

c. Form R-6982, *Schedule of Tax Paid if Paid by Owner*, calculating how much tax would have been due if the entity had passed the income through to its owners and the tax had been paid at the owner level.

4. Resident individual taxpayers with an ownership interest in an entity making this election shall make a modification on Schedule E of their Louisiana Form IT-540, *Louisiana Resident Income Tax Return*, in accordance with LA R.S. 47:297.14. A non-resident or part-year resident shall make the modification on the Nonresident and Part-Year Resident (NPR) Worksheet of the Louisiana Form IT-540B, *Louisiana Nonresident and Part-Year Resident Income Tax Return*.

a. The modification shall be made for all income or loss of the entity that was included by the individual owners in the calculation of federal adjusted gross income but which is being taxed at the entity level for Louisiana income tax purposes after the election is made.

b. The modification shall not be made for any income or loss that remains taxable for Louisiana individual income tax purposes to the entity's owners such as interest income and dividend income.

c. For calculation purposes, individual income taxpayers with an ownership interest in an entity making the election shall submit a *pro forma* Federal Form 1040 that excludes any income, deductions or other tax items that were included in the calculation of Louisiana net income on the entity's Louisiana Form CIFT-620.

5. Net Operating Losses

a. Louisiana net operating losses recognized in taxable years prior to the election that have previously been passed through to the owners are tax items of the owners and any such losses are not available for utilization at the entity level in taxable years to which the election applies.

b. Louisiana net operating losses for any taxable year to which the election applies are tax items of the entity and any such losses shall not pass through to the owners of the entity regardless of whether or not the election is terminated in a future taxable year.

6. Tax Credits Granted to Pass-Through Entities

a. Louisiana tax credits earned in taxable years prior to the election that have previously passed through to the owners are tax items of the owners and any such credits are not available for utilization at the entity level in taxable years to which the election applies.

b. Louisiana tax credits earned for any taxable years to which the election applies are tax items of the entity and any such credits shall not pass through to the owners of the entity regardless of whether or not the election is terminated in a future taxable year.

D. Termination of the Election. Entities who make the election pursuant to LA R.S. 47:287.732.2, may apply to the secretary of the Department of Revenue to terminate the election. Any such termination request requires the written approval of more than one-half the of the ownership interest based upon capital account balances on the date the request is submitted.

1. The secretary may terminate the election if the entity shows a material change in circumstances.

a. A significant change in federal law may be considered a material change in circumstances.

b. A tax increase resulting from the decision to make the election, in and of itself, shall not be considered a material change in circumstances.

2. The entity shall request to terminate the election by submitting a private letter request to the Policy Services Division of the Department of Revenue in accordance with LAC 61:III.101.(C)(2)(a).

a. The entity must provide the Department either:

(i) A resolution signed by secretary of the corporation or equivalent officer or manager verifying that more than one-half the ownership interest in the entity based upon capital account balances approved the election, or

(ii) Other written proof that more than one-half the ownership interest in the entity based upon capital account balances approved the request for termination.

3. Once the entity has filed a Louisiana income tax return for a taxable year for which the election has been made or a subsequent taxable year, the secretary shall not grant a termination of the election to apply to such taxable year for which a return has already been filed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47: 47:287.732(B), 287.732.2, 293, 297.14, 1511, and 1675.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 46:43 (January 2020).

Kimberly Lewis Robinson
Secretary

2001#021

RULE

Department of Revenue Sales and Use Tax Commission for Remote Sellers

Mandatory Electronic Filing of Remote Sellers Tax Returns and Payment of Related Sales and Use Tax (LAC 61:III.1537 and 1538)

Under the authority of R.S. 47:1519, 47:1520, and 47:340, and in accordance with the Administrative Procedure Act, R.S. 49:950 et seq., the Sales and Use Tax Commission For Remote Sellers has adopted LAC 61:III.1537 and 1538 to provide mandatory electronic filing and payment requirements for the remote sellers tax return.

R.S. 47:340(F) gives the Sales and Use Tax Commission the same collection powers enjoyed by the secretary of the Department of Revenue under chapter 18, subtitle II of Title 47; which includes those provided by R.S. 47:1519(B)(1) and R.S. 47:1520(A)(2). The purpose of this regulation is to mandate electronic filing of all remote seller tax returns and electronic payment of all related sales and use tax. This Rule is hereby adopted on the day of promulgation.

