

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 336

2015 Regular Session

Connick

TAX/SALES & USE: Provides for the collection of sales and use tax imposed on the purchase of motor vehicles by certain foreign business entities

Synopsis of Senate Amendments

1. Changes effective date from upon signature of the governor to Jan. 1, 2016, only if the Acts that originated as Senate Bill No. 223, and was adopted by substitute as Senate Bill No. 284, and House Bill No. 828, both of the 2015 Regular Session of the Legislature, are enacted and become effective.

Digest of Bill as Finally Passed by Senate

Present law provides for the collection of sales and use tax imposed on certain articles of tangible property, including any motor vehicle, automobile, motorcycle, truck, truck-tractor, trailer, semi-trailer, motor bus, house trailer, or any other vehicle subject to the vehicle registration license tax.

Proposed law retains present law but authorizes the department to collect sales and use tax on motor vehicles purchased by foreign business entities if the department determines that the purpose of the foreign business entity was tax avoidance. Requires the department to consider the following in making its determination:

- (1) Whether there is a specific business purpose for the foreign business entity to acquire the vehicle other than the avoidance of the tax imposed by present law.
- (2) Whether the users of the vehicle compensate the foreign business entity reasonably for the use of the vehicle.
- (3) Whether the foreign business entity fails to maintain a physical location in the foreign state.
- (4) Whether the foreign business entity fails to employ individual persons and provide those persons with Internal Revenue Service Form W-2 wage and tax statements.
- (5) Whether the foreign business entity fails to file federal tax returns, or fails to file a required state tax return in the foreign state.
- (6) The location of where the vehicle is stored.
- (7) The jurisdiction where the vehicle is typically used.
- (8) The domicile of the most frequent drivers and passengers of the vehicle.
- (9) The duration of the trips for which the vehicle is used.

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(Adds R.S. 47:303(B)(8))