

Revenue Ruling
No. 01-004
February 5, 2002

Assessment of Penalties and Loss of Vendor's Compensation on Sales Tax Returns with Extensions

This Revenue Ruling addresses the assessment of late payment penalties and loss of vendor's compensation on sales tax returns with extensions.

Under the administrative provisions of R.S. 47:1514, the Department of Revenue is granted the power to extend the time within which to allow a taxpayer to file sales tax returns and to pay the amount due, upon the written request of the taxpayer for an extension. It also provides that the tax does not become delinquent until the expiration of the extension period even though interest will accrue on the tax during the period of the extension. In addition, the provisions of R.S. 47:306(A)(4) allow a sales tax filer to be granted a thirty-day extension for filing a return if he can show good cause for the extension. The sales tax provision R.S. 47:306(A)(1)(a) requires a filer to remit the tax due at the time the sales tax return is filed. Although R.S. 47:306(A)(4) refers only to an extension for the filing of a return, the language in R.S. 47:306(A)(1)(a) makes it clear that the payment is due at the time the return is filed. Therefore, an extension granted for the filing of a return also applies to the associated payment.

Title 47 Section 1602(A) of the Louisiana Revised Statutes imposes a penalty upon a taxpayer who fails to timely remit the total amount of tax that is due on a return that he has filed. A sales tax return filed by a taxpayer who has received an extension is not considered delinquent until the period of time granted in the extension has expired. A payment received by the extension deadline is considered timely paid and therefore not subject to late payment penalty.

The provisions of R.S. 47:306(A)(3)(a)(i) allow dealers a discount as a means of compensation for accounting for and remitting the amount of sales tax owed. Manufacturers, wholesalers, jobbers, and suppliers are allowed a discount as compensation for collecting advance sales taxes if the report and payment are timely filed under the provisions of R.S. 47:306(B)(4)(a). Therefore, the vendor's compensation will be lost if the return is not filed or the tax is not paid within the extension deadline. A return or payment received by the extension deadline is considered timely filed or timely paid.

Based on the above cited statutes, it is the position of the Louisiana Department of Revenue that sales tax filers who have filed and paid the total tax due within the extension period should not be assessed a late payment penalty nor lose their vendor's compensation discount. Interest, however, is due from the original due date until the date the tax is paid.

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A Revenue Ruling is written to provide guidance to the public and to Department of Revenue employees. It is issued under Section 61:III.101(C) of the Louisiana Administrative Code to apply principles of law to a specific set of facts. A Revenue Ruling does not have the force and effect of law and is not binding on the public. It is a statement of the department's position and is binding on the department until superseded or modified by a subsequent change in statute, regulation, declaratory ruling, or court decision.