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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

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DIGEST

SB 57 Original

2020 Second Extraordinary Session

Luneau

Proposed law requires service recipients to report payments made to service providers if the service recipient is required by federal law to withhold for federal income tax purposes.

Proposed law defines a service provider as any person including agencies and political subdivisions of the state, doing business in this state, deriving trade or business income from sources within this state, or is engaged in any manner in the course of a trade or business subject to the laws of this state.

Proposed law defines service recipient as a natural person who is not an employee of the service recipient, and who received compensation or executes a contract for services performed for that service recipient within the state.

Proposed law requires the following information to be submitted annually by service recipients for each service provider to whom they paid \$600 or more, in any year beginning January 1, 2022:

- (1) The full name of the service provider.
- (2) The address of the service provider.
- (3) The social security number, Department of Revenue account number of the service provider, or other identifying number as required by the secretary.
- (4) The total dollar amount paid by the service recipient during the fiscal year.

Proposed law provides that the annual report is due on March 1st each year but the annual reporting requirement may be waived by the secretary if the service provider can show that compliance would cause a hardship.

Proposed law requires the determination of the number of service providers to be determined annually and prohibits the annual reporting requirement from applying to service recipients with ten or fewer service providers in a single calendar year.

Proposed law provides for a penalty of \$100 for each failure to report the required information without good cause for any service provider on the annual report and provides a maximum penalty of no more than \$7,500 per year. Additionally, all or part of the penalty may be abated if the taxpayer can show in writing that the failure to comply was not due to the negligence of the taxpayer, but for a reasonable cause.

Proposed law authorizes the secretary to prescribe the format of the required reports and further

authorizes the secretary to promulgate rules to prescribe alternative methods for filing, signing, or submitting any report or other document required by proposed law.

Effective January 1, 2021.

(Adds R.S. 47:114.1)