

Policy and Procedure Memorandum

PPM No. 40.4

Subject: Multi-parish Audit Pilot Program (Amended)

Effective Date: July 1, 2022

This Policy and Procedure Memorandum (“PPM”) supersedes any previously issued memoranda that conflict with these directives.

A. Purpose

The purpose of this policy is to establish the framework for the Uniform Local Sales Tax Board’s multi-parish audit pilot program.

B. Statutory Authority: R.S 47: 337.102 (H)

C. Définitions— the following definitions will apply to this Policy and Procedure Memorandum

Applicant—natural or juridical person having a location in this state and registered to file and remit local sales and use tax in at least three or more parishes that submits a completed application. Remote sellers, as that term is defined by Louisiana law, are ineligible.

Application—a completed “Application Requesting a Multi-parish Audit Examination” electronic form including documents that support the applicant’s qualifications for entering into the pilot program. For purposes of this PPM, the application form is designated as MPA-2201.

Application Date—the date when a completed application requesting a Multi-parish Audit (MPA) is received by the Board. Applicants must complete and electronically sign this form and submit it to the Board when electing to enter the Pilot Program.

Board— the Louisiana Uniform Local Sales Tax Board

Program Director—unless otherwise designated, the Executive Director of the Board shall be responsible for evaluating applications to determine if the applicant meets the qualifications established by the Board to enter into the Pilot Program; providing notification that an application has been received, approved or denied; preparing and securing any other documentation for signature by the collectors and taxpayer; performing any other task related to the administration of the Board’s MPA Pilot Program.

Board Audit Manager (“BAM”)—person designated by the Board to supervise the implementation and completion of a designated multi-parish assignment.

Case Number—an automatically generated serial number, which may consist of numbers, letters, or both, suitable for tracking the status of examinations subject to the MPA pilot program. Case numbers are used mainly for reporting and tracking purposes.

Notification—the act of informing a collector that an application for a MPA has been submitted which includes the collector’s taxing jurisdictions and which requires a response notifying the Board of the parish’s election to participate in the examination.

Multi-parish Audit Agreement- the document specifying the terms governing the requirements of the parties which agree to participate in a multi-parish audit assignment.

Multi-parish Audit Tracking System—an electronic database system, developed or acquired by the Board to manage and organize data that involves applications for Multi-Parish Audits, required documents, an inventory of applications received by the Board, participating parties, and case status and completions. The database will serve as the source of information for generating reports on the results of the program.

Qualifying Taxpayer/Dealer—a taxpayer/dealer that has a location in Louisiana and is registered to file and remit local sales and use tax in at least three parishes and elects to participate in the Multi-parish Audit Program and is (a) is not a recipient of a jeopardy assessment issued by any local collector; (b) is not engaged in a current audit by a local collector for which a notice of intent to assess was issued prior to July 1, 2022; (c) agrees to promptly sign all necessary agreements to suspend prescription, and (d) is not involved in any litigation with any local collector.

D. Applications to Enroll in the Program

- 1. Enrollment into the Multi-parish audit pilot program may occur by either:**
 - a. Qualifying taxpayers electing to enter the pilot program during a designated enrollment period, or**
 - b. Requesting a multi-parish audit from the Board within thirty (30) days from the issuance of a notice of examination from all of the parishes in which the taxpayer is engaged in taxable transactions during the audit period.**
 - (i) All application documents, including supplemental information included with the application form shall be saved to a digital folder and be entered into the Multi-parish Audit Tracking System for future reference and retrieval.**
 - (ii) The Multi-parish Audit Tracking System shall inform the applicant by email that the application was received by the Board and forward any required agreements and necessary documents for electronic signature by the taxpayer’s authorized audit representative**
- 2. Applications shall include identity of the taxpayer’s audit representative and include identity of all parishes in which the taxpayer has taxable transactions during the audit period as a dealer under the provisions of R.S. 47:301 (4)(a) through (l).**
- 3. Applicant shall agree to sign all waivers of prescription for prescribing periods upon acceptance into the program and any waivers necessary thereafter until completion of the assignment.**
- 4. Taxpayer’s authorized representative and each participating parish’s collector shall be responsible for timely executing the Multi-parish Audit Agreement and all required waivers of prescription.**

5. **Audit assignments of the program may be prioritized based on number of parishes doing business (operating) in and/or total local sales/use tax remittances during an audit period, for example:**
 - a. **Priority 1- operates in 20 or more parishes or remits \$1 million annually**
 - b. **Priority 2- operates in more than 10 parishes but less than 20**
 - c. **Priority 3- operates in 3 or more parishes but less than 10**

E. Parish Participation in Program

1. **Parish collectors shall be electronically notified within fifteen (15) days that a taxpayer has qualified to enter a multi-parish audit and their parish is designated by the taxpayer's representative as one in which the taxpayer has conducted taxable transactions.**
2. **Parish collectors shall have thirty (30) days from said notice to respond to the Program Director that it will or will not participate in the audit.**
 - a. **Responses will be recorded as part of the Multi-parish Audit Agreement.**
 - b. **If a collector fails to respond to the notice within (30) thirty days, the collector shall be considered as having opted out of the MPA.**
3. **Opt In, Opt Out Selection**
 - a. **Parishes that opt into the audit assignment shall agree to the terms and conditions of the program's Agreement document.**
 - b. **Parishes that opt out of the assignment must acknowledge that in doing so their ability to perform an audit of the applicant shall be limited until the end completion of the Multi-parish Audit assignment.**
 - c. **Should audit periods be added to the original assignment, parishes than had opted out shall have the opportunity of opting in to the assignment for the additional periods.**
 - d. **Taxpayers reserve the option withdraw their application should the number of parishes opting out significantly impair the purpose of the multi-parish audit.**
 - e. **The opt in, opt out provisions of this section shall not apply to parishes that the taxpayer failed to disclose in its application for a multi-parish audit.**

