

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

HOUSE BILL 1845

5 By: Representatives Gates, Breaux, Evans, Glover
6 By: Senators Flippo, L. Chesterfield, M. Johnson
7

For An Act To Be Entitled

9 AN ACT TO ADJUST THE COMPUTATION OF SALES AND USE TAX
10 ON CERTAIN SALES OF MOTOR VEHICLES, TRAILERS, AND
11 SEMITRAILERS; TO PROVIDE FOR THE COMPUTATION OF SALES
12 AND USE TAX ON THE PURCHASE OF A MOTOR VEHICLE,
13 TRAILER, OR SEMITRAILER WHEN A USED MOTOR VEHICLE,
14 TRAILER, OR SEMITRAILER IS TRANSFERRED AS PART OF AN
15 INSURANCE SETTLEMENT RATHER THAN TRADED IN AS CREDIT
16 TOWARD OR PARTIAL PAYMENT OF A MOTOR VEHICLE,
17 TRAILER, OR SEMITRAILER; AND FOR OTHER PURPOSES.
18

Subtitle

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21 CONCERNING THE SALES AND USE TAX LEVIED
22 ON THE PURCHASE OF A MOTOR VEHICLE,
23 TRAILER, OR SEMITRAILER WHEN A USED MOTOR
24 VEHICLE, TRAILER, OR SEMITRAILER IS
25 TRANSFERRED AS PART OF AN INSURANCE
26 SETTLEMENT.
27

28
29 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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31 SECTION 1. Arkansas Code § 26-52-510(b)(1)(C), concerning the direct
32 payment of sales tax by a consumer-user for a new or used motor vehicle,
33 trailer, or semitrailer, is amended to read as follows:

34 (C)(i) When a used motor vehicle, trailer, or semitrailer
35 is either sold by a consumer or transferred to an insurance company as part
36 of an insurance settlement agreement, rather than ~~traded in~~ traded in as a



1 credit or ~~part~~ partial payment on the sale of a new or used motor vehicle,
 2 trailer, or semitrailer, and the consumer subsequently purchases a new or
 3 used motor vehicle, trailer, or semitrailer of greater value within forty-
 4 five (45) days of the sale or the insurance settlement agreement, the tax
 5 levied by this chapter and all other gross receipts taxes levied by the state
 6 shall be paid on the net difference between the total consideration for the
 7 new or used motor vehicle, trailer, or semitrailer purchased subsequently and
 8 the amount received from the sale of or the insurance settlement agreement
 9 concerning the used motor vehicle, trailer, or semitrailer sold or
 10 transferred in lieu of a trade-in.

11 (ii)(a) Upon registration of the new or used motor
 12 vehicle, a consumer claiming the deduction provided by subdivision
 13 (b)(1)(C)(i) of this section shall provide ~~a~~ one (1) of the following that
 14 reflects the total consideration paid to the seller for the used motor
 15 vehicle, trailer, or semitrailer:

16 (1) A bill of sale signed by all parties
 17 to the transaction ~~which reflects the total consideration paid to the seller~~
 18 ~~for the vehicle;~~ or

19 (2) An insurance settlement agreement
 20 that is signed by all parties to the settlement and that states the
 21 settlement amount paid for the used motor vehicle, trailer, or semitrailer.

22 (b) A copy of the bill of sale or insurance
 23 settlement agreement shall be deposited with the revenue office ~~at the time~~
 24 ~~of registration of~~ when the taxpayer registers the new or used motor vehicle.

25 (c) The deduction provided by this section
 26 ~~shall~~ is not be allowed unless the taxpayer claiming the deduction provides ~~a~~
 27 ~~copy of a bill of sale signed by all parties to the transaction which~~
 28 ~~reflects the total consideration paid to the seller for the vehicle~~ the
 29 documentation required under this subdivision (b)(1)(C)(ii).

