



Arkansas State Revenue Tax Quarterly

Mike Beebe, Governor

Department of Finance & Administration (DFA)
Revenue Division

Richard A. Weiss, Director
Tim Leathers, Commissioner

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[DFA HOMEPAGE](#)

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OFFICE OF EXCISE TAX ADMINISTRATION

What's New for Sales Tax in 2011?



During the 2011 Legislative Session, a number of acts that affect Arkansas' revenue were enacted. The following information lists new sales tax acts:

Act 1274 of 2009: This Act repeals the state and local sales tax levied on mini-warehouse and self

storage rental services. Charges for the storing of motor vehicles and boats will remain taxable. Sales and rentals of tangible personal property such as locks or storage supplies remain taxable. This Act went into effect on July 1, 2011.

Act 278: To allow taxpayers paying minimum amounts of severance tax to report and pay quarterly or annually. This Act will be effective January 1, 2012.

Act 754: This Act reduces the state sales and use tax rate for natural gas and electricity purchased by a qualified manufacturer classified within NAICS Codes 31 through 33 and used or consumed directly in the actual manufacturing process to two and five-eighths percent (2.625%) and went into effect on July 1, 2011. The total state tax rate will be 2.75% when combined with the Conservation Tax levied by the Arkansas Constitution.

Act 755: This Act reduces the state sales and use tax on food and food ingredients to one and three-eighths percent (1.375%) effective July 1, 2011. When combined with the Conservation Tax levied by the Arkansas Constitution, the total state tax rate will be 1.5%. This Act went into effect July 1, 2011.

Act 757: This Act creates a sales tax holiday for clothing, clothing accessories or equipment, school supplies, school art supplies, and school instructional materials. For 2011, the sales tax holiday will begin Saturday, August 6 at 12:01 AM and end on Sunday, August 7 at 11:59 PM. This Act went into effect on July 1, 2011.

Act 1226: This Act exempts the purchase of kegs by a beer manufacturer from state and local sales tax

when purchased and used to sell beer wholesale. This Act will be effective on July 26, 2011.

Act 824: This Act exempts the sales of water for agricultural use when purchased from a public surface-water delivery project. This Act will be effective on October 1, 2011.

Act 998: This Act exempts sales of products and services to the Arkansas Black Hall of Fame Foundation. This Act will be effective on October 1, 2011.

Act 1001: This Act requires out-of-state sellers that have agreements with Arkansas residents who refer potential purchasers through an Internet website or otherwise to collect Arkansas state and local sales and use tax. This Act will be effective October 24, 2011.

Act 753: This Act increases the sales tax exemption for new and used motor vehicles, trailers, and semitrailers from two thousand five hundred dollars (\$2,500.00) to four thousand dollars (\$4,000.00). This Act will be effective January 1, 2012.

Act 1142: This Act requires out-of-state sellers with taxable sales averaging more than \$200,000 per month to begin making prepayments equal to 80% of the monthly state liability twice each month beginning January 1, 2012. Sellers required to make the prepayments will receive notice with further instructions in November of each year. Prepayments are required to be paid electronically. This Act will be effective January 1, 2012.

Act 1058: This Act exempts Class 6 and Class 7 trucks registered under the International Registration Plan and semi-trailers from sales and use tax. This Act will be effective July 1, 2012.

For additional information on sales tax, please go to the following webpage: [Sales & Use Tax Webpage](#).

To view the previously listed sales & use tax acts in their entirety, please go to the following webpage: [88th Arkansas General Assembly Act Webpage](#).

OFFICE OF EXCISE TAX ADMINISTRATION

2011 Arkansas Sales Tax Holiday

Act 757 of 2011 provides for a sales tax holiday in Arkansas during the first weekend of August each year. A sales tax holiday is a temporary period when state and local sales taxes are not collected or paid on the purchase of certain products.

The Arkansas Sales Tax Holiday for 2011 will begin on Saturday, August 6, 2011 at 12:01 a.m. and end on Sunday, August 7, 2011 at 11:59 p.m.

State and local sales tax will not be collected during this 48 hour period on the sale of the following items:

- Clothing and footwear if the sales price is less than one hundred dollars (\$100) per item;
- Clothing accessories and equipment if the sales price is less than fifty dollars (\$50) per item;
- School supplies;
- School art supplies; and
- School instructional materials.

