

## **Rule 005 – Refunds & Credits; Bad Debts**

Refunds or credits are granted for taxpayer bad debts according to R.S. 337.34 (B). When requesting a refund, the taxpayer is to provide documentation supporting the bad debt charge off for federal income tax purposes, including, but not limited to, their federal income tax return (including the signature page) showing the charge off.

If proper documentation is provided, a credit memo is issued.

### **§ R.S. 337.34 (B) Sales returned to dealer; credit or refund of tax**

(1) Whenever the unpaid balance of an account due to the dealer for the purchase of tangible personal property or the sale of services subject to sales taxation has been found to be bad in accordance with Section 166 of the United States Internal Revenue Code and has actually been charged off for federal income tax purposes, the dealer shall be entitled to reimbursement of the amount of tax previously paid by the dealer on such amounts.

(2) The prescription on such refund or credit shall begin to run from the date of signature on the federal income tax return charging off such debt.

(3) Whenever the balance of an account that had been determined to be worthless and sales tax refunded is recovered at a later date, the payment shall be reported as a new sale in the month recovered for sales tax purposes. The credit or refund shall be granted whenever the Louisiana Department of Revenue has found the dealer to be entitled to reimbursement in accordance with the provisions of Paragraph (B)(1) of this Section.