

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4
5 By: Senator D. Sanders

A Bill

SENATE BILL 1185

For An Act To Be Entitled

8 AN ACT TO ALLOW TAXPAYERS TO DEDUCT CREDIT CARD
9 INTERCHANGE FEES CHARGED ON CERTAIN SALES AND USE
10 TAXES COLLECTED AND REMITTED TO THE STATE; AND FOR
11 OTHER PURPOSES.

Subtitle

15 TO ALLOW TAXPAYERS TO DEDUCT CREDIT CARD
16 INTERCHANGE FEES CHARGED ON CERTAIN SALES
17 AND USE TAXES COLLECTED AND REMITTED TO
18 THE STATE.

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

23 SECTION 1. Arkansas Code § 26-52-501(d), concerning the preparation of
24 returns and payment of sales and use tax, is amended to read as follows:

25 (d)(1) The tax shall be computed by multiplying the tax rate by the
26 amount of the total combined gross receipts or gross proceeds derived from
27 all taxable sales during the preceding month without regard to the amount
28 that may be allocated to gross receipts tax on the taxpayer's books of
29 account.

30 (2)(A) However, a taxpayer may deduct from the tax computed
31 under this section any interchange fees charged by a credit card processor on
32 the tax levied under this chapter.

33 (B) The interchange fees deducted under this subdivision
34 (d)(2) shall be deducted solely from the amount of tax due under the Arkansas
35 Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas
36 Compensating Tax Act of 1949, § 26-53-101 et seq., and shall not be deducted



1 from any tax due for local sales and use taxes or under Amendment 75 or
2 Amendment 91 to the Arkansas Constitution.

3 (C) As used in this subdivision (d)(2):

4 (i) "Credit card processor" means an entity that:

5 (a) Directly or through licensed members,
6 processors, or agents provides the proprietary services, infrastructure, and
7 software that route information and data to conduct debit card or credit card
8 transactions; and

9 (b) A merchant or seller uses to accept as a
10 form of payment a brand of debit card, credit card, or other device that may
11 be used to carry out debit or credit transactions; and

12 (ii) "Interchange fee" means a fee established,
13 charged, or received by a credit card processor for the purpose of
14 compensating a taxpayer for its involvement in an electronic payment
15 transaction.

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