Information for this article was cited from the following link: [2011 Arkansas Sales Tax Holiday Instructions for Retailers](#).

To look at a list of items that are tax exempt under the 2011 Arkansas Sales Tax Holiday, click on the following link: [Itemized List](#).

For more information, contact a Sales and Use Tax Section customer service representative by phone Monday through Friday from 8:00 a.m. to 4:30 p.m. at (501) 682-7104.

Changes in Arkansas Taxes Enacted During the 2011 Regular Legislative Session



During the 2011 Regular Legislative Session, a number of acts that affect Arkansas' revenue were enacted. Additional information concerning other acts will be discussed in future newsletters, including any new rules that may be promulgated as a result of the Legislative Session. The following is a partial list of acts that were enacted:

Act 67: To allow a motor vehicle renewal notification to be sent by email if the vehicle owner consents. This Act will be effective July 27, 2011.

Act 585: To expedite administrative tax appeals and promote access to justice. This Act will be effective July 27, 2011.

Act 700: To authorize the establishment of alternative real estate transfer tax documentary symbols and electronic affidavits of compliance. This Act will be effective July 27, 2011.

Act 724: To clarify the provisions concerning a setoff of debts from state income tax refunds. This Act will be effective July 27, 2011.

Act 736: To provide additional income tax relief to head of household taxpayers with two (2) or more dependents. This Act will be effective for tax years beginning on or after January 1, 2011.

Act 773: The Arkansas Highway Financing Act of 2011. This Act's effective date depends on the vote of people.

Act 787: To make technical corrections to Arkansas income tax laws. This Act's effective date will vary.

Act 789: An Act to allow the Department of Finance and Administration to offset any tax refund due for any tax collected by the department against a debt for any tax administered by the department. This Act will be effective January 1, 2012.

To view the previously listed acts or other acts in their entirety, please go to the following webpage: [88th Arkansas General Assembly Act Webpage](#)

OFFICE OF INCOME TAX ADMINISTRATION

Rule 2011-1 Standard Mileage Rates for Income Tax Purposes

Rule 2011-1 is currently being promulgated, but it became effective January 1, 2011.

The rule sets the optional standard mileage rates as follows:

1. For employees or self-employed individuals, the rate will increase by 1¢ from 50¢ to 51¢ per mile.
2. For transportation expenses deductible as a medical or moving expense, the rate will also increase by 2.5¢ from 16.5¢ to 19¢ per mile.
3. For charitable organizations, the rate will remain at 14¢ per mile.

To read more information on this rule, please go to the Proposed Rule Section on the [DFA Revenue Rule Webpage](#).

Update on Standard Mileage Rates for Income Tax Purposes

Collection Procedures & Release of Lien(s) Information

Collection Procedures

The Arkansas Department of Finance's (DFA) Tax Sections will send up to three notices notifying a taxpayer of the amount of any debt currently due the state for taxes.

If the state tax debt is not paid within 60 days of the date of the Notice of Proposed Assessment, the taxpayer's account will be referred to Arkansas DFA's Collection Section for additional collection activities.

When a taxpayer's account is referred to Arkansas DFA's Collection Section, the Collection Section representative will give the taxpayer the option to pay the tax liability (including any penalty and interest that may have accrued) in full at the present time or to enter into a payment plan agreement. A payment plan agreement allows payment of the tax liability (including the penalty and interest) over a period of time.

After all the required statutory notices have been sent and the taxpayer fails to pay the total amount due including any penalties or interest that may have accrued, the Collection Section will file a state tax lien(s) in the taxpayer's county of residence. The state tax lien(s) is automatically filed on the Arkansas Integrated Revenue System (AIRS) once it becomes a collection item. After a lien(s) has been filed, any type of property transfers the taxpayer attempts to make will be halted.

Also, credit agencies may research county courthouse files and record the state tax lien(s) as a part of the taxpayer's credit information. **NOTE: The Arkansas DFA does not supply the credit bureau with this information.**

If a taxpayer has a state tax lien(s) filed against him or her, interest at the rate of 10% per year will continue to accrue on the entire liability which includes any existing penalties and/or interest amounts.

