



LOUISIANA UNIFORM LOCAL SALES TAX BOARD

Informal Policy Advice No. 22-001

August 11, 2022

Sales and Use Tax

Interest Rate Changes Pursuant to Act 87 of 2022 Regular Session

Purpose

The purpose of the Louisiana Uniform Local Sales Tax Board is to promote uniformity and efficiency in the imposition, collection and administration of local sales and use taxes. This informal policy advice has been issued to inform collectors, taxpayers, and dealers of changes made to the rate of interest accruing on delinquent sales and use taxes under Louisiana Revised Statute 47:337.69 by Act 87 of the 2022 Legislature.

Interest Rate Ceiling Imposed by Act 87 of 2022 Legislature

Prior to Act 87, La. R.S. 47:337.69 required that interest be added to the tax when a taxpayer or dealer fails to timely remit local sales and use tax, but the statute did not set a ceiling for the required interest. Act 87 added a new provision to La. R.S. 47:337.69(B) that “the rate of interest on any amount of outstanding tax shall not exceed one percent per month.” Revised La. R.S. 47:337.69(B) also provides that this interest rate ceiling is applicable “for all taxes that become due on or after January 1, 2023.” The new interest rate ceiling imposed by Act 87 will thus begin applicability to sales and use taxes for December 2022 transactions that are due to be paid on or after January 1, 2023.

For parishes who have taxing ordinances that impose more than 12% annual interest, it is recommended that collectors promptly notify their taxing authorities that pursuant to Act 87 of 2022, no interest over 12% will be collected on unpaid taxes that become due on or after January 1, 2023. Note that the Act 87 interest rate ceiling does not apply to sales and use taxes that become

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due on or before December 31, 2022, meaning those unpaid balances may continue to accrue interest in excess of 12% annually if the taxing authority's ordinances provide for a rate higher than 12%.

Parishes whose taxing authorities currently impose equal to or less than one percent per month (12% annual) interest on unpaid sales taxes may not need to send out any notice with regard to the interest rate ceiling in Act 87. All collectors, however, are encouraged to take this opportunity to review the interest provisions in all of the taxing ordinances in their parish, including any convention and visitor bureau ordinances levying occupancy taxes, to determine whether the interest rate ceiling provision in Act 87 will have any impact on collections in their parish and then take any action they deem appropriate.

Collectors with any questions regarding this informal policy advice or Act 87 are encouraged to contact their parish's sales and use tax counsel or Louisiana Uniform Local Sales Tax Board Executive Director Clarence Lymon at clarencel@localtaxboard.com.