendment placed a constitutional prohibition on the state sales taxation of all food items for home consumption. As of July 1, 2003, food items for home consumption are fully exempt from state sales tax. Only the parish tax rates apply.

Second, simultaneously with the implementation of the sales tax rate reduction, the Department amended its policy defining "food for home consumption." This policy change was a significant departure from the policy that had previously been in effect before the series of Legislative exemption suspensions that began in 1986. Whereas the old policy distinguished taxable food from exempt food by considering the serving size, the new policy makes no such consideration. Under the new policy, all size packages of food are given the same consideration.

Instead, the primary criterion to consider under the new policy is whether or not the seller of the food item also prepared it. Virtually all seller-prepared foods (except bakery products) are ineligible for the exemption, regardless of serving size. Seller-prepared foods include items such as plate lunches, microwaveable sandwiches, fountain soft drinks, hot popcorn and soft-serve ice cream. Conversely, most foods items that are produced, prepared or manufactured by someone other than the seller are eligible for the exemption. These include candy

bars, any size canned and bottled soft drinks, potato chips, packaged snacks, ice cream bars and pastries. For detailed information concerning the new policy, refer to Revenue Ruling No. 03-002 (available for download at [www.revenue.louisiana.gov](http://www.revenue.louisiana.gov)).

If you have any questions concerning these changes, contact the Taxpayer Services Division at (225) 219-7356, or email us online at [www.revenue.louisiana.gov](http://www.revenue.louisiana.gov), click on "Contact Us" and select "Tax Questions/Suggestions."

## 2005 Taxable Cost Price for Refinery Gas

Louisiana Revised Statute 47:301(3)(f) provides that the value for refinery gas will be computed annually by multiplying 52 cents per thousand cubic feet by a fraction of which the numerator is the posted price for a barrel of West Texas Intermediate Crude Oil on December first of the preceding calendar year and the denominator is \$29. The cost price for refinery gas was computed as follows:

$$\$0.52 \times \left( \frac{\$46.70}{\$29} \right) = \$0.837 \text{ per MCF}$$

Accordingly, the cost price for refinery gas for use tax purposes for calendar year 2005 has been set at \$0.837 per thousand cubic feet (MCF). This price is the maximum value that can be set for refinery gas by state and local authorities.

(Continued on page 2)

## Consumer Use Tax

**\$** The Consumer Use Tax is a tax due on purchases made outside of Louisiana for use, storage, or consumption in Louisiana. The Use Tax is paid to the Louisiana Department of Revenue by the buyer when the Louisiana Sales Tax has not been collected by the seller. Use Tax is not a new tax. It was first enacted in 1948.

The Consumer Use Tax rate is calculated at a combined rate of 8% (4% state rate and 4% local rate).

Whether purchased by mail order, catalog, shopping networks, or on the Internet, all purchases of tangible personal property that would be subject to the Sales Tax if purchased in Louisiana are subject to the Consumer Use Tax. Some examples include books, cassettes, compact discs, computers, electronic equipment, clothing, jewelry, sporting goods, audio and video tapes, DVDs, appliances, furniture or other home furnishings, and tobacco products.

The Consumer Use Tax Law ensures that:

1. Services (education, public safety, healthcare, etc.) are available to Louisiana citizens and business; and,
2. Louisiana businesses are not at a competitive disadvantage with out-of-state companies that are not required to collect Sales Tax.

## Refinery Gas (...Continued)

**X** Refinery gas that is sold, exchanged, or bartered, rather than used by the producer, is subject to sales tax. The sales tax is based on the greater of the actual selling price or the average monthly spot market price of one MCF of natural gas delivered into pipelines in Louisiana as reported by the New York Mercantile Exchange (NYMEX) Henry Hub and as determined by the Department of Revenue for natural gas severance tax purposes. Refinery gas is subject to both state and local use tax, regardless of its use.

Refinery gas valuations for previous years are as follows:

2004.....	\$0.505
2003.....	\$0.441
2002.....	\$0.304
2001.....	\$0.58
2000.....	\$0.41

For questions concerning the cost price for refinery gas for state purposes, call Taxpayer Services Division at (225) 219-7318. Questions about the valuation adopted by local authorities should be directed to the appropriate local authority.