Release of Lien Information

When an account is paid in full, the Arkansas DFA's Collection Section notifies the circuit clerk of the county in which the lien(s) was filed that the judgment is satisfied and the state tax lien is then released. A release of state tax lien(s) will be issued within approximately thirty days upon processing of the payment. The approximate payment processing time is ten days.

At the time the circuit clerk of the county in which the lien (s) was filed is notified, a copy of the release of the state tax lien is also mailed to the taxpayer.

Some of information for this article was cited from the following link: [Collection Procedures](#).

If you need more information on this article, please contact Wayne McLean, Manager of Collections in the Office of Field Audit, at 501-682-4720.

DFA Employee Retirement

Danny Walker, Administrator for the Office of Field Audit and Rudy Gates, Manager of the Central District Office of Field Audit; retired on June 30, 2011. Mr. Walker's and Mr. Gates' efforts during their years of service at DFA will be greatly missed.

Walter Anger, former Manager of the Nexus Group at the Office of Field Audit, will replace Mr. Walker. At the time this newsletter was written, Mr. Gates' position had not been filled.

OFFICE OF DRIVER SERVICES ADMINISTRATION

New Arkansas Driver's License (DL) and Identification (ID) Card Formats



On June 1, 2011, new Arkansas Driver's License (DL) and Identification (ID) Card formats were

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issued at the West Little Rock, Sherwood, and Southwest Little Rock Revenue Offices. This new DL and ID card format will be implemented statewide on a phased in basis.

On June 6, 2011, Benton, Hot Springs Village, Hot Springs Albert Pike, and Russellville started issuing the new formats.

By the end of July 2011, all 134 local revenue offices will be issuing the new formats.

The Office of Driver Services entered into a seven year contract with the 3M Company for a new, state of the art DL and ID card production system. 3M is a worldwide leader in the production of security materials, secure issuance systems, and secure authentication systems.

The new card formats provide a number of redesigned security features to make altering, tampering, or counterfeiting extremely difficult. The use of variable background colors and patterns in the new format is just one of the many noticeable changes to help make the documents more secure.

The new cards will be issued through the regular renewal process or whenever a duplicate card is issued. All cards will be in the new format by the end of the four year renewal cycle.

Information for this article was cited from a press release from the Office of Driver Services dated June 1, 2011.

For more information or to view the new card format layouts, please visit the following webpage link: [New Arkansas DL & ID Card Formats Information](#).

Also, for more information, please contact Tonie Shields, Administrator for the Office of Driver Services, at 501-682-7060.

HELPFUL WEBPAGE LINKS

- [INDIVIDUAL INCOME TAX E-FILE](#)
- [INCOME TAX REFUND INQUIRY](#)
- [INDIVIDUAL INCOME TAX FILING INFORMATION AND FORMS](#)
- [CORPORATION INCOME TAX FORMS](#)
- [PREVIOUS ARKANSAS STATE TAX QUARTERLIES](#)
- [ARKANSAS TAXPAYER ACCESS POINT \(ATAP\)](#)
- [FEDERAL EMPLOYER IDENTIFICATION NUMBER APPLICATION](#)
- [OFFERS IN COMPROMISE \(OIC\) FORMS](#)
- [POWER OF ATTORNEY \(POA\) FORM](#)
- [MOTOR FUEL TAX](#)
- [SMALL BUSINESS CORPORATE \(SUB-S\) REPORTING FORMS](#)
- [TAX CREDIT AND SPECIAL REFUND](#)

Important: Upcoming Local Sales & Use Tax Changes in Arkansas Counties & Towns

Updates to Local Sales and Use Taxes
Please call 501-682-7104 for Periodic Updates or click on the following link:
[Local Sales and Use Tax Updates](#)

Name	Code	Effective Date	%	Recent Action
Fort Smith	65-01	07/01/11	2.00	Annexation
Ozark	24-07	07/01/11	1.00	Annexation
Pine Bluff	35-01	07/01/11	1.625	Increased
Jefferson County	35-00	07/01/11	1.625	Increased

