

HILCO INDUSTRIAL, LLC
LOUISIANA SALES TAX RULES SUMMARY
Marine Vessels & Equipment
Berwick, LA 70342

Asset Type: Saturated Dive & Marine Service Vessels - From 120' to 260'

Tax Rate: 8.45%

Auctioneers are responsible for collecting all state and local taxes on articles that they sell and they must properly report and remit the amount collected. [La. Rev. Stat. Ann. §47:303(C) ; La. Rev. Stat. Ann. §47:337.15(C) ; La. Admin. Code §61:I.4307(C)]

EXEMPTIONS:

The following are not subject to state and local sales taxes in Louisiana (AL Code Section 40-23-4):

- **Vessels Built in Louisiana**
Louisiana exempts from its state and local sales taxes ships, vessels, or barges with a load displacement of 50 tons or more that are built in Louisiana and sold by the Louisiana builder. Also exempt are related materials, equipment and machinery installed as component parts. However, materials, machinery, and equipment that replace worn components are not exempt
- **Component parts, and materials and supplies for ships or vessels** operating exclusively in foreign or interstate coastwise commerce. [La. Rev. Stat. Ann. §47:305.1(A) ; La. Rev. Stat. Ann. §47:305.1(B) ; La. Admin. Code §61:I.4403(A)]
 - To qualify for this exemption, materials, machinery, and equipment that become component parts of qualifying ships, vessels, or barges must be added during construction or reconstruction.
 - The exemption does not apply to materials, machinery, and equipment that replace worn components.
 - Reconstruction qualifies for the exemption, if it modifies a watercraft's function, such as conversion of a deck barge to a crane barge, or it restores a watercraft to seaworthiness after destruction by sinking, collision or fire. [La. Admin. Code §61:I.4403(B)]
 - "Component parts" mean items that are:
 - incorporated into, attached to, or placed on a ship, vessel, barge, commercial fishing vessel, drilling ship or drilling barge during its repair (in the case of the exemption for foreign or interstate coastwise commerce);
 - required for the navigation or intended commercial operation of a vessel; or
 - required to obtain certification or approvals for a vessel from the U.S. Coast Guard or other regulatory agencies or classification societies. [La. Rev. Stat. Ann. §47:305.1(C)(3) ; Louisiana Revenue Bulletin 03-006, 02/03/2003]
 - Sales tax applies to items bought for the operation of mineral or petroleum exploration, drilling, or production barges and ships in Louisiana waters.
 - The tax exemption for ship or vessel repair materials and for materials that become component parts of barges do not apply to materials and supplies used for the reconstruction of the living quarters of a drilling barge, since that exemption was limited to items used in the original construction phase or a reconstruction that modified the craft's function.
- Sales of **materials and supplies** to the owners or operators of ships, vessels, or barges, including drilling ships, operating exclusively in foreign or interstate coastwise commerce, if the materials and supplies are loaded on the ship, vessel, or barge for use or consumption in its maintenance or operation. [La. Rev. Stat. Ann. §47:305.1(B) ; La. Admin. Code §61:I.4403(C)(1) ; Louisiana Revenue Bulletin 03-006, 02/03/2003]
- Sale of **materials and supplies** used for repairing, renovating or converting drilling rigs, or their component-part machinery and equipment, used exclusively for the exploration or development of minerals outside Louisiana territorial limits in Outer Continental Shelf (OCS) waters. [La. Rev. Stat. Ann. §47:301(14)(g)(iii)(aa).]
- **Property for first use out-of-state** is exempt if the following requirements are met:
 - the buyer is properly registered for sales and use tax in the state of first use and regularly reports and remits the taxes due in that state;
 - reciprocal immunity exists from the taxes of the state of first use for sales for use in Louisiana; (*However LA does not provide a list of states with reciprocal immunity.*)
 - the buyer obtains a written certificate from the Department of Revenue authorizing the nontaxable purchase. [La. Rev. Stat. Ann. §47:305.10(B)(1) ; La. Rev. Stat. Ann. §47:305.10(B)(2) ; La. Rev. Stat. Ann. §47:305.10(B)(3) ; La. Admin. Code §61:I.4410(B)(1) ; La. Admin. Code §61:I.4410(B)(2)]

- **Resale** - Sales for resale in the regular course of business are exempt. To be allowed the exemption, resellers must first submit a resale certificate application, Form R-1067, to the Louisiana Dept. of Revenue, then once approved, provide the resale certificate to the seller. An out of state buyer without a sales tax registration number may make exempt purchases for resale outside Louisiana. Louisiana provides form R-1079 (below) for out-of-state dealers who will transport goods to another state for resale. This form permits the buyer from a jurisdiction that does not require sales tax registration to enter their wholesale, retail, or manufacturer's license number. Out of state or foreign resellers are not required to complete this application; instead, they must provide the seller with Resale Certificate Form LGST 9-A (See *"Exemption Certificates"* below)

Interstate Commerce:

The interstate commerce exemption does not apply to sales delivered to the buyer or the buyer's agent in Louisiana. "Interstate commerce" does not include commerce between a point in Louisiana and a point off-shore in the Gulf of Mexico which is not within another state even though the point is not within the State of Louisiana. Also, when property comes to rest in Louisiana and has become a part of the mass of the property in-state, it is no longer involved in interstate commerce, and its sale, use, consumption, distribution or storage for use in Louisiana is taxable.

Exemption Certificates:

Exemption certificates from state or local sales or use tax are obtainable from the appropriate tax collector by persons making purchases which may be exempt in whole or in part at the time of purchase. The purchaser who furnishes the seller an exemption certificate will be held liable for any taxes later found to be due. [La. Admin. Code §61:I.4311(E).]

LA Resellers and Manufacturers must apply for the appropriate certificate, and then provide the seller with the state-issued exemption certificate. Resale Certificate applications is done online through the state's website at:

<http://www.revenue.louisiana.gov/SalesTax/ResaleCertificate>

Manufacturers must use Form 1070 to apply for their exemption certificate. The following is the link to the form:

[http://revenue.louisiana.gov/TaxForms/1070\(1_11\)F.pdf](http://revenue.louisiana.gov/TaxForms/1070(1_11)F.pdf)

Out of state or foreign resellers, ship owners, and offshore buyers must complete and submit the following exemption certificate forms:

- R-1079 Out of state resellers exemption certificate: [http://revenue.louisiana.gov/TaxForms/1079\(11_16\)F.pdf](http://revenue.louisiana.gov/TaxForms/1079(11_16)F.pdf)
- R-1096 Exemption Certificate (Offshore purchasers) for use in the Outer Continental shelf waters: [http://revenue.louisiana.gov/TaxForms/1096\(2_19\)F.pdf](http://revenue.louisiana.gov/TaxForms/1096(2_19)F.pdf)
- R-1010 Exemption Certificate for materials and supplies purchased by ships operating in foreign or interstate commerce: [http://revenue.louisiana.gov/TaxForms/1010\(10_09\)F.pdf](http://revenue.louisiana.gov/TaxForms/1010(10_09)F.pdf)
- Louisiana does not accept or use Multistate Tax Commission Uniform Sales & Use Tax Certificate—Multijurisdiction



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