Access information about the Department of Revenue on the World Wide Web at  
[www.revenue.louisiana.gov](http://www.revenue.louisiana.gov)

## VITA

**≥** The Louisiana Department of Revenue is providing tax assistance and electronic filing in all of the regions through the Volunteer Income Tax Assistance (VITA) Program. Representatives from the Louisiana Department of Revenue will provide free tax preparation services from Monday, January 25, 2005 through Thursday, April 14, 2005.

Through the VITA Program, taxpayers are given an opportunity to receive assistance in preparing and filing their tax returns. This program is essential to those who would otherwise be unable to have their tax returns prepared without a cost, especially taxpayers who are eligible for the Earned Income Tax Credit (EITC).

To determine if you qualify for VITA assistance, the following items are needed: W-2 Forms, 1099 Forms, last year's returns, if possible, notice of interest and dividends (Form 1099), child care information notices, voided check for direct deposit, social security and retirement notices (Form 1099), dependent social security cards (or other evidence of number), date of birth, two forms of identification, one with a picture, and, if filing jointly, both parties must be present.

Free tax preparation services are available at the VITA sites in all regions. Contact your local regional office for hours of operation.

For further information, contact the Louisiana Department of Revenue at (225) 219-7318 or visit the website at [www.revenue.louisiana.gov](http://www.revenue.louisiana.gov).

### DEADLINE REMINDER!!

The deadline for filing Louisiana individual income tax returns is Monday, May 16, 2005 at 12 Midnight.

# Take the Express Lane!



Yes, it's Individual Income Tax Season again. This year, electronic filing is easier than ever. If you have not filed electronically before, please try this year. An individual tax return can be filed electronically directly through our website at no charge, through one of the many tax software packages available, or through your tax preparer.

## Why file electronically?

**\$** The taxpayer will receive confirmation that the Department of Revenue has received the tax return within hours.

**\$** The average refund time is on average 4 days for electronic vs. 10 days for paper returns. Direct deposit of your refund is only available for electronic returns.

**\$** The error rate for electronic returns is minuscule compared with the error rates for paper returns. For the taxpayer, fewer errors means that it is unlikely that they will have to contact the Department to resolve discrepancies on their account. Fewer errors also means faster refunds.

**\$** If the taxpayer owes money on their tax return, they can file at their convenience as long as they pay the amount owed by May 15th. They also have the option of electronically paying the amount due and specifying when the payment should occur.

## It's that time of the year! Take the express lane!

### REMINDER!!!

Please remember to notify the Department of Revenue when closing a business. If the Department does not receive notification regarding the closure of a business, bills will still be sent based on expected tax filings.

Please send a written notification on company letterhead to:

Louisiana Department of Revenue  
617 N. Third St.  
Baton Rouge, LA 70802

## Sales Tax Topics Workshop

The Baton Rouge Regional Office of the Louisiana Department of Revenue will be hosting a Beginner's Workshop covering general basic sales tax topics.

### When:

April 14, 2005

July 15, 2005

October 14, 2005

### Time:

10:00 - 11:00 am.

### Where:

8549 United Plaza Blvd.

Baton Rouge, LA

For more information, contact  
Kent LaPlace at (225) 922-2300

## TEAM DELTA

**\$** The Louisiana Department of Revenue's DELTA Project, an ambitious effort to modernize the tax agency, was featured at the Microsoft US Public Sector CIO Summit 2005.

The Delta Project, which stands for "Defining Excellence in Louisiana Tax Administration", is a 36-month long project that consolidates 20 of the agency's major tax programs onto a single software platform. The project, which is considered a success in its own right, is in its final rollout phase of completion. Each preceding phase has met and exceeded all of the state's requirements. As a result of its success, the agency has been able to continue to make improvements in its operational effectiveness through service enhancements to taxpayers and in streamlining its internal operations. One major enhancement that will be available later in the year is the ability of taxpayers to access their tax accounts and perform business transactions on-line.

