



SALES & USE TAX

For Local Governments

WHAT IS SALES TAX?

- ▶ Sales tax is the additional amount of money charged based on a percentage of the selling price of goods and services.
 - ▶ This additional money goes to state and local governments.
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WHAT IS USE TAX?

- ▶ Use Tax is a tax on tangible personal property purchased out-of-state and brought into Arkansas for use, storage, consumption, or distribution. The tax is designed to assure fair competition between Arkansas businesses and out-of-state businesses.
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REMOTE SELLERS

- ▶ On June 21, 2018, the United States Supreme Court ruled in *South Dakota v. Wayfair* that online and other remote, out-of-state sellers can be required to collect state and local sales and use taxes in those states where the seller does not have a physical presence but where they sell and deliver their products and services.

ACT 822 OF 2019

- ▶ Beginning July 1, 2019, all remote sellers and marketplace facilitators are required to collect and remit Sales and Use tax to the State of Arkansas if within the current or previous year the sale of tangible personal property, taxable services, a digital code, or specified digital products for delivery into Arkansas exceeded one hundred thousand dollars (\$100,000) or two hundred (200) transactions.

DESTINATION BASED SOURCING

- ▶ Arkansas sales tax is based on where the customer takes first receipt of the good or service.
 - ▶ This determines what state, city, and county sales tax applies to the transaction.
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TAXABLE VS NON-TAXABLE


- ▶ Most tangible personal property is subject to sales tax.

Some Exceptions: Prescription drugs, gasoline, and livestock

- ▶ Most services are not subject to sales tax.

Some Exceptions: Janitorial, vehicle repair, and alarm monitoring


SALES TAX COLLECTIONS

- ▶ The Arkansas Department of Finance and Administration collects all state, city, and county sales tax.
 - ▶ We collect from over 100,000 taxpayers.
 - ▶ We collect for over 400 cities and counties.
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HOW MUCH IS COLLECTED?

- ▶ We collect over \$6,000,000,000 in sales & use tax annually.
 - ▶ Almost \$2,000,000,000 in city and county sales & use tax.
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WHEN IS IT COLLECTED?

- ▶ Monthly, Quarterly, Annual Filers
 - ▶ Due on the 20th of the following month
 - ▶ 2% Discount
 - ▶ 5% Penalty
 - ▶ 10% Interest
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HOW IS IT COLLECTED?

- ▶ Electronic Returns and Payments
 - ▶ Paper Returns and Payments
 - ▶ Combined Reporting
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LOCAL DISTRIBUTION/TURNBACK

- ▶ Filing Period – month the transaction took place
 - ▶ Revenue Period – month we receive the revenue
 - ▶ Disbursement Period – month it is disbursed to the cities and counties
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Example: Company A had \$100,000 in taxable sales in January 2024.

- ▶ Filing Period – January 2024
 - ▶ Revenue Period – February 2024
 - ▶ Disbursement Period – March 2024
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DISTRIBUTION PROCESS


- ▶ We review each local before the disbursement.
 - ▶ A file is sent to the Treasurer's office around the 20th of each month.
 - ▶ The Treasurer makes the actual deposits.
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LOCAL CAP REBATES



WHAT ARE LOCAL CAP REBATES?

- ▶ Qualifying businesses may be eligible for a rebate of the additional local tax paid on qualifying purchases on invoices that exceed \$2,500.00.
- ▶ A qualifying business purchase means a purchase of tangible personal property or a taxable service for which a business may claim a business expense deduction or depreciation deduction for federal income tax purposes.

- ▶ “Single Transaction” shall mean any sale of tangible personal property or taxable service reflected on a single invoice, receipt, or statement for which an aggregate sales or use tax amount has been reported or remitted to the state for a single local taxing jurisdiction.
 - ▶ There is a one-year time limit for requesting a rebate which begins on the date of the purchase on the invoice or from the date of payment of the tax to the seller, whichever is later.
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LOCAL REPORTS




26-18-303 RECORDS CONFIDENTIAL AND PRIVILEGED

- ▶ The Secretary of the Department of Finance and Administration is the official custodian of all records and files required by any state tax law to be filed with the Secretary of the Department of Finance and Administration and is required to take all steps necessary to maintain their confidentiality.
- ▶ It is the specific intent of this chapter that all tax returns, audit reports, and information pertaining to any tax returns, whether filed by individuals, corporations, partnerships, or fiduciaries, shall not be subject to the provisions of the Freedom of Information Act.