30 (iii) If the taxpayer claiming the deduction
 31 provided in this section ~~fails to~~ does not provide ~~a bill of sale signed by~~
 32 ~~all parties to the transaction which reflects the total consideration paid to~~
 33 ~~the seller for the vehicle~~ the documentation required under subdivision
 34 (b)(1)(C)(ii) of this section, tax shall be is due on the total consideration
 35 paid for the new or used motor vehicle, trailer, or semitrailer without any
 36 deduction for the value of the item sold or transferred.

1 (iv) The deduction provided for under this
 2 subdivision (b)(1)(C) does not apply if sales tax is included in an insurer's
 3 payment for a loss under § 23-89-211 for a motor vehicle transferred to an
 4 insurance company as part of an insurance settlement agreement.

5
 6 SECTION 2. Arkansas Code § 26-53-126(b)(3), concerning the payment of
 7 use tax on a new or used motor vehicle, trailer, or semitrailer, is amended
 8 to read as follows:

9 (3)(A) When a used motor vehicle, trailer, or semitrailer is
 10 either sold by a consumer or transferred to an insurance company as part of
 11 an insurance settlement agreement, rather than traded in as a credit or ~~part~~
 12 partial payment on the sale of a new or used motor vehicle, trailer, or
 13 semitrailer, and the consumer subsequently purchases a new or used motor
 14 vehicle, trailer, or semitrailer of greater value within forty-five (45) days
 15 of the sale or the insurance settlement agreement, the tax levied by this
 16 chapter and all other gross receipts taxes levied by the state shall be paid
 17 on the net difference between the total consideration for the new or used
 18 motor vehicle, trailer, or semitrailer purchased subsequently and the amount
 19 received from the sale of or the insurance settlement agreement concerning
 20 the used motor vehicle, trailer, or semitrailer sold or transferred in lieu
 21 of a trade-in.

22 (B)(i) Upon registration of the new or used motor vehicle,
 23 consumers claiming the deduction provided by subdivision (b)(3)(A) of this
 24 section shall provide ~~a~~ one (1) of the following that reflects the total
 25 consideration paid to the seller for the used motor vehicle, trailer, or
 26 semitrailer:

27 (a) A bill of sale signed by all parties to
 28 the transaction which reflects the total consideration paid to the seller for
 29 the vehicle; or

30 (b) An insurance settlement agreement that is
 31 signed by all parties to the settlement and that states the settlement amount
 32 paid for the used motor vehicle, trailer, or semitrailer.

33 (ii) A copy of the bill of sale or insurance
 34 settlement agreement shall be deposited with the revenue office ~~at the time~~
 35 ~~of registration of~~ when the taxpayer registers the new or used motor vehicle.

36 (iii) The deduction provided by this subdivision

1 (b)(3) ~~shall~~ is not be allowed unless the taxpayer claiming the deduction
 2 provides a ~~copy of a bill of sale signed by all parties to the transaction~~
 3 ~~which reflects the total consideration paid to the seller for the vehicle~~ the
 4 documentation required under this subdivision (b)(3)(B).

5 (C) If the taxpayer claiming the deduction provided in
 6 this subdivision (b)(3) ~~fails to~~ does not provide a ~~bill of sale signed by~~
 7 ~~all parties to the transaction which reflects the total consideration paid to~~
 8 ~~the seller for the vehicle~~ the documentation required under subdivision
 9 (b)(3)(B) of this section, tax ~~shall be~~ is due on the total consideration
 10 paid for the new or used motor vehicle, trailer, or semitrailer without any
 11 deduction for the value of the item sold or transferred.

12 (D) The deduction provided for under this subdivision
 13 (b)(3) does not apply if sales tax is included in an insurer's payment for a
 14 loss under § 23-89-211 for a motor vehicle transferred to an insurance
 15 company as part of an insurance settlement agreement.

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 17 SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective
 18 on the first day of the calendar quarter following the effective date of this
 19 act.