



**Revenue Information Bulletin
No. 03-009
March 25, 2003
Sales Tax**

Limited Credit Allowed for Dealer Costs of Reprogramming Cash Registers to Implement State Sales Tax Rate or Base Changes

Section 4 of Act No. 386 of the 1990 Regular Session of the Louisiana Legislature provides:

Each merchant or dealer who shall incur a cost to reprogram cash registers, including computer programming, as a result of a change in the state sales and use tax rate or base shall be allowed a deduction against the tax due and accounted for and remitted to the secretary.

The deduction for such costs shall not exceed twenty-five dollars per each cash register reprogrammed, and such costs must be invoiced and filed with the merchant's or dealer's tax return.

Dealers and merchants should be aware that this credit is allowable only when the reprogramming of point-of-sale cash registers is associated with changes in the state sales tax rate or base, but is not applicable to changes in sales tax rates or bases made by political subdivisions of the State of Louisiana. Dealers and merchants are allowed to claim credit only for reprogramming costs invoiced to them by external providers of services, but not for internal reprogramming services rendered within their businesses by such internal persons as owners, officers, partners, or employees. The phrase "a change in the state sales and use tax rate or base" contemplates a change in the tax rate applicable to all transactions, or to a selected class of transactions, such as to sales of food for preparation and consumption in the home or to sales of electricity, water, or natural gas for residential use, where cash register or computer programming is necessary to effectuate dealer or merchant tax collection changes. The credit is not applicable to costs associated with the initial tax rate or base programming of newly acquired cash registers or computers.

Merchants or dealers whose point-of-sale cash registers are controlled from host computers can deduct the costs invoiced by external service providers to reprogram tax rate or base information in those computers, not to exceed \$25 times the number of cash registers controlled from the host computers. For example, a dealer or merchant whose host computer controls 20 point-of-sale cash registers can claim credit for up to \$500 in charges for reprogramming services associated with a change in the state sales tax rate or base.

Dealers or merchants who do not use point-of-sale cash registers, but who instead issue printed or electronic invoices on which the invoiced tax amounts are determined from tax rate or base information housed in their computers, can deduct up to \$25 in external reprogramming costs for each computer that must be reprogrammed because of a change in the state sales tax rate or base.

The credit is deductible on Line 12A of the state sales and use tax return. Copies of invoices from external service providers must be attached to the tax return to support the amount of credit claimed. Questions concerning these matters can be directed to the Taxpayer Services Division at 225/219-7356.

A Revenue Information Bulletin (RIB) is issued under the authority of LAC 61:III.101.D. A RIB is an informal statement of information issued for the public and employees that is general in nature. A RIB does not have the force and effect of law and is not binding on the public or the Department.