1 State of Arkansas

2 89th General Assembly A Bill

3 Regular Session, 2013 HOUSE BILL 1206

4

5 By: Representative Lowery

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7 ## For An Act To Be Entitled

8 AN ACT TO CLARIFY THE SALES TAX TREATMENT OF SERVICE

9 FEES AND DEDUCTIBLES CHARGED PURSUANT TO A CONTRACT;

10 AND FOR OTHER PURPOSES.

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13 ## Subtitle

14 TO CLARIFY THE SALES TAX TREATMENT OF

15 SERVICE FEES AND DEDUCTIBLES CHARGED

16 PURSUANT TO A CONTRACT.

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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 SECTION 1. Arkansas Code § 26-52-301(7), concerning the gross receipts

22 tax charged on sales of goods and services, is amended to read as follows:

23 (7)(A) Contracts, including service contracts, maintenance

24 agreements, and extended warranties, which that in whole or in part provide

25 for the future performance of or payment for services which that are subject

26 to gross receipts tax.

27 (B) The seller of the contract must shall collect and

28 remit the tax due on the sale of the contract except when the contract is

29 sold simultaneously with a motor vehicle in which case the purchaser of the

30 vehicle shall pay gross receipts tax on the purchase of the contract at the

31 time of vehicle registration; and.

32 (C) However, the gross receipts tax levied in this section

33 does not apply to a trade service fee or deductible, regardless of the manner

34 of collection, that is charged pursuant to a contract that is subject to the

35 gross receipts tax levied in this section; and

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1   SECTION 2.   EFFECTIVE DATE.   Section 1 of this act is effective on the
2   first day of the calendar quarter following the effective date of this act.
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