

State of Arkansas

76th General Assembly

First Extraordinary Session, 1987

HOUSE BILL

1037

By: Representative Matthews

"AN ACT TO LEVY A TAX AT THE RATE OF FOUR PERCENT ON GROSS RECEIPTS DERIVED FROM ALL PROFESSIONAL SERVICES; TO PROVIDE THAT THE TAX LEVIED HEREIN SHALL NOT EXCEED ONE HUNDRED DOLLARS ON ANY SINGLE BILLED TRANSACTION; TO PROVIDE THAT THE TAX LEVIED HEREIN SHALL BE DUE AND PAYABLE ONLY ON THE AMOUNTS COLLECTED FOR PROFESSIONAL SERVICES, AND THAT SUCH TAXES SHALL BE COLLECTED AND REMITTED ONLY AT THE TIME THE CHARGES FOR SUCH PROFESSIONAL SERVICES ARE COLLECTED; TO PROVIDE THAT THE TAX LEVIED HEREIN SHALL BE REPORTED AND REMITTED TO THE COMMISSIONER OF REVENUES IN THE SAME MANNER AS THE GROSS RECEIPTS TAXES LEVIED IN ACT 386 OF 1941 AS AMENDED, AND ACTS SUPPLEMENTAL THERETO; AND FOR OTHER PURPOSES."

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

SECTION 1. This Act shall be known and may be cited as the Arkansas Professional Services Gross Receipts Tax Act of 1987.

SECTION 2. For purposes of this Act, the term "professional services" includes services furnished by any person who is required under the laws of this State to meet certain qualifications for and/or to obtain a license to practice or engage in the particular profession or occupation, including but not limited to legal services, medical services, accounting and related services, veterinarian services, investment counseling services, services of advertising agencies, engineering services, architectural services, drafting services, real estate sales services, abstracting services, surveying services, barber and/or beautician services, and any and all similar or comparable services.

SECTION 3. There is hereby levied an excise tax of four percent (4%) upon the gross receipts or gross proceeds derived from sales of professional services as defined herein, provided, the tax levied by this Act shall not exceed one hundred dollars (\$100.00) on any single billed transaction. The tax levied herein shall not be applicable to gross receipts or gross proceeds derived from the sale of professional services paid for by any governmental unit, including but not limited to medical services covered by Medicare or Medicaid.

The taxes levied herein shall be collected, reported and remitted in the same manner and at the same time as the gross receipts taxes levied in Act 386 of 1941 and Acts amendatory and supplemental thereto. Provided, the tax levied herein on professional services shall be reported and remitted on the basis of compensation actually collected for professional services and not on the amount billed.

SECTION 4. The provisions of this Act shall not repeal, supercede or replace any law currently in effect which levies the Arkansas gross receipts tax upon particular services but any such services currently subject to the Arkansas gross receipts tax shall be exempt from the tax levied in this Act.

SECTION 5. Sales subject to the tax levied by this Act shall not be subject to any local option sales or sales and use tax whether such tax is levied by a county, city or town unless:

(A) in the case of a county, city or town which has a tax on the effective date of this Act, the governing body of the county, city or town shall either:

(1) adopt an ordinance providing for the levy of the local tax on those sales taxed by this Act, or

(2) call an election on the issue of the levy of the local tax on sales taxed under this Act.

(B) In any county, city or town which holds an election on the issue of the levy of a local sales or sales and use tax after the effective date of this Act the governing body may elect to hold an election only on the issue of a tax which taxes those sales taxed by Act 386 of 1941, as amended, and Act 487 of 1949, as amended, but not those sales subject to the tax levied by this

Act. Where such an election is held, and a tax is approved, the governing body may later:

(1) by ordinance provide for collection of the tax on sales taxed by this Act, or

(2) call a separate election on the levy of the tax on sales taxed by this Act.

(C) After the effective date of this Act, a city, county or town may call an election for a vote on a local sales or sales and use tax and the tax levied by this Act in the same election and allow the voters to make their decision by:

(1) the same single vote, or

(2) a vote on the tax levied by the Act separate from the vote on the regular local tax.

(D) No county, city or town shall have a tax on sales taxed under this Act unless the county, city or town shall also have a local tax on sales taxed under Act 386 of 1941, as amended, and Act 487 of 1949, as amended. In no event shall any local tax be levied on sales taxed under this Act unless the local tax on sales taxed under Act 386 of 1941, as amended, and Act 487 of 1949 as amended, is levied prior to or at the time as the tax levied on sales taxed under this Act. Repeal of any local tax shall also repeal the local tax on sales levied under this Act.

(E) Any election called or held under this section of this Act shall be held in the same manner and subject to the same procedures, rules and limits for the conduct of the election, including any challenge thereto, as is prescribed for the election on the levy of the local tax.

SECTION 6. Every person furnishing professional services subject to the tax levied in this Act shall obtain from the Commissioner of Revenues a sales tax permit. Permits issued hereunder shall be issued in the same manner and shall be subject to the same rules, regulations and penalties as prescribed in Act 386 of 1941 as amended, and in the Arkansas Tax Procedure Act, Act 401 of 1979 as amended. Any person engaging in the business of providing professional services for compensation after the effective date of this Act without obtaining a sales tax permit as required herein shall be guilty of a class C misdemeanor and each day that such violation shall continue shall constitute a separate offense. The Commissioner of Revenues is hereby

authorized to adopt such rules and regulations as he deems necessary or appropriate to assure that the tax levied herein is collected on all professional services subjected to the tax by this Act and to otherwise carry out the intent and purposes of this Act.

SECTION 7. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 8. EMERGENCY. It is hereby found and determined by the General Assembly that the State of Arkansas is in urgent need of additional revenues to provide adequate funding for the public schools and other essential State and local services; that this Act is designed to provide such essential revenues and should be given effect immediately. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

