

## **Effective January 1, 2021 – New Filing Instructions for Custom Software Exemption**

Effective January 1, 2021, all qualified sales of custom software, as defined by RS 47:307 (23), can be reported online through Parish E-file or on the new 2021 Sales and Use Tax Report using Schedule A. The custom software sales must be filed in the appropriate column. The new form is available on our website under “[Tax Forms](#).”

### **Custom Software Exemption**

Ordinance 15435, adopted 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. Please see the [Sales and Use Tax Report](#), Schedule A, 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, adaption, 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.*