What makes this project unique is, in most instances, technology projects of this magnitude are plagued with long

*(Continued on page 4)*

## Support Working Families by Spreading the Word: EITC

The Louisiana Department of Revenue encourages all eligible taxpayers to take advantage of the Earned Income Tax Credit (EITC). The Earned Income Tax Credit is a wonderful opportunity for those individuals who are in the lower income brackets to receive a significant tax credit at the end of the year. For families who have an income of \$30,000 or less, there's a significant amount of money that the Federal Government is willing to return to our communities.

The EITC program is administered by the Internal Revenue Service (IRS) and since 1975, the EITC has grown to become one of the United States largest programs to support low income families.

The Department of Revenue is pleased to take the lead in promoting the EITC and bringing information about the tax credit to our Louisiana taxpayers.

It is imperative that those who are eligible in our communities are made aware of the availability of this Tax Credit.

Please spread the word about EITC to support working families in our community.

## STAMP OUT FRAUD in 2005

In conjunction with Governor Kathleen Babineaux Blanco's "Stamp Out Fraud" campaign, the Louisiana Department of Revenue has launched a web page for taxpayers to report fraudulent activity. Eight state agencies joined together with Governor Blanco to raise awareness of fraud and to encourage citizens of Louisiana to report the problem.

Fraud costs Louisiana millions of dollars annually. Taxpayer noncompliance carries a tremendous burden to law abiding taxpayers. Studies have estimated that the "tax gap" for individual income tax can be anywhere from 10.5 to 17.3 percent. The result is that on average, compliant taxpayers have to pay an additional \$120 per year to make up for the taxes not paid by others. In addition, fraud is a serious threat to state funded services such as education, healthcare, roads, etc.

Fraudulent activity consists of non-filing, under-reporting, non-payment, underreported income, overstated offsets and net math errors. Fraudulent behavior must be reported, and the compliant taxpayers of Louisiana have a right to report tax fraud if they have knowledge that it's occurring.

To report fraud, contact 1-866-FRAUD05 or logon to [www.revenue.louisiana.gov/sections/fraud](http://www.revenue.louisiana.gov/sections/fraud).

### **Tax assistance is available at the following offices of the Louisiana Department of Revenue.**

**ALEXANDRIA REGIONAL OFFICE**  
900 MURRAY ST. ROOM B-100  
318-487-5333

**BATON ROUGE—MAIN OFFICE**  
617 NORTH THIRD STREET  
225-219-7318 (ASSISTANCE)  
225-219-2114 (TDD)

**BATON ROUGE—REGIONAL OFFICE**  
8549 UNITED PLAZA BOULEVARD, STE. 200  
225-922-2300

**LAFAYETTE REGIONAL OFFICE**  
825 KALISTE SALOOM ROAD  
BRANDYWINE III, STE. 150  
337-262-5455

**LAKE CHARLES REGIONAL OFFICE**  
ONE LAKESHORE DRIVE, STE. 1550  
337-491-2504

**MONROE REGIONAL OFFICE**  
122 ST. JOHN STREET  
ROOM 105  
318-362-3151

**NEW ORLEANS REGIONAL OFFICE**  
1555 POYDRAS STREET, STE. 900  
504-568-5233

**SHREVEPORT REGIONAL OFFICE**  
1525 FAIRFIELD AVENUE, ROOM 630  
318-676-7505

**THIBODAUX REGIONAL OFFICE**  
1418 TIGER DRIVE  
985-447-0976

## Delta

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implementation delays, significant cost overruns and outright failures. Each phase of this project has been completed and implemented on time and within budget.

The Louisiana Department of Revenue was not only invited to present the DELTA Project at the Microsoft Summit, but also had the honor of being the feature story of the Winter 2005 issue of STATE TECH Magazine.

The Louisiana Department of Revenue is at the forefront of technology. We are setting a standard in the technological world.

For more information about the article, logon to [www.statetechmag.com](http://www.statetechmag.com).

*Tax Topics* is a quarterly publication of the Louisiana Department of Revenue. Information contained herein is of a general nature; taxpayers requiring information concerning a specific tax matter should contact the appropriate tax office. Subscription information may be obtained from the Communications Section at the address below, or by calling (225) 219-2760.

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