



**Revenue Information Bulletin
No. 08-021
July 21, 2008
Sales Taxes**

Emergency Rule Requires Motor Vehicle Lessors and Rentors to Submit State Sales Tax Returns Electronically, Beginning with the July 2008 Filing Period

The Louisiana Department of Revenue has promulgated an Emergency Rule, [LAC 61:III.1511](#), under which motor vehicle leasing and renting businesses will be required to electronically submit their state sales tax returns to the Department. The electronic submission requirement will begin with July 2008 returns that are due on or before August 20, 2008.

These dealers' use of either of the means provided for the electronic filing will enable the Department to acquire the information that is necessary to comply with La. R.S. 48:77(A), as enacted by Act 11 of the 2008 Second Extraordinary Session. This new statute mandates that percentages of state sales taxes collected on motor vehicles leases and rentals be placed into the Transportation Trust Fund.

On the current sales tax return, dealers' revenues from motor vehicle leasing and renting are aggregated with the revenues from dealers' other sales taxable transactions that are not dedicated to the Transportation Trust Fund. On a properly prepared electronic return, however, revenues from motor vehicle leasing and renting, deductions, and tax collections pertaining thereto, will be distinguishable from revenues and tax collections related to other than motor vehicle leasing and renting, so that dedications to the Transportation Trust Fund can be made in the correct amounts.

Because the current sales tax return has insufficient space available to add the lines needed to report the motor vehicle leases and rentals separately, the Department of Revenue has adopted this Emergency Rule and has chosen the electronic format that includes extra lines for the separate reporting of motor vehicle leases and rentals. This Emergency Rule was effective June 1, 2008, and shall remain in effect until the expiration of the maximum period allowed under the Administrative Procedure Act or the adoption of the final rule, whichever comes first.

The Department has also issued a Notice of Intent to promulgate [LAC 61:III.1511](#) in which the requirement for electronic filing by motor vehicle renting and leasing dealers is proposed to continue indefinitely. A public hearing on that proposed rule is scheduled for Tuesday, July 29, 2008, at 1:30 p.m. in the Department's headquarters offices in Baton Rouge.

Louisiana Revised Statute 47:1520(A)(1)(d) authorizes the Secretary to require electronic filing if the report is required for dedicated fund distribution. Paragraph A(2) provides that the electronic filing requirement be implemented by administrative rule. Subsection B contains penalty provisions for failure to comply.

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.

For the purpose of the electronic filing mandate, a motor vehicle is defined as any self-propelled device that is used to transport people or property on the public highways.

Motor vehicle leasing and renting dealers have the following two options for electronic filing:

1. Electronic filing via the Department's Louisiana Taxpayer Access Point (LaTAP) system (<https://ldrtap.rev.louisiana.gov/>), or
2. Electronic filing using one of the software vendors listed on the Department's website (<http://www.revenue.louisiana.gov/sections/eservices/thirdparty.aspx>).

Using the electronic filing tax return, the gross proceeds from motor vehicle leases and rentals, which includes taxable and exempt transactions, should be reported on Line 3(a). All other leases, rentals and services should be reported on Line 3(b). Exempt motor vehicle leases and rentals to federal, state, or local governmental entities are reported on Schedule A, Line 26-A. All other sales and use transactions should be reported as usual.

No Change to the Automobile Rental Tax

Louisiana Revised Statute 47:551 imposes a three percent automobile rental tax (2½ percent state tax and ½ percent local tax) on automobiles rented in Louisiana for periods of 29 days or less. For the purpose of the tax, automobiles are defined as vehicles designed primarily to transport passengers and their baggage, including vans that are rated for less than nine passengers. The tax does not apply to pickup trucks. The automobile rental tax is reported on Form R-1329.

This tax is separate and distinct from the four percent state sales tax imposed by La. R.S. 47:301(7) on leases and rentals of tangible personal property, which includes motor vehicles. The sales tax is reported on the sales tax return, Form R-1029.

Louisiana Revised Statute 48:77 dedicates the sales tax collections from the lease or rental of motor vehicles to the Transportation Trust Fund and is not related to the automobile rental tax. In addition, the automobile rental tax only applies to automobiles rented for 29 days or less. Motor vehicles are defined as any self-propelled device that is used to transport people or property on the public highways, which includes automobiles as well as trucks, busses, etc.

Questions can be directed to the Department's Taxpayer Services Division at 225-219-7356.

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Secretary