

**Revenue Information Bulletin 20-015**

**July 30, 2020**

**Sales and Use Tax**

**Increase to State Sales Tax Deduction for Vendor's Compensation**

Act 27 of the 2020 First Extraordinary Session of the Louisiana Legislature increased the rate for the vendor's compensation state sales tax deduction. Act 27 was signed on July 13, 2020 and is effective August 1, 2020.

Deduction for Vendor's Compensation

LA R.S. 47:306(A)(3) allows dealers to deduct and retain a percentage of the total amount of sales and use taxes due for the purpose of compensating the dealer for accounting for and remitting the tax to the state of Louisiana.

Rate of Vendor's Compensation

The current rate of vendor's compensation is 0.935% of the total amount of sales and use taxes due. Act 27 increases the rate to 1.05% of the total amount of sales and use taxes due. Act 27 is effective for sales tax periods beginning on or after August 1, 2020.

Other Existing Requirements for Vendor's Compensation

Vendor's compensation is only allowed if the dealer timely files the sales and use tax return and timely pays the tax due. The maximum amount of the aggregate state compensation paid to a dealer is \$1,500 per calendar month. The maximum is applied per dealer, even if a dealer operates one or more business locations within Louisiana. The calculation of vendor's compensation is based only on the taxes levied pursuant to LA R.S. 47:302, 321, 331, and LA R.S. 51:1286.<sup>1</sup> No vendor's compensation is allowed for taxes accounted for and remitted pursuant to LA R.S. 47:321.1 or any other sales tax levied by this state.

Questions concerning this bulletin should be directed by e-mail to [sales.inquiries@la.gov](mailto:sales.inquiries@la.gov).

**Kimberly Lewis Robinson**  
**Secretary**

<sup>1</sup> The rate listed on Line 10 of Form R-1029, *Sales Tax Return*, is 0.84% for periods before August 1, 2020, and 0.944% for periods beginning August 1, 2020. The 0.84% rate is the mathematical equivalent of 4 cents out of 4.45 cents of the .935% vendor's compensation rate. Similarly, the 0.944% rate is the mathematical equivalent of 4 cents out of 4.45 cents of the 1.05% vendor's compensation rate.