Past, Present, and Future of Electronic Tax Collection

Sales Tax Streamlining and Modernization Commission

October 7, 2015

Presentation by

Mark West – Ascension Parish
Rick Mekdessie – e-Gov Systems
The Past - Early History

• In 1990’s, locals collectors recognized the need to have a uniform local sales tax code and regulation

• Representative Mitch Landrieu introduced first draft of the Uniform Tax Code, but it failed due to its volume

• In 2003, Senator Bill Jones revived the project and championed the local’s cause
Act 73 of the 2003 Louisiana Legislative Session enacted the Uniform Local Sales Tax Code which also created the Uniform Electronic Local Return and Remittance System (LRS 47:337.23)

A collaborative effort by business, LDR and local government with an oversight Advisory Committee of a 5 member:

- PJA/SBA/LMA
- La. Society-CPA
- Retail Dealers Assoc./LABI
- Sec of Revenue
- LATA-Chair
Goals and Objectives

- **Make** each jurisdiction a better business environment
- **Increase** compliance by reducing the complexities for out-of-state taxpayers
- **Create** uniformity in filing returns between multiple taxing authorities
- **Accurately** calculates the tax remittance and any penalty/interest, if due
Goals and Objectives (cont.)

- **Create** single location to lookup tax rates
- **Guarantee** of a correct tax rate -- the taxpayer is held harmless if a published local rate is incorrect

All funds are sent directly into collector’s bank account
E-Filing Stats

• **ParishE-File.LA.Gov** (previously ParishE-File.com) was launched on October 1st, 2008 for all parishes in Louisiana.

• In 4th Quarter of 2008, the system collected $70 million.

• From 2008 to 2015, **ParishE-File.LA.Gov** has collected $9.5 Billion in sales taxes on 5.5 million tax returns (State and Local).
Louisiana Department of Revenue has collected over $1.8 Billion in taxes

From 2008 to 2015, ParishE-File.LA.Gov has collected $7.6 billion in local sales taxes
Louisiana Department of Revenue has received over 500,000 tax returns.

From 2008 to 2015, ParishE-File.LA.Gov has received over 5 Million local tax returns.
The Present –

Multiple e-Filing/Pay Portal Sites

- ParishE-File.LA.Gov
- SalesTaxOnline.com
Ascension Parish E-Filing Statistics

- 73% of total Ascension Parish returns are filed electronically
- 81% of total Ascension Parish taxes are remitted electronically
E-Filing Solution

1) Taxpayer Experience
   - Saved profile information (returns/banking)
   - One-Stop Registration
   - History of filed returns/payments

2) Method of Payment
   - ACH Debits (collector draws from t/p bank)
   - ACH Credits (taxpayer direct deposits)

3) Administrator’s Back Office
   - Downloading Returns/Reports
   - Processing NACHA Payments
All taxpayer return and payment information is segregated by the taxing authorities.
Multi-Jurisdiction Return (Rhonda's Cookie Shop)

Filing Period: October 2015

**Return will not be filed and payment will not be processed until the FILE DATE specified above.**

Please do not use the Back button on your web browser.
Please only use the buttons at the bottom of the page to move through the filing process.

<table>
<thead>
<tr>
<th>Column</th>
<th>Jurisdiction Name</th>
<th>Rate</th>
<th>Return Name</th>
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<tbody>
<tr>
<td>A</td>
<td>City of Crowley Police Jury Sheriff Dept.</td>
<td>5.000 %</td>
<td>Acadia Parish</td>
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<tr>
<td>B</td>
<td>Church Point School Board Police Jury Sheriff Dept.</td>
<td>5.000 %</td>
<td>Acadia Parish</td>
</tr>
<tr>
<td>C</td>
<td>Town of Iota School Board Police Jury Sheriff Dept.</td>
<td>5.250 %</td>
<td>Acadia Parish</td>
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<tr>
<td>D</td>
<td>Estherwood School Board Police Jury Sheriff Dept.</td>
<td>4.250 %</td>
<td>Acadia Parish</td>
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<tr>
<td>E</td>
<td>Mermentau School Board Police Jury Sheriff Dept.</td>
<td>4.250 %</td>
<td>Acadia Parish</td>
</tr>
<tr>
<td>F</td>
<td>City of Rayne School Board Police Jury Sheriff Dept.</td>
<td>5.000 %</td>
<td>Acadia Parish</td>
</tr>
<tr>
<td>G</td>
<td>Village of Morse School Board Police Jury Sheriff Dept.</td>
<td>4.250 %</td>
<td>Acadia Parish</td>
</tr>
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Ascension Parish

Due Date: 11/20/2015

LA Dept of Revenue Sales and Use Tax

Due Date: 11/20/2015

West Baton Rouge Parish

Due Date: 11/20/2015

1. Gross sales of tangible personal property, leases, and services
   0.00

2. Sales for resale or further processing (Resale certificate on file)
   0.00

3. Cash discounts, sales returns & allowances
   0.00

4. Sales delivered or shipped outside this jurisdiction (does not apply to repairs)
   0.00

5. Sales of gasoline and motor fuels
   0.00

6. Sales to the U.S. government, the state of Louisiana, its political subdivisions and agencies
   0.00

7. Sales of food paid for with USDA food stamps or WIC vouchers
   0.00

8. Other deductions authorized by law (explain briefly)

9. Explain:
   0.00

10. Explain:
    0.00

<table>
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<tr>
<th>Column Name</th>
<th>Rate</th>
<th>13:</th>
<th>14: Use Tax Purchases</th>
<th>16a: Sales of Food &amp; Drugs</th>
<th>17: Excess Tax Collected</th>
<th>24: Tax Debit or Credit</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>5.000 %</td>
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<td>0.00</td>
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<tr>
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<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Additional Return Information
Debit/Credit Memo ID: ___________________________ Memo Issue Date: ___________________________
Additional Features

- Account Tax Id Registration
- Amended Returns
- ACH Credit Payments
- Data Import
- Practitioner Accounts
Practitioner Account

PRACTITIONER

Taxpayer 1

Taxpayer 2

Taxpayer 3

Taxpayer 4

Central Server
Benefits of E-Filing

**Taxpayer:**
- **Reduce** the average time to file
- **No** cost to the taxpayer for filing
- **Increase** accuracy of tax rates/returns
- **Eliminate** calculation errors
- **Overall convenience 24/7/365**

**Taxing Authorities:**
- **Reduce** labor costs
- **Increase** personnel productivity
- **Higher** availability and accuracy
- **Increase** out-of-state compliance
- **Quicker** processing of payments
The Future - Remote Seller System

- Taxability Matrix
- Address Validation (by GeoCode)
- Build Single Return & Remittance System
- Create Single Administration for Remote Sellers
Recent Events to Collect from Remote Sellers

- Louisiana Legislature made several attempts to redefine Dealers (2011, 2015)

- US Congress (MFA)

- US Supreme Court (Direct Marketing Ass’n v. Brohl)

Justice Kennedy, concurring opinion: “A case questionable even when decided, Quill now harms States to a degree far greater than could have been anticipated earlier.”

“It should be left in place only if a powerful showing can be made that its rationale is still correct.”
Thank you!