
CALCASIEU TA% REVIEW

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School Exemptions

Occasionally, the department entertains questions regarding the taxable status of both public schools and private or parochial schools. A basic response usually is that both the public schools and the private or parochial schools are exempt from state and local sales tax. However, the degree of exemption for the two (2) school categories are different and limited.

The public schools are a part of the Calcasieu Parish School System, which is exempt under the provisions of Act 1029 from both state and local sales tax. But, in order to ensure the legitimacy of each transaction, purchasing guidelines must be followed. For purchases made directly by public schools, the order must be made by the school and paid with a school check. Further, the exemption is not limited to educational material or equipment purchased for classroom instruction, **but does not** include purchases ordered and paid for by students such as photos or class rings.

On the other hand, private and parochial schools that are in compliance with the findings of the Dodd Brumfield court decision and certified by the Louisiana Department of Education shall be exempt from state and local sales and use tax on a limited basis. In order to qualify, an application (form R-1372) must be filed with the Louisiana Department of Revenue and Taxation. When the application is approved, an exemption certificate (R-1373) will be granted. The authorization shall permit the holder to purchase, lease, or rent educational material or equipment used for classroom instruction exempt from both state and local sales and use tax. However, the exemption is limited and includes the acquisition, lease or rental of books, workbooks, computers, computer software, films, videos, and audio tapes.

Like other exemption requests, dealers are expected to exercise their best judgment in

acknowledging the exempt status of a school by securing and retaining on file the required documentation, as well as conform to all other acquisition guidelines for exempt purchases.

Lease Exemption Ruled "Unconstitutional"

The 19th Judicial District Court of East Baton Rouge rendered a judgment granting a permanent injunction against provisions of Act 1266 of the 1999 regular legislative session. The Act sought to exempt items purchased for subsequent lease purposes from local sales/use taxes. The court found that the exemption was unconstitutional.

Dealers are advised that local taxes continue to be due on the sales of or use of all tangible personal property purchased for subsequent lease purposes with the exception of vehicles, which were previously exempted under other acts of the legislature.

Use Tax

In the world of sales and use tax, we generally recognize "use tax" as the substitute for sales tax when tangible personal property is purchased for use by a dealer and no sales tax was paid on the cost of the property. To explain further, there are terms that need defining. These terms are "use" and of course, "use tax".

For the benefit of levying sales and use tax by a political subdivision or school board, "use" shall mean and include the exercise of any right or power over tangible personal property incident to the ownership