

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1435

Bill Subtitle: TO AMEND THE PREPAYMENT CALCULATION FOR SALES TAX FROM THE PRECEDING CALENDAR YEAR TO THE PRECEDING FISCAL YEAR; AND TO DECLARE AN EMERGENCY.

Basic Change :

Sponsors: Rep. Hawk and Sen. J. Petty

Under current law, an Arkansas retailer with average net sales of \$200,000 per month is required to make prepayments of sales tax by electronic funds transfer. A retailer subject to the requirement is required to use the "preceding calendar year" of sales to determine whether it meets the threshold for the prepayment requirement. HB1435 changes the method of calculation to the "preceding fiscal year that began on July 1 and ended on June 30", which increases the time for compliance between the period used to calculate the prepayment and the date the first prepayment is due.

HB1435 contains an emergency clause and would be effective on July 1, 2023.

Revenue Impact :

None.

Taxpayer Impact :

A retailer within the State of Arkansas registered to collect sales tax that is subject to the prepayment requirement of § 26-52-512 would use the "preceding fiscal year" instead of the "preceding calendar year" to determine its prepayment of sales tax responsibility.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Department of Finance and Administration staff will be educated as well as the taxpayer community.

Other Comments :

None.

Legal Analysis :

None.