

RULE

Department of Revenue Policy Services Division

Furnishing of Cold Storage Space (LAC 61:I.4301)

Under the authority of R.S. 47:301 and R.S. 47:1511 in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, has amended LAC 61:I.4301 relative to the definition of the *furnishing of cold storage space* for sales tax purposes.

Revised Statute 47:301(14)(f) defines *sales of services* to include "the *furnishing of cold storage space*, except that space which is furnished pursuant to a bailment arrangement, and the furnishing of the service of *preparing tangible personal property for cold storage*, where such service is incidental to the operation of storage facilities." These proposed amendments provide guidance concerning the types of transactions that are within the purview of the statute. The service *furnishing of cold storage space* is interpreted to mean transactions in which customers, for consideration, are provided designated spaces that are artificially frozen or refrigerated. The proposed amendments also clarify that sales tax must be collected on the charges for *preparing tangible personal property for cold storage*, such as packaging, wrapping, containerizing, cleaning, or washing, when provided in conjunction with the *furnishing of cold storage space*.

Under the Rule, the furnishing of air-conditioned warehouses or mini-storage units, that are cooled only to a normal room temperature level or above, and transactions in which possession of the customers' property is transferred to the owner or operator of a frozen or refrigerated facility for retention and safekeeping in the facility as in a bailment or deposit are not considered the *furnishing of cold storage space* for sales tax purposes.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 43. Sales and Use Tax

§4301. Definitions

A. - C. ...

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Sales of Services—

a. - g.iii. ...

h. R.S. 47:301(14)(f) defines the furnishing of cold storage space and preparing tangible personal property for cold storage as services subject to sales and use tax.

i. *Cold Storage Space*—a space that is artificially frozen or refrigerated to prevent the stored items from perishing or deteriorating.

ii. *Furnishing of Cold Storage Space*—transactions in which *cold storage space* is provided to customers for a consideration when the owner or operator of the *cold*

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storage space designates specific areas or volumes of space for the customers' use. The customers are required to compensate for the space allotted regardless of the degree of use of the space.

iii. Transactions that are not considered the *furnishing of cold storage space* for sales tax purposes include:

(a). storage space in air-conditioned warehouses or mini-storage units that are cooled to a normal room temperature level; and

(b). storage space in facilities where the possession of customers' property is transferred to the owner or operator of a *cold storage space* for retention and safekeeping as in a bailment or deposit transaction.

iv. *Preparing Tangible Personal Property for Cold Storage*—all activities necessary to prepare the product to be stored for cold storage. This includes but is not limited to packaging, wrapping, containerizing, cleaning or washing.

(a). *Preparing tangible personal property for cold storage* is included in *sales of services* only if it is incidental to the operation of cold storage facilities.

(b). Separately stated charges for handling the property to be placed in or removed from the facility are not subject to the sales tax. If handling charges are included in the price for the *furnishing of cold storage space* or *preparing tangible personal property for cold storage*, tax is due on the entire amount.

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AUTHORITY NOTE: Promulgated in Accordance with R.S. 47:301 and R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue and Taxation, Sales Tax Section, LR 13:107 (February 1987), amended by the Department of Revenue and Taxation, Sales Tax Division, LR 21:957 (September 1995), LR 22:855 (September 1996), amended by the Department of Revenue, Policy Services Division, LR 27:1703 (October 2001), LR 28:348 (February 2002), LR 28:1488 (June 2002), LR 28:2556 (December 2002).

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