LOCAL BUSINESS LISTING


- ▶ Must be requested by the chief executive officer of the city or county (Mayor or County Judge)
 - ▶ Provides a list of all businesses that remitted sales tax for a specified period
 - ▶ Does not provide amounts remitted
 - ▶ May be provided no more than quarterly upon request
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LOCAL DISTRIBUTION REPORT

- ▶ Available on our website
www.dfa.arkansas.gov
 - ▶ Provides monthly tax revenue totals for each city and county
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LOCAL DISTRIBUTION BY NAICS

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM

- ▶ Available on our website
www.dfa.arkansas.gov
 - ▶ Provides monthly tax revenue totals generated by NAICS Code for a specific city or county
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NAICS Code	NAICS Description	Net Sales	Net Use	Total	Rebates	Audits
1152	Support Activities for Animal Production	\$66.52	\$55.00	\$121.52	\$0.00	\$0.00
2359	Other Special Trade Contractors	\$443.00	\$0.00	\$443.00	\$0.00	\$0.00
2382	Building Equipment Contractors	\$1,237.64	\$302.00	\$1,539.64	\$0.00	\$0.00
3118	Bakeries and Tortilla Manufacturing	\$1,455.93	\$1.70	\$1,457.63	\$0.00	\$0.00
3119	Other Food Manufacturing	\$0.00	\$29.14	\$29.14	\$0.00	\$0.00
3152	Cut and Sew Apparel Manufacturing	\$1.00	\$107.01	\$108.01	\$0.00	\$0.00
3159	Apparel Accessories and Other Apparel Manufacturing	\$0.00	\$8.48	\$8.48	\$0.00	\$0.00
3222	Converted Paper Product Manufacturing	\$35.28	\$3.24	\$38.52	\$0.00	\$0.00
3231	Printing and Related Support Activities	\$11.00	\$191.09	\$202.09	\$0.00	\$0.00
3256	Soap; Cleaning Compound; and Toilet Preparation Manufacturing	\$25.89	\$5.31	\$31.20	\$0.00	\$0.00
3322	Cutlery and Handtool Manufacturing	\$0.00	\$8.18	\$8.18	\$0.00	\$0.00
3323	Architectural and Structural Metals Manufacturing	\$330.80	\$2.00	\$332.80	\$0.00	\$0.00
3329	Other Fabricated Metal Product Manufacturing	\$12.00	\$7.00	\$19.00	\$0.00	\$0.00
3334	Ventilation; Heating; Air-Conditioning; and Commercial Refrigeration Equipment Manufacturing	\$70.04	\$78.00	\$148.04	\$0.00	\$0.00

LOCAL SALES TAX REBATE REPORT


- ▶ Only available on ATAP (Arkansas Taxpayer Access Point)
 - ▶ Provides the Account ID, Name of the Business, Filing Period, Amount of Rebate
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Results

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ID	Name	Filing Period	Sales Rebate	Use Rebate	Total Rebate
		11/30/2022	224.88	0.00	224.88
		11/30/2022	318.71	0.00	318.71
		11/30/2022	1,656.00	0.00	1,656.00
		11/30/2022	0.00	37.09	37.09
		11/30/2022	0.00	46.85	46.85
		11/30/2022	0.00	69.80	69.80
		11/30/2022	883.00	357.00	1,240.00
		11/30/2022	0.00	450.00	450.00
		11/30/2022	0.00	71.00	71.00
		11/30/2022	721.00	0.00	721.00
		11/30/2022	2,700.00	0.00	2,700.00
		11/30/2022	0.00	4,574.64	4,574.64
		10/31/2022	0.00	252.31	252.31
		11/30/2022	16.00	0.00	16.00

NAICS LOCAL DISTRIBUTION REPORT

- ▶ Only available on ATAP (Arkansas Taxpayer Access Point)
 - ▶ Provides the NAICS Code, NAICS Description, Count, Net Tax Collected, Rebate Amount, Audit Amount
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Results

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NAICS Code	NAICS Description	Count	Sales Amount	Use Amount	Total	Rebate Amount	Audit Amount
2211	Electric Power Generation, Transr	1	1,458.00	0.00	1,458.00	0.00	0.00
2212	Natural Gas Distribution	1	167.00	0.00	167.00	0.00	0.00
2213	Water, Sewage and Other System	2	24.00	0.00	24.00	0.00	0.00
2382	Building Equipment Contractors	3	8.83	0.00	8.83	0.00	0.00
3113	Sugar and Confectionery Product	1	0.00	1.00	1.00	0.00	0.00
3115	Dairy Product Manufacturing	1	6.00	0.00	6.00	0.00	0.00
3119	Other Food Manufacturing	2	0.00	2.00	2.00	0.00	0.00
3121	Beverage Manufacturing	1	-2.00	0.00	-2.00	0.00	0.00
3149	Other Textile Product Mills	2	0.00	17.59	17.59	0.00	0.00
3152	Cut and Sew Apparel Manufactur	5	7.00	23.00	30.00	0.00	0.00
3162	Footwear Manufacturing	1	0.00	2.00	2.00	0.00	0.00
3169	Other Leather and Allied Product	1	0.00	2.00	2.00	0.00	0.00

CONTACTS

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QUESTIONS?