NOTICE ABOVE: Changes to Arkansas DL & ID Card Formats

Contact Info

Corporate Income Tax	501-682-4775
Taxpayer Assistance for Individual Income Tax	501-682-1100 800-882-9275
Sales and Use Tax (Tax Inquiries)	501-682-7104
Motor Fuel Tax	501-682-4800
Problem Resolution and Tax Information Office	501-682-7751
Collections	501-682-5000 501-682-4720
Revenue Legal Counsel	501-682-7030
Motor Vehicle Administration	501-682-4692
Field Audit Administration	501-682-4616
Driver Services Administration	501-682-7060
Revenue Administration	501-682-7025
Arkansas Taxpayer Access Point (ATAP)	501-683-2827 877-280-2827
Withholding Tax	501-682-7290
Miscellaneous Tax Section	501-682-7187
IRS Taxpayer Assistance/Refund Information	800-829-1040
IRS Federal Tax Forms	800-829-3676
IRS (Taxpayer Advocate)	501-396-5978

Arkansas Excise and Income Tax Due Date Calendar for 2011

The Arkansas Excise and Income Tax Due Date Calendar for 2011 is available at the following link: [Due Date Calendar for 2011](#).



The Arkansas State Revenue Tax Quarterly is a publication of the Problem Resolution and Tax Information Office. The newsletter is produced and distributed electronically to tax professionals, businesses, and organizations operating in Arkansas.

To be added or deleted from the e-mail list, contact Monica Carmichael by email at: Monica.Carmichael@dfa.arkansas.gov, or by mail at Problem Resolution and Tax Information Office, Ledbetter Building, Room 2460, P. O. Box 1272, Little Rock, Arkansas 72203-1272.

OFFICE OF FIELD AUDIT

Reporting Suspicious Tax Activities

To report suspicious tax activities, please go to the following webpage: [Reporting Suspicious Tax Activities](#).

For more information on reporting suspicious activity, please contact the Office of Field Audit by phone at 501-682-4616 or email at fieldAudit@dfa.arkansas.gov.

DFA Rule Email Distribution List Sign-Up information

The Problem Resolution and Tax Information Office notifies all interested parties via email when the Revenue Section of DFA promulgates any rules.



To be added to the email distribution list, please email [Monica Carmichael](mailto:Monica.Carmichael@dfa.arkansas.gov) at: Monica.Carmichael@dfa.arkansas.gov.

Please state in the email that you would like to be added to the email distribution list to be notified about any changes to DFA's Revenue rules.

The rules (regulations) can be accessed at the following link: [Revenue Rules](#).

Suggestions Corner

If you have any suggestions about items to be included on any future newsletters, please email your suggestions to Monica.Carmichael@dfa.arkansas.gov.

Upcoming State Observed Holidays

DFA Revenue offices will be closed for the following state observed holiday:

- ✚ Monday, September 5th, in observance of Labor Day.

Calendar of Due Dates

July

07/20/11-Dyed Diesel-Motor Fuel Tax. Sales & Use Tax.
07/25/11-Sales Tax (2nd monthly prepayment). Motor Fuel Tax (Except IFTA). Severance Tax.

07/31/11-IFTA.

August

08/12/11-Sales Tax (1st monthly prepayment). Employee monthly withholding tax, for prior month (EFT filers only).

08/15/11-Employee monthly withholding tax, for prior month. Miscellaneous Tax (Except Severance Taxes).

08/22/11-Dyed Diesel-Motor Fuel Tax. Sales & Use Tax.
08/24/11-Sales Tax (2nd monthly prepayment).
08/25/11-Motor Fuel Tax (Except IFTA). Severance Tax.

September

09/12/11-Sales Tax (1st monthly prepayment).
09/14/11-Employee monthly withholding tax, for prior month (EFT filers only). 3rd Qtr estimated income tax (Based on calendar year filer) (EFT filers only).

09/15/11-Employee monthly withholding tax, for prior month. Ark income tax returns (Cooperative Association). (Based on Calendar year filers; return due date 8 ½ months after end of tax year). 3rd Qtr estimated income tax (Based on calendar year filer). Miscellaneous Tax (Except Severance taxes).

09/20/11-Dyed Diesel-Motor Fuel Tax. Sales & Use Tax.
09/26/11-Sales Tax (2nd monthly prepayment).
09/26/11-Motor Fuel Tax (Except IFTA). Severance Tax.

Through October 17th

10/12/11-Sales Tax (1st monthly prepayment).
10/14/11-Employee monthly withholding tax, for prior month (EFT filers only).

10/17/11-Employee monthly withholding tax, for prior month. Miscellaneous Tax (Except Severance Taxes).