
NEWELL NORMAND

SHERIFF AND EX-OFFICIO TAX COLLECTOR



BUREAU OF REVENUE AND TAXATION

GREGORY A. RUPPERT, DIRECTOR

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August 26, 2016

Honorable Randy Roach
Mayor, City of Lake Charles
326 Pujon St
Lake Charles, LA 70601

Re: Multi-Parish Sales & Use Tax Audit Program

Dear Mayor Roach:

This letter is in response to your request for additional information regarding the development and implementation of a multi-parish audit program by the Uniform Local Sales Tax Board. As Mark West and I stated in our discussion with the Task Force on Structural Changes in Budget and Tax Policy, this is one of the focal points of the proposed Uniform Local Sales Tax Board. In one of the first meetings held with representatives of the Louisiana Association of Business and Industry to discuss the creation of the Board, it was requested, and we agreed, that the Board include the development of a multi-parish audit program as one of its primary tasks. Although this may seem to those unfamiliar with local sales & use tax auditing to be a simple task, those familiar with auditing recognize the difficulties presented.

In preparation of development, our workgroup began by identifying the obstacles presented with a multi-parish audit of a business entity (taxpayer, dealer, contractor, or manufacturer) from both the business entity's and tax collector's perspective. We reviewed the primary revised statutes that predominantly govern local sales/use tax audit and spoke with taxpayers who have encountered multiple local sales tax examinations simultaneously. First and foremost, we unanimously agreed the risk and reward of a multi-parish audit rests with the business entity and, accordingly, the business entity should be the proper party to initiate a multi-parish audit.

The program envisioned would allow a qualifying business entity, upon being notified of a parish's intent to audit, elect to participate in the multi-parish program. The election would allow all parishes in which the entity has locations and/or projects conduct a synchronized audit under the coordination of the Board. The program would be developed with the following concepts and designed to overcome anticipated obstacles. In general, the multi-parish audit program would:

- 1) be available for those taxpayers, dealers, or manufacturers who have locations in, or are registered to remit local sales & use tax with 4 or more local jurisdictions and may be required to meet a minimum gross sales/receipts or purchases threshold;

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- 2) be available for contractors who have construction projects in 4 or more local jurisdictions and may be required to meet a minimum gross sales/receipts threshold;
- 3) would include all locations, parishes, or construction projects of the business entity that are active within the audit period;
- 4) provide that such multi-parish audits be coordinated by the Board;
- 5) to the extent possible, allow for a seamless examination of records so as to minimize the interruption to the business operations of the business entity;
- 6) provide that all participating taxing jurisdictions agree upon the audit period, the records selection, audit sampling method, on-site visit dates, etc;
- 7) provide that the Board adopt rules and regulations as necessary in conjunction with multi-parish audits coordinated by the Board including the uniform interpretation of LA R. S. 47:337.26 and 47:337.75;
- 8) provide that auditors schedule overpayments and properly provide credit for taxes paid to an incorrect jurisdiction;
- 9) provide that any business entity undergoing a multi-parish audit, or any local collector participating in a multi-parish audit, request a representative(s) of the Board attend the hearing authorized by LA R.S. 47:337.49;
- 10) permit all participating parishes to issue assessments as provided in LA R.S. 47:337.48 or proceed to enforce collections by means of the alternative remedies or procedures authorized in LA R.S. 47:337.45;
- 11) provide that the Board would issue guidance in the event two or more parishes intend to tax the same transaction and cannot determine which parish is the correct taxing jurisdiction and if no resolution achieved, a concursus may be filed by the business entity with the Local Division of the Board of Tax Appeals;
- 12) provide that any local collector electing not to participate in a request for a coordinated multi-parish audit not issue a notice of intent to audit to the taxpayer for the twelve (12) month period following the date of the taxpayer's request for the coordinated multi-parish audit;
- 13) provide that in the event a business entity undergoing a multi-parish audit is determined to be engaged in taxable sales in a parish that was not originally notified of the multi-parish audit, such parish be afforded an opportunity to join the audit;
- 14) provide for the various auditor groupings, i.e. single contract auditor with multiple parishes, multiple contract auditors with multiple parishes, contract auditors working with in-house auditors with either single or multiple parishes; and

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15) be implemented through a controlled pilot program over a twelve (12) month period with select parishes and volunteer business entities participating.

The coordinated multi-parish audit program would not apply in the following situations:

- 1) the audit assessment is a jeopardy assessment;
- 2) to any audit for which a notice of intent to audit was issued prior to the effective date of the program;
- 3) when a taxpayer refuses to promptly sign a waiver of prescription;
- 4) the taxpayer is involved in current, unresolved litigation with any local collector.

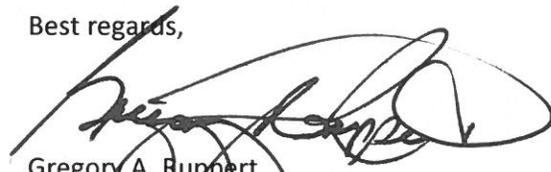
We expect the concepts above to evolve as we move forward in the development process. We also expect the program to be amended during the implementation process. All phases of the program must be successfully tested prior to the program being made available statewide. We anticipate that many of the provisions above would eventually be included in all local audits including the provision that a collector or business entity may elect to have a representative(s) of the Board attend the hearing authorized by LA R.S. 47:337.49.

The Board would also draft a model contract for use by local collectors in securing the services of a local sales & use tax audit firm. This would provide for consistency in terms and assurances that such contracts are in compliance with LA Revised Statutes.

We recognize the significance and value of an effective multi-parish audit program. From the onset, our workgroup understood a quick and simple approach that utilizes a one size fits all method, overlooks the complexities involved in auditing the various types of business activities, and lacks proper planning will not lead to a successful outcome.

Please let me know if you have any questions or require additional information. Thank you for your continued interest in this project.

Best regards,



Gregory A. Ruppert
Director, Bureau of Revenue and Taxation
Jefferson Parish Sheriff's Office