

## **Custom Software Exemption**

Ordinance 15435 passed by the Metropolitan Council in January 2013 exempts qualified sales of custom software as defined by RS 47:301(23) from the 2% general sales and use tax assessed in the city limits of Baton Rouge and the unincorporated portion of East Baton Rouge Parish. Effective January 1, 2016, the 1% general sales and use tax assessed for the East Baton Rouge Parish School Board became exempt. See the Custom Software Sales and Use Tax Report for the applicable local tax rates.

*RS 47:301(23)*

*(a) The term "custom computer software" means computer software prepared, created, adapted, or modified to the special order of a particular purchaser, licensee, or user; or to meet the specific needs or requirements of a particular purchaser, licensee, or user, regardless of the means by or through which such computer software is furnished, delivered, or transmitted, and regardless of whether such software incorporates or consists of preexisting routines, utilities, or other computer software components.*

*(b) In order to be considered "custom computer software", the computer software must require preparation, creation, adaptation, or modification by the vendor in order to be used in a specific work environment or to perform a specific function for the user.*

*(c) Updates, upgrades, and new versions of custom computer software shall be considered custom computer software, provided such upgrades, updates, and new versions meet the definition of custom computer software contained in this Chapter*

Because there is no method to record these adjusted rates on the current form, a separate form is being provided for custom software sales. This form will be available on our website [www.brgov.com/dept/finance](http://www.brgov.com/dept/finance) under "Tax Forms". These sales can not be reported through online filing at this time. All custom software sales should be reported on the separate form and submitted through the mail.

The custom software form is similar to the standard sales and use tax report except that gross sales reported will only be custom software sales meeting the definition in RS 47:301(23). If there are sales to be reported that are not custom software sales, they should be reported on the standard sales and use tax report.