Title 61

REVENUE AND TAXATION

Part III. Administrative and Miscellaneous Provisions Chapter 15. Mandatory Electronic Filing of Tax Returns and Payment

§1537. Remote Seller Tax Return—Electronic Filing Requirements

A. For tax periods beginning on or after July 1, 2020, every remote seller shall be required to file the remote sellers tax return electronically with the Sales and Use Tax

Commission for Remote Sellers (the “commission”) using the electronic format prescribed by the commission.

B. Remote sellers may not send paper versions of any returns required to be filed.

C.1. R.S. 47:340(F) allows the commission to use the administrative provisions found in chapter 18 of subtitle II of the revised statutes in the same manner as the secretary of the Department of Revenue. Therefore, failure to comply with the electronic filing requirement of this section will result in the assessment of a penalty as provided for in R.S. 47:1520(B).

2. Waiver of the penalty provided for in paragraph 1 of this subsection shall only be allowed as provided for in R.S. 47:1520(B) per authority granted to the commission in R.S. 47:340(F).

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1520 and 47:340.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Sales and Use Tax Commission for Remote Sellers, LR 46:44 (January 2020).

§1538. Remote Seller Derived Sales and Use Tax - Electronic Payment Required

A. Effective for all taxable periods beginning on or after July 1, 2020, all payments by any remote seller shall be electronically transferred to the commission on or before the twentieth day following the close of the reporting period using the electronic format provided by the commission.

B. Failure to comply with the electronic funds transfer requirements shall result in the tax payment being considered delinquent and subject to penalties and interest as provided in applicable state law and local ordinances.

C. If a remote seller has made a good faith attempt and exercises due diligence in initiating a payment according to this rule, but because of unexpected problems arising at financial institutions, Federal Reserve facilities, the automated clearinghouse system, or state agencies, the payment is not timely received, the delinquent penalty may be waived by the commission. Before a waiver will be considered, remote sellers must furnish the commission with documentation proving that due diligence was exercised and that the delay was clearly beyond their control.

D. In any case where the remote seller can prove payment by electronic funds transfer would create an undue hardship, the commission shall exempt the remote seller from the requirement to transmit funds electronically.

E. The tax returns must be filed electronically, separately from the electronic transmission of the remittance.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1519 and 47:340.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Sales and Use Tax Commission for Remote Sellers, LR 46:45 (January 2020).

Kimberly L. Robinson
Secretary

2001#018

RULE

**Department of Revenue
Sales and Use Tax Commission for Remote Sellers**

**Policy Statements and Guidance
(LAC 61:III.2901 and 2903)**

Under the authority of and in accordance with R.S. 47:340(F) and the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Sales and Use Tax Commission for Remote Sellers (“the commission”) has adopted the Rule to provide general definitions as well as to define the types of policy statements and guidance to communicate the commission’s position and to ensure the correct, consistent and fair enforcement of tax laws. This Rule is hereby adopted on the day of promulgation.

Title 61

REVENUE AND TAXATION

**Part III. Administrative and Miscellaneous Provisions
Chapter 29. Louisiana Sales and Use Tax Commission
for Remote Sellers**

§2901. Definitions

A. The terms not otherwise defined in this Chapter shall be defined as provided in R.S. 47:301(4)(m) and R.S. 47:339 unless another definition is specifically modified.

B. In this Chapter, the following terms shall have the meanings provided herein, unless the context clearly indicates otherwise.

Commission—the Louisiana Sales and Use Tax Commission for Remote Sellers.

Local Taxing Authority—those parishes, municipalities, special tax districts, political subdivisions, parish governing bodies, and school boards, who are authorized under the provisions of the Constitution of Louisiana, the Louisiana Revised Statutes of 1950 and jurisprudence to levy and collect local sales and use taxes.

Remote Sales—sales, delivered into Louisiana, made by a remote seller.

Remote Seller(s)—a seller who sells for sale at retail, use, consumption, distribution, or for storage to be used for consumption or distribution any taxable tangible personal property, products transferred electronically, or services for delivery within Louisiana but who lacks physical presence in Louisiana, and is not considered a dealer as defined by R.S. 47:301(4)(a) through (l).

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:340(F).

HISTORICAL NOTE: Promulgated by the Department of Revenue, Sales and Use Tax Commission for Remote Sellers, LR 46:45 (January 2020).

§2903. Commission Policy Statements and Guidance

A. Purpose

1. This Rule defines the types of policy statements that may be issued and the procedures for issuing them. Policy statements provide guidance to communicate the