

2026 Regular Session

HOUSE BILL NO. 1039

BY REPRESENTATIVE DESHOTEL

TAX/SALES-USE, LOCAL: Provides for local sales and use tax audit procedures

1 AN ACT

2 To amend and reenact R.S. 47:337.26(D)(1)(introductory paragraph),  
3 337.67(C)(introductory paragraph) and (1), 337.69(A), and 337.70(C)(3) and to enact  
4 R.S. 47:337.26(D)(1)(g), 337.26.1, and 337.28(E), relative to local sales and use tax  
5 audit procedures; to establish requirements for local collectors; to provide for the  
6 selecting taxpayers for audit by certain collectors; to require collectors to provide  
7 written requests for certain documentation; to authorize the suspension of interest  
8 and penalties under certain circumstances; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:337.26(D)(1)(introductory paragraph), 337.67(C)(introductory  
11 paragraph) and (1), 337.69(A), and 337.70(C)(3) are hereby amended and reenacted and R.S.  
12 47:337.26(D)(1)(g), 337.26.1, and 337.28(E) are hereby enacted to read as follows:

13 §337.26. Contracts for purposes relating to collection of sales and use taxes

14 \* \* \*

15 D.(1) Prior to initiating an examination or audit of a taxpayer, the local  
16 collector shall provide notice of the intent to audit which shall be sent by certified  
17 mail to the taxpayer at the taxpayer's last known address. ~~Such~~ The notice shall:

18 \* \* \*

19 (g) Advise the taxpayer that any request by the collector that the taxpayer  
20 execute a waiver of the prescriptive period pursuant to R.S. 47:337.67(C)(1) is  
21 voluntary.

1 \* \* \*

2 §337.26.1. Selection of taxpayers for audit

3 A.(1) Except as provided in Paragraph (2) of this Subsection, a collector  
4 shall select taxpayers for examination or audit through random selection from among  
5 the dealers registered to file sales and use tax returns with that collector.

6 (2) A collector may initiate a targeted examination or audit only upon a  
7 written determination that a reasonable basis exists to believe that the dealer has  
8 failed to properly collect, accrue, report, or remit the sales or use taxes.

9 (3) The written determination shall be retained as part of the collector's  
10 official records and shall be completed prior to the issuance of the notice of the intent  
11 to audit pursuant to R.S. 47:337.26(D).

12 B.(1) If a taxing authority is governed by a joint sales and use tax  
13 commission pursuant to R.S. 47:337.13(C) or by a central collection commission  
14 pursuant to R.S. 47:337.14, a collector shall obtain approval by a majority vote of the  
15 commission prior to the initiation of any examination or audit pursuant to this  
16 Section.

17 (2) If a taxing authority is not governed by a joint sales and use tax  
18 commission or a central collection commission, a collector shall obtain approval by  
19 a majority vote of the governing board of the tax collector prior to the initiation of  
20 any examination or audit pursuant to this Section.

21 (3) The approval required by this Subsection shall be obtained prior to the  
22 issuance of the notice of the intent to audit pursuant to R.S. 47:337.26(D).

23 \* \* \*

24 §337.28. Collector's authority to determine the tax in certain cases

25 \* \* \*

26 E. Prior to making an estimate of tax due pursuant to Subsection A of this  
27 Section, the collector shall provide the dealer with a written request that identifies  
28 all books, records, papers, vouchers, accounts, and documents sought for  
29 examination pursuant to R.S. 47:337.36. If the collector does not comply with the

1 requirements of this Subsection before issuing an estimated assessment, the  
2 assessment shall be considered arbitrary pursuant to R.S. 47:337.28.1.

3 \* \* \*

4 §337.67. Suspension and interruption of prescription

5 \* \* \*

6 C. The running of ~~such~~ the prescriptive period may also be suspended as  
7 follows:

8 (1) By means of a written agreement between the taxpayer and the collector  
9 made prior to the lapse of ~~such~~ the prescriptive period. If a taxpayer and a collector  
10 execute an agreement pursuant to this Paragraph, the parties may suspend the accrual  
11 of interest or delinquency penalties on unpaid sales and use taxes during the  
12 suspension of the prescriptive period.

