

1 **State of Arkansas**  
2 **79th General Assembly**  
3 **Regular Session, 1993**

# **A Bill**

**SENATE BILL 458**

4 **By: Senators Lewellen and Gwatney**

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## **For An Act To Be Entitled**

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"AN ACT TO CLARIFY THE GROSS RECEIPTS TAX ON DEBT  
9 COLLECTION SERVICES; AND FOR OTHER PURPOSES."

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## **Subtitle**

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"AN ACT TO CLARIFY THE GROSS RECEIPTS TAX ON DEBT  
13 COLLECTION SERVICES."

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

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18 *SECTION 1. The tax levied on the service of providing a credit report*  
19 *and the service of collecting a debt or account receivable by Ark. Code Ann.*  
20 *§26-52-301(3)(E) shall be levied and collected as follows:*

21 *(1) The tax shall be applicable to services provided to third parties*  
22 *in providing a credit report or in collecting a delinquent debt in this state*  
23 *where the debtor and the creditor had an address or place of business within*  
24 *this state at the time the debt was created or referred for collection. This*  
25 *tax shall not be collected on delinquent debts owed by a debtor to a creditor*  
26 *neither of which had an address or place of business within this state at the*  
27 *time the debt was created or referred for collection.*

28 *(2) This gross receipts tax shall be levied and calculated on the*  
29 *amounts received as payment for collection services and not on the total*  
30 *amount of the debt collected.*

31 *(3) Any person providing the service of collecting a delinquent debt*  
32 *shall collect the tax from the debtor in addition to the amount of the debt*  
33 *being collected. If the person providing the service of collecting the debt*  
34 *fails to collect the tax from the debtor, the person is responsible for paying*  
35 *the proper amount of tax due and may collect the tax from the creditor.*

1           (4) The provisions of Ark. Code Ann. §26-52-301(3)(E) shall apply to  
2 services of attorneys when such services are subject to Act 145 of 1965.

3           (5) The tax shall not apply to the collection of accounts which are  
4 serviced by a billing service as current accounts and are collected by the  
5 billing service after becoming delinquent.

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7           SECTION 2. All provisions of this act of a general and permanent nature  
8 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
9 Revision Commission shall incorporate the same in the Code.

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11           SECTION 3. If any provision of this act or the application thereof to  
12 any person or circumstance is held invalid, such invalidity shall not affect  
13 other provisions or applications of the act which can be given effect without  
14 the invalid provision or application, and to this end the provisions of this  
15 act are declared to be severable.

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17           SECTION 4. All laws and parts of laws in conflict with this act are  
18 hereby repealed.

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20           SECTION 5. EMERGENCY. It is hereby found and determined by the General  
21 Assembly that Act 5 of the Second Extraordinary Session of 1992 levies a gross  
22 receipts tax on the service of collecting a debt or account receivable; that  
23 this act has caused confusion as to who is subject to the tax and what  
24 constitutes taxable services in connection with the collection of debts or  
25 accounts receivable; that this act will clarify some of the confusion that  
26 exists; and that since the tax becomes effective on March 1, 1993, this act is  
27 necessary immediately. Therefore an emergency is hereby declared to exist and  
28 this act being necessary for the preservation of the public peace, health and  
29 safety shall be in full force and effect from and after its passage and  
30 approval.

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*/s/ Senators Lewellen and Gwatney*

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