

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

A Bill

ACT 282 OF 1993
HOUSE BILL 1575

4 **By: Representatives Northcutt and Riable**

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For An Act To Be Entitled

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"AN ACT TO CLARIFY THE GROSS RECEIPTS TAX ON DEBT
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
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*
23 *this state where the debtor and the creditor had an address or*
24 *place of business within this state at the time the debt was*
25 *created or referred for collection. This tax shall not be*
26 *collected on delinquent debts owed by a debtor to a creditor*
27 *neither of which had an address or place of business within this*
28 *state at the time the debt was created or referred for collection.*
- 29 (2) *This gross receipts tax shall be levied and calculated on the*
30 *amounts received as payment for collection services and not on the*
31 *total amount of the debt collected.*
- 32 (3) *Any person providing the service of collecting a delinquent debt shall*
33 *collect the tax from the debtor in addition to the amount of the debt*
34 *being collected. If the person providing the service of collecting the*
35 *debt fails to collect the tax from the debtor, the person is responsible*
36 *for paying the proper amount of tax due and may collect the tax from the*

1 creditor.

2 (4) The provisions of Ark. Code Ann. §26-52-301(3)(E) shall not apply
3 to the collection of a debt by an attorney or by a partnership or
4 professional corporation of attorneys unless the debt arose from
5 the extension of credit. If an attorney performs services, in
6 connection with the collection of a debt based upon the extension
7 of credit, amounts received as payment for services prior to the
8 filing of a complaint are subject to the tax and all amounts
9 received for payment of services after the filing of a complaint
10 are not subject to the tax.

11 (5) The tax shall not apply to the collection of accounts which are
12 serviced by a billing service as current accounts and are
13 collected by the billing service after becoming delinquent.
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15 SECTION 2. All provisions of this act of a general and permanent nature
16 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
17 Revision Commission shall incorporate the same in the Code.
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19 SECTION 3. If any provision of this act or the application thereof to
20 any person or circumstance is held invalid, such invalidity shall not affect
21 other provisions or applications of the act which can be given effect without
22 the invalid provision or application, and to this end the provisions of this
23 act are declared to be severable.
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25 SECTION 4. All laws and parts of laws in conflict with this act are
26 hereby repealed.
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28 SECTION 5. It is hereby found and determined by the General Assembly of
29 the State of Arkansas that Act 5 of the Second Extraordinary Session of 1993
30 levies a gross receipts tax on the service of collecting a debt or account
31 receivable; that this act has caused confusion as to who is subject to the tax
32 and what constitutes taxable services in connection with the collection of
33 debts or accounts receivable; that this act will clarify some of the confusion
34 that exists; and that since the tax becomes effective on March 1, 1993, this
35 act is necessary immediately. Therefore, an emergency is hereby declared to

1 exist and this act being necessary for the immediate preservation of the
2 public peace, health and safety shall be in full force and effect from and
3 after its passage and approval.

4 /s/W. Northcutt, et al

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6 APPROVED: 03/01/93

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As Engrossed: 2/17/93 2/26/93

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