

RÉSUMÉ DIGEST

ACT 498 (HB 404)

2025 Regular Session

Willard

Existing law establishes the Dept. of Revenue, referred to hereafter as the "department", as the collector of revenue for this state. Requires the department to collect and enforce collection of all taxes, penalties, interest, and other charges due pursuant to existing law relative to revenue and taxation.

New law revises various statutory provisions relative to administrative functions of the department and the office of debt recovery within the department.

New law stipulates that for state income tax purposes, capital construction funds, created in accordance with federal law, and all related items of income, gain, deduction, loss, credit, adjustment, and basis shall be taxed in the same manner as those items are taxed pursuant to the Internal Revenue Code (26 U.S.C. 7518) and federal regulations.

New law, with respect to administration of alcoholic beverage taxes, repeals a requirement that out-of-state alcoholic beverage shippers mail their notices of shipments into La. and instead allows the secretary of the department to prescribe the method of reporting.

New law, with respect to income tax administration, repeals an authorization for the department to institute a no-return option. Also repeals an authorization for the department to pay refunds by means of a debit card.

New law prohibits refunds of, and accrual of interest on, any overpayments based on a tax shelter, tax sham, tax evasion scheme, or any transaction which lacks a legitimate business purpose or otherwise fails the economic substance doctrine as determined by a final decision of a court.

New law, with respect to sales and use tax administration, prohibits accrual of interest on refunds of sales and use tax overpayments by taxpayers holding direct payment numbers until the expiration of a certain period provided in new law.

New law establishes a definition of "drop shipment sale" and rules for sourcing of such sales. Provides for sourcing of abstracts of title created by a person having a place of business in La.

New law repeals a special interest rate applicable to certain severance tax overpayments, thereby causing the general refund interest rate to apply to those overpayments.

Existing law establishes the office of debt recovery within the department. Establishes among the office's powers and duties, the authority to recover delinquent tax debt from taxpayers' winnings from certain forms of gaming. New law extends this authority to winnings from sports wagering.

New law repeals obsolete references and expired statutory provisions.

Applicability and Effectiveness

New law provides that rules relative to sourcing of drop shipment sales and abstracts of title shall be given prospective and retroactive application.

New law relative to tax treatment of capital construction funds becomes effective January 1, 2026. The remainder of new law becomes effective July 1, 2025.

(Amends R.S. 26:364(C) and R.S. 47:301.4(B)(1), 1621(D)(1), 1624(A)(1), and 1676(C)(4), (D)(4)(a)(i) and (ii), (b), and (c), (E), and (F)(1); Adds R.S. 47:31(6), 301.4(C)(4) and (5), 303.1(D), and 1621(K); Repeals R.S. 47:296.1 and 1624(A)(2))