

## Sales/Use/Indirect:

### Louisiana: Goods for Plant Production Potentially May Qualify for Manufacturing M&E Exclusion

*Case No. L01016*, La. Bd. of Tax App. (9/30/24). In a case involving an ammonia company contracting with a builder to construct an ammonia plant within a Louisiana locality, the Louisiana Board of Tax Appeals (BTA) held that Louisiana’s statutory manufacturing machinery and equipment use tax exclusion (“MM&E exclusion”) does *not* require that each item of excluded property physically contact the raw material in the manufacturing process, and that if an item of tangible personal property is shown to have direct and immediate effect on the actual process of manufacturing – and otherwise meets all the criteria for the MM&E exclusion – then that item may qualify for the MM&E exclusion. The BTA also clarified that the MM&E exclusion requires more than that an item of tangible personal property merely be necessary for the manufacturing process and used in that process. Denying summary judgment in the case, the BTA explained that the company must prove at trial that the items claimed have a direct and immediate effect on the actual manufacturing process, which is the process by which raw materials are transformed into a finished product of tangible personal property for resale. Please contact us with any questions.

**URL:** [http://labta.louisiana.gov/pdfs/KBR\\_DNLA\\_JPSO\\_XMSJ.pdf](http://labta.louisiana.gov/pdfs/KBR_DNLA_JPSO_XMSJ.pdf)

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