
DIGEST

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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.