



STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
SALES AND USE TAX SECTION
P.O. BOX 1272, LITTLE ROCK, AR 72203-1272

What's New in Sales Tax for 2019

Effective: March 29, 2019

Act 592: Extends the sunset date from July 1, 2019 to July 1, 2021 for the special privilege tax levied on sales of usable medical marijuana by cultivation facilities and marijuana dispensaries. The tax is levied at the rate of four percent (4%) of the gross receipts on usable medical marijuana sales and is in addition to applicable state, city and county sales taxes.

Effective: July 1, 2019

Act 822: Establishes the requirement for Remote Sellers and Marketplace Facilitators who have aggregate sales exceeding established threshold levels to collect and remit Arkansas sales and use taxes. Remote Sellers and Marketplace Facilitators that have sales in the previous calendar year or in the current calendar year of tangible personal property, taxable services, digital codes, or specified digital products within Arkansas that exceed \$100,000 in sales or 200 separate sales transactions are required to collect and remit the tax.

A "Remote Seller" is defined to include an out-of-state seller that has no physical presence in Arkansas and within the current or previous year has sales greater than the established threshold levels of products and services subject to the tax for delivery into Arkansas.

"Marketplace Facilitator" means a person that facilitates the sale of tangible personal property, taxable services, digital codes, or specified digital products by: (A) Listing or advertising tangible personal property, taxable services, digital codes, or specified digital products for sale in a forum; and (B) Either directly or indirectly through an agreement or arrangement with a third party, collecting payment from a purchaser and transmitting the payment to the person selling the tangible personal property, taxable services, digital codes, or specified digital products, regardless of whether the person receives compensation or other consideration in exchange for the person's services in collecting and transmitting the payment.

Effective: October 1, 2019

Act 172: Adds podiatrists licensed under A.C.A. §17-96-101 to the definition of physician allowing for the issuance of prescriptions to patients by podiatrists for entitlement of the sales tax exemption for sales, rentals and repairs of durable medical equipment, mobility-enhancing equipment, disposable medical supplies, and prosthetic devices.

Act 583: Exempts the value of the goods, wares, merchandise, or tangible personal property withdrawn from stock and donated for consumption or use by:

- A Nonprofit organization described in §26 U.S.C. 501(c)(3), as it existed on January 1, 2019;
- Public educational institution;
- Nonprofit church; or
- Private individual, who has suffered damage or loss as a result of a natural disaster, if they live in an area of the state that the Governor has officially declared to be a disaster area.

A sworn affidavit to the Department of Finance and Administration describing the goods withdrawn and the disaster area in which each recipient resides is required from the business.

Act 634: Provides an exemption for sales of tangible personal property at concession stands operated by a nonprofit youth athletic organization when the following requirements are met:

- All proceeds from the sales go to the nonprofit organization; and
- The individuals operating the stand are members of the nonprofit youth athletic organization or volunteers working on behalf of the organization.

Act 660: Replaces the existing E911 charge on sales of prepaid wireless services of \$.65 per transaction to a public safety charge of 10% of the sales price of the prepaid wireless service.

Act 772: Allows machinery and equipment purchased to modify, replace, or repair existing molds and dies that are used directly in producing, manufacturing, fabricating, assembling, processing, finishing, or packaging articles of commerce at manufacturing or processing plants in Arkansas to be eligible for the tax refund provisions as currently allowed for manufacturing machinery and equipment repair and replacement parts.

Act 819: Provides a sales and use tax exemption on sales of advertising space on public transit buses.

Act 819: Amends current sales tax code provisions regarding the sales tax exemption for certain items of farm equipment and machinery to require additional documentation from the purchaser when claiming the farm exemption on the purchase of an all-terrain vehicle. All-Terrain Vehicles (“ATV”) are defined as motorized vehicles which meet the following criteria:

- Has three (3), four (4), or six (6) wheels;
- Is fifty inches (50”) or less in width;
- Is equipped with nonhighway tires; and
- Has an engine displacement of no more than one thousand cubic centimeters (1,000 cc).

ATVs do not include golf carts, riding lawn mowers or lawn or garden tractors.

When claiming the farm equipment and machinery exemption for an all-terrain vehicle, the purchaser must complete the ST-403 Commercial Farm Exemption Certificate and the new form ET-819. The seller of the ATV must submit all completed ET-819 forms to the Department of Finance and Administration when filing their monthly sales and use tax return for the month in which the ATV was sold.

Act 822: Requires collection and remittance of state and local sales tax and tourism tax on accommodations furnished by Accommodation Intermediaries to transient guests. An “accommodations intermediary” means a person other than the owner, operator, or manager of a room, suite, condominium, townhouse, rental house, or other accommodation. Furnishing an accommodation includes brokering, coordinating, making available for, or otherwise arranging for the sale or use of a room, suite, condominium, townhouse, rental house, or other accommodation by a purchaser.

Act 822: Exempts from state and local sales tax the sale of car wash services and ancillary services when provided through an “automatic car wash”, a “car wash tunnel” or a “self-service bay”. Car wash services performed in any other manner remain subject to state and local sales tax. For purposes of the Act, an “Automatic car wash” means a car wash bay that provides a car wash using mechanical equipment that cleans the motor vehicle while the motor vehicle remains stationary. A “Car wash tunnel” means a car wash bay that provides a fully automated car wash in which the motor vehicle is moved through a tunnel by a conveyor system. “Ancillary services” are defined as services provided by a car wash operator in conjunction with the sale of a service through an automatic car wash, a car wash tunnel, or a self-service bay that involves the cleaning of interior or exterior, or both, of a motor vehicle.

The Act also provides an exemption for goods and services purchased by car washes for use in an automatic car wash, a car wash tunnel, or a self-service bay or as part of an ancillary service.

Act 822: Levies fees on car wash operators based on water consumed by “Car Wash Tunnels” and “Automatic Car Washes”. This tax does not apply to water consumed in self-service bays.

The tax is to be calculated as follows:

- Car Wash Tunnels: multiply by (.8) the total aggregate number of gallons of water the car wash operator used during the preceding month for car wash tunnels. Multiply the product by (\$0.004).
- Automatic Car Washes: multiply by (.8) the total aggregate number of gallons of water the car wash operator used during the preceding month for automatic car washes. Multiply the product by (\$0.002).

The new fee will be reported on a separate return to the Department of Finance and Administration by the 20th calendar day following the month of water usage.

Act 840: Exempts from sales tax the sale of washer-extractors required under A.C.A. §14-284-412 to fire departments and intergovernmental councils of a county from sales and use tax.

Effective: January 1, 2020

Act 866: Provides that upon the issuance of a final business closure order to a seller/contractor holding an existing state government contract in which further administrative review of the business closure has been waived or all remedies to appeal have been exhausted, the Office of State Procurement shall be notified of the closure order and the Office of State Procurement shall notify each state agency with which the contractor has a contract and the provision of any goods or services, or both, under contract shall cease as soon as reasonably practicable.

All of the Acts referenced above can be located on the Arkansas General Assembly’s website at <http://www.arkleg.state.ar.us/SearchCenter/Pages/historicalbil.aspx> for further review.