

Navigating Louisiana's Complex Sales Tax Structure

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Louisiana historically has been known for having one of the most complex sales tax structures in the country, presenting numerous challenges for companies conducting business in the state. Inconsistencies between local and state-level tax collectors can often lead to costly audits and massive headaches for businesses.

What makes Louisiana's sales tax structure complicated?

- Louisiana is one of three states without a single centralized sales tax collecting agency. Sales taxes are collected both at the state level and local levels, on a parish-by-parish or even municipality-by-municipality basis. Depending on the local jurisdiction, responsibility for collection of local sales and use taxes may fall to local sheriffs, police juries, school boards, or specifically empowered sales tax departments of local government.
- Louisiana's convoluted sales tax legislation often requires background understanding in non-common law concepts absent in other state legal systems. Louisiana is the only U.S. state under a civil law jurisdiction.
- For historical reasons, Louisiana's sales tax statutes contain a myriad of "exemptions" and "exclusions" from taxation that often do not apply uniformly at the state and local levels. The definitional section of the state sales tax statute, La. R.S. 47:301, currently runs to approximately fifty pages single-spaced.

Who does this unique scenario affect most and why?

- The current system is often too complex and costly for companies, particularly those who collect and remit sales taxes across multiple parishes, to navigate on their own.
- Companies operating across multiple parishes often encounter administrative issues remitting sales taxes to the correct jurisdiction, additional legal costs resolving identical sales tax disputes with multiple collectors who may take different positions from one another, and a lack of clarity on sales tax exemptions and exclusions (which do not apply uniformly across all of the local taxing jurisdictions within the state).

What efforts have been made to streamline the system?

- An overwhelming majority of lawmakers from both parties passed legislation this past summer that would have streamlined Louisiana sales and use tax collection upon voter approval of a constitutional amendment authorizing the adoption of a centralized sales tax system. The proposed changes would have introduced a new eight-member commission with authority over all sales and use taxes, streamlined electronic filing and collection at both the state and local levels, and drastically simplified the sales tax collecting process to make Louisiana a more business-friendly state. Unfortunately, Louisiana voters rejected the authorizing constitutional amendment in a low-turnout election ballot on November 13th,

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presumably based on vocal opposition from local governments skeptical that they would receive their correct share of taxes collected by a state-level agency. The rejection of the amendment will leave companies continuing to battle Louisiana's existing complex sales tax structure for the foreseeable future.

For the time being, businesses with operations in Louisiana that take proper steps to familiarize themselves with the sales tax structure may be able to avoid further complications.