F. Program Management

1. **Overall responsibility for program management during the pilot period will be the Board's Executive Director. The Executive Director is authorized to budget for resources needed to enable the program to achieve viability.**
2. **The Executive Director is authorized to solicit proposals and contracts for multi-parish audit services with private audit firms. Said private audit firms must be compliant with the provisions of LA R.S. 47:337.26.**
3. **The Executive Director is authorized to establish a Board Audit Manager position, which may be a full-time position or a contract-basis position.**

4. **The Board Audit Manager (BAM) will be responsible for coordinating with the taxpayer's audit representative all pre-audit preparation, including but not limited to:**
 - a. **Planning logistics, including type of records, location(s), manner of access thereto, travel requirements, any other task needed to initiate the field work**
 - b. **Determine staffing needs (number of auditors, specialists, timelines)**
 - c. **Serve as the communicator between the lead auditor and participating local collectors, as needed, on the status of and/ or issues regarding the progress of the assignment**
5. **The Board shall be responsible for payment of approved costs directly associated with performance of a Multi-parish Audit Assignment, which includes personnel and direct expenses.**
6. **Participating parishes which volunteer their own auditors for the audit shall bear all expenses associated with their segment of the audit and shall also comply with the provisions of LA R.S. 47:337.26 and any audit protocols required by the Board.**

G. Field Work

1. **Board Audit Manager (BAM), in consultation with participating collectors, shall appoint a lead auditor**
2. **Lead Auditor shall determine and assign audit tasks to audit team members**
3. **Lead auditor shall provide pre-determined progress reports to the taxpayer's audit representative and the BAM**
4. **Taxpayer's representative and individual collectors, upon request, may receive interim work papers, progress reports**
5. **Scope of the audit field work shall comply with applicable provisions of LAC 72:I.119**
6. **Lead auditor will supervise preparation of the preliminary individual parish schedules and exhibits, and narratives reports for review by the Board Audit Manager**
7. **Lead auditor, Taxpayer Representative and the BAM shall conduct an exit conference at which:**
 - a. **Agreed upon issues/schedules will be identified**
 - b. **Issues/schedules in dispute will be identified and segregated by parish**
 - c. **Issues/schedules where disagreements between parish treatments exist will be identified**
8. **Board Audit Manager will electronically submit all completed preliminary schedules/exhibits to participating parish collectors, including any additional commentary needed or desirable.**
9. **The Board Audit Manager will be available to participate in any administrative hearings conducted pursuant to R.S. 47:337.49**

H. Post-Field Work Procedures

1. **The Board Audit Manager will be responsible for scheduling a post-field work findings conference.**
 - a. **All parties to the Multi-parish Audit Agreement shall be represented by officials authorized to make decisions regarding the disposition of any unresolved issues.**
 - b. **A record of the hearing shall be retained and distributed to all such authorized officials.**
2. **The BAM, in concert with the lead auditor, shall supervise the preparation of final audit exhibits, schedules and reports for each MPA participant and transmit said documents electronically as required or requested.**
3. **The Board Audit Manager shall also notify parishes that opted out of the MPA assignment within thirty (30) days that the audit is completed.**

I. Assessment & Collection

1. **The responsibility for determining and initiating all statutory assessment and collection actions shall rest solely with the participating collectors.**
2. **In the case of issuing a notice of intent to assess, such determination shall be made within forty-five (45) days of receipt of the completed audit.**
3. **After the issuance of a notice of intent to assess, a taxpayer may request a joint administrative hearing including all parishes which opted in to the assignment.**
4. **The Board shall coordinate such hearing.**
5. **The participating parishes will be responsible for all costs incurred for any assessment and collection actions thereafter.**

J. Program marketing

1. **Prior to implementation, the Program Director shall be responsible for contacting stakeholders in the Multi-parish Audit program initiative for the purpose of explaining the objectives and intended results of the program.**
2. **Stakeholders include, but is not limited to, local taxing authorities, local collectors, local governmental organizations, business and industry groups and the LA legislature.**
3. **It is recommended that the pilot program be set initially for a duration of twelve to eighteen months but see Act 596 of the 2022 Regular Session regarding notices of intent to audit, effective July 1, 2023.**

Beginning January 1, 2024 the Board shall also comply with the reporting requirements of LA. R.S. 47:337.102 H. (3).

The Board, in its sole discretion, may authorize exceptions to this policy, except where required by law, by unanimous approval of its members.

Revision History: Adopted by the Board 3/18/22, Amended 6/23/22 Special Meeting.

Signatures:

Chairperson
Louisiana Uniform Local Sales Tax Board

Vice-Chairperson
Louisiana Uniform Local Sales Tax Board