13 \* \* \*

14 §337.69. Interest on unpaid taxes

15 A. When any taxpayer fails to pay a tax, or any portion thereof, on or before  
16 the day where it is required to be paid under the provisions of this Chapter, interest  
17 shall be added to the amount of tax due. ~~Such~~ The interest shall be computed from  
18 the due date until the tax is paid. The interest shall be an obligation to be collected  
19 and accounted for in the same manner as if it were a part of the tax due and ~~can~~ may  
20 be enforced in a separate action or in the same action for collection of the tax, ~~and~~  
21 Except as provided in R.S. 47:337.67(C)(1), interest shall not be waived or remitted.

22 \* \* \*

1 §337.70. Penalty for failure to make timely return

2 \* \* \*

3 C.

4 \* \* \*

5 (3) The provisions of this Section shall not apply if the taxpayer has paid the  
6 amount due under protest in accordance with R.S. 47:337.63, has executed a waiver  
7 of prescription and an agreement to suspend the accrual of additional delinquency  
8 penalties pursuant to R.S. 47:337.67(C)(1), or has entered into an installment  
9 agreement with the department for the payment of the amount due and is in  
10 compliance with the terms of the agreement.

11 \* \* \*

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 1039 Engrossed

2026 Regular Session

Deshotel

**Abstract:** Establishes requirements for advising, selection, and examining a taxpayer during a local sales and use tax audit or examination and authorizes the suspension of additional interest and penalties in certain circumstances.

Present law requires a local sales and use tax collector, prior to initiating an examination or audit of a taxpayer, to provide a notice of the intent to audit to the taxpayer that contains a description of the nature of the audit, identifies the name, office, address, and phone number of the firm or individual who will initiate the audit, advises the taxpayer of the right to review, summarizes remedies available to the taxpayer, describes interest, penalties, and costs that the taxpayer may be liable for, and advises the taxpayer that he may request a multi-parish audit.

Proposed law retains present law and requires the collector to advise the taxpayer that the execution of a waiver of the prescriptive period is voluntary.

Proposed law requires the collector to select taxpayers for examination or audit through random selection from among the dealers registered to file sales and use tax returns with that collector. However, a collector is authorized to initiate a targeted examination or audit only upon a written determination that a reasonable basis exists to believe a dealer failed to properly collect, accrue, report, or remit sales or use taxes.

Proposed law requires a collector to obtain a majority vote of the joint sales and use tax commission, central collection commission, or the governing board of the tax collector prior to the initiation of any examination or audit.

Present law requires a collector to estimate the retail sales of any dealer who fails to make a report and pay sales and use taxes or who makes a grossly incorrect report or a report that

is false or fraudulent and requires the collector to assess and collect the tax and any interest or penalties.

Present law authorizes a collector to add the cost of an examination to the tax if the estimate and assessment requires an examination of books, records, or documents.

Proposed law retains present law but requires a collector to provide to the dealer a written request that identifies all books, records, papers, vouchers, accounts, and documents sought for examination prior to making an estimate of taxes due.

Present law authorizes a waiver of the prescriptive period against any action to collect sales and use tax under certain circumstances, including but not limited to a written agreement between the taxpayer and the collector.

Proposed law retains present law and authorizes a taxpayer and a collector to execute an agreement to suspend the accrual of interest or delinquency penalties after executing a waiver of the prescriptive period.

(Amends R.S. 47:337.26(D)(1)(intro. para.), 337.67(C)(intro. para.) and (1), 337.69(A), and 337.70(C)(3); Adds R.S. 47:337.26(D)(1)(g), 337.26.1, and 337.28(E))

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Remove the prohibition on collectors using a waiver of the prescriptive period as a condition of concluding an audit or examination.
2. Remove the requirement that a collector provide a dealer at least 30 days from the date of the written request to produce requested documents.
3. Remove from the definition of arbitrary assessment, assessments that are found to be grossly disproportionate to the amount of the original assessment.
4. Remove the requirement that interest and delinquency penalties stop accruing after the execution of a waiver of the prescriptive period.
5. Authorize a taxpayer and a collector to execute an agreement to suspend the accrual of additional interest or delinquency penalties on unpaid sales and use taxes after executing a waiver of the prescriptive period.
6. Make technical changes.