

Rosen Systems, Inc.

www.rosensystems.com

Louisiana Sales Tax requirements for **MANUFACTURERS EXEMPTION** In reference to the Valentine Paper auction in Lockport, LA on July 23, 2008. Without the completion and prior approval of the form R-1070, the full sales tax rate will apply to all purchases for manufactures use.

In order to obtain a **“Manufacturer’s Exemption”** from sales tax the buyer ***MUST*** apply for and receive an approval from the Louisiana Department of Revenue, **prior to the auction date** of July 23, 2008. Below is the information received from the Louisiana Department of Revenue on the exemption requirements and website links.

“The exclusion applies to machinery, equipment, parts, and repair services used by a manufacturer in a plant facility predominately and directly in the actual manufacturing for agricultural purposes or in the actual manufacturing process of an item of tangible personal property which is for ultimate sale to another and not for internal use by the manufacturer. The exclusion is not limited to manufacturers in the farming industry.

R.S. 47:301(3)(i)(ii)(aa) defines "Machinery and equipment" as "tangible personal property or other property that is eligible for depreciation for federal income tax purposes and that is used as an integral part in the manufacturing of tangible personal property for sale. The upgrades or add-ons to machinery qualifies for the exclusion, if the upgrade and add-on is eligible for depreciation and is used as an integral part in the manufacturing process.

Currently, the exclusion applies to 54% of sales price of the sales price, effective on July 1, 2007.

To see a copy of the Act that pertains to this exclusion, click on the following link:

http://www.legis.state.la.us/leg_docs/041ES/CVT2/OUT/0000L8WE.PDF

The manufacturer's exemption certificate (R-1071) is used to claim the partial exclusion from state sales tax for manufacturing machinery and equipment. You must qualify for the manufacturing exemption first by completing form R-1070 (Application for Certification as a "Manufacturer"). To obtain a copy of this application, click on the following link:

[http://www.revenue.louisiana.gov/forms/taxforms/1070\(1_06\)F.PDF](http://www.revenue.louisiana.gov/forms/taxforms/1070(1_06)F.PDF)

The application for the manufacturer's exemption takes 3-5 business days from the date of receipt to process. The approved certificate is mailed. Applications can be submitted by fax 225-219-2065.
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This reply to your inquiry constitutes "informal advice" from the Louisiana Department of Revenue, as contemplated by Louisiana Administrative Code 61:III.101(D)(3), which provides that informal advice does not have the force and effect of law and is not binding on the Department, the public, or the individual seeking advice. Informal advice will have no effect on an audit.”

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Louisiana Sales Tax requirements for **RESALE EXEMPTION**, in reference to the Valentine Paper auction in Lockport, LA, July 23, 2008.

In order to obtain a **“Resale Exemption”** from sales tax the buyer ***MUST*** complete an R-1079 form, prior approval is not required for this exemption. Below is the information received from the Louisiana Department of Revenue on the exemption requirements and website links.

“If the buyer is buying for resale , a Louisiana buyer would have a Louisiana exemption certificate. An out-of-state (or foreign) purchaser can use our exemption certificate for foreign purchases for resale outside of La. form R-1079, prior approval not required.

Only the appropriate Louisiana exemption certificate is accepted in Louisiana.

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