

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999
4

As Engrossed: S3/18/99 S3/19/99
A Bill

HOUSE BILL 1631

5 By: Representative Teague
6 By: *Senator Hill*
7

8
9 **For An Act To Be Entitled**

10 "AN ACT TO AMEND THE ARKANSAS TAX PROCEDURE ACT TO
11 PERMIT THE ARKANSAS DEPARTMENT OF FINANCE AND
12 ADMINISTRATION TO PROVIDE FOR THE PAYMENT OF STATE
13 TAXES AND ADMINISTRATIVE FEES WITH CREDIT CARDS AND TO
14 PERMIT THE DIRECTOR OF THE DEPARTMENT OF FINANCE AND
15 ADMINISTRATION TO ACCEPT ELECTRONIC OR DIGITAL
16 SIGNATURES ON TAX RETURNS; TO AMEND THE ELECTRONIC
17 FUNDS TRANSFER PROVISIONS, ARKANSAS CODE 26-19-101, ET
18 SEQ., TO CLARIFY CONDITIONS FOR A COMPLETED TAX
19 PAYMENT BY ELECTRONIC FUNDS TRANSFERS; TO AMEND THE
20 ARKANSAS INCOME TAX WITHHOLDING ACT TO REQUIRE THAT
21 COMPANIES WHO PROVIDE THE SERVICE OF REPORTING AND
22 REMITTING ARKANSAS WITHHOLDING TAX ON THE EMPLOYEES OF
23 OTHER COMPANIES REMIT SUCH TAXES BY ELECTRONIC FUNDS
24 TRANSFER; TO AMEND THE ARKANSAS INCOME TAX ACT TO
25 REQUIRE ORIGINATORS, TRANSMITTERS OR PAID PREPARERS OF
26 ELECTRONICALLY FILED ARKANSAS INCOME TAX RETURNS TO
27 RETAIN SIGNATURE AND OTHER SUPPORTING DOCUMENTS; AND
28 FOR OTHER PURPOSES. "

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30 **Subtitle**

31 "ALLOWS DIGITAL SIGNATURES AND TAX
32 PAYMENTS BY CREDIT CARDS; DEFINES
33 COMPLETED EFT PAYMENTS; AND FOR OTHER
34 PURPOSES. "
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1 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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3 SECTION 1. Title 26, Chapter 18, Subchapter 3 of the Arkansas Code is
4 amended by adding the following section to be appropriately numbered by the
5 Arkansas Code Revision Commission:

6 "The director is authorized to accept payment of any state or local tax
7 or fee by use of a credit card when he determines that credit card payments
8 are administratively feasible. The director is authorized to enter into
9 contracts with credit card companies and to pay fees normally charged by those
10 companies for allowing the use of their credit cards as authorized by this
11 section."

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13 SECTION 2. Arkansas Code 26-18-301 is amended to add a new subsection to
14 read as follows:

15 "(d) The director may accept electronic or digital signatures as
16 binding, valid signatures on all reports, forms, or schedules required to be
17 filed by state law."

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19 SECTION 3. Arkansas Code 26-19-101 is amended to read as follows:

20 "As used in this subchapter, the term 'electronic funds transfer' means
21 any transfer of funds, other than a transaction originated by check, draft, or
22 similar paper instrument, that is initiated through an electronic terminal,
23 telephone, computer, or magnetic tape for the purpose of ordering,
24 instructing, or authorizing a financial institution to debit or credit an
25 account, commonly referenced as either an ACH credit or an ACH debit. A
26 transfer of funds by wire transfer which contains no electronic record from
27 which to identify the taxpayer, tax type, tax account number and tax period is
28 not an electronic funds transfer."

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30 SECTION 4. Arkansas Code 26-19-107 is amended to add a new paragraph (c)
31 to read as follows:

32 "(c)(1) With respect to an electronic funds transfer by Automated
33 Clearinghouse ('ACH') debit, the phrase 'to pay taxes by electronic funds
34 transfer' means that the following conditions are met on or before the due
35 date for such payment:

36 (A) The taxpayer initiates the ACH debit by calling the

1 designated toll-free telephone number by 3:00 p.m. on the last business day
2 prior to the due date.

3 (B) The taxpayer accurately provides the director with
4 sufficient information from which the payment may be applied to the correct
5 account, including, but not limited to, the taxpayer's name, account number,
6 tax type, tax period, and amount of payment.

7 (C) The taxpayer's bank account designated as the account to
8 be debited contains adequate funds to cover the payment of taxes by debit
9 transfer at the time the debit transaction is initiated and continuing through
10 the due date of the tax payment.

11 (2) With respect to an electronic funds transfer by Automated
12 Clearinghouse ('ACH') credit, the phrase 'to pay taxes by electronic funds
13 transfer' means that the following conditions are met on or before the due
14 date for such payment:

15 (A) The taxpayer initiates a successful prenote or test
16 transaction containing necessary information in CCD + TXP format. The term
17 'TXP format' means a technical format for the communication of limited tax
18 remittance data accompanying a payment through the Automated Clearinghouse
19 System and includes a list of standard tax type and account type codes.

20 (B) The transfer contains an electronic addenda which allows
21 the director to identify the taxpayer, tax account number, tax payment amount,
22 tax type, and tax period in accordance with instructions provided by the
23 director.

24 (C) The taxpayer transfers the amount of funds due.

25 (D) The taxpayer's designated bank account contains adequate
26 funds to cover the credit transfer at the time the credit transaction is
27 initiated and continuing through the due date of the tax payment.

28 (3) A taxpayer is considered to have failed to pay taxes by
29 electronic funds transfer if the conditions stated in paragraph (1) or (2) of
30 this subsection are not met. The director will notify the taxpayer in writing
31 of its failure to meet the conditions with respect to a particular reporting
32 period. Subsequent failures to meet the prescribed conditions shall result in
33 the assessment of penalties described in § 26-19-107(a) without necessity of
34 additional written notice."

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36 SECTION 5. Arkansas Code 26-51-908 is amended to add a new subsection

1 (h) to read as follows:

2 "(h) Starting with withholding tax reporting periods beginning on
3 January 1, 2001 and for all subsequent reporting periods, a company or any
4 other business enterprise which provides the service of reporting and
5 remitting withholding tax on the wages paid to Arkansas employees by other
6 employers shall remit all such withholding taxes to the director by electronic
7 funds transfer (EFT) as more particularly described in Arkansas Code 26-19-
8 105. However, a company or business which provides tax reporting and
9 remitting services shall not be required to remit withholding taxes by
10 electronic funds transfer if the company or business provides those services
11 for fewer than 100 Arkansas employers. For the purposes of this paragraph,
12 the term 'Arkansas employer' shall mean any employer required by Arkansas law
13 to withhold, report and remit Arkansas income tax on the wages, salary or
14 other compensation paid to its employees within this State."

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16 SECTION 6. Arkansas Code 26-19-105(c) is hereby amended to add a new
17 subsection (4) to read as follows:

18 "(4) Starting with withholding tax reporting periods beginning on
19 January 1, 2001 and for all subsequent reporting periods, a company or any
20 other business enterprise which provides the service of reporting and
21 remitting withholding tax on the wages paid to Arkansas employees by other
22 employers shall remit all such withholding taxes to the director by electronic
23 funds transfer. However, a company or business which provides tax reporting
24 and remitting services shall not be required to remit withholding taxes by
25 electronic funds transfer if the company or business provides those services
26 for fewer than 100 Arkansas employers. For the purposes of this paragraph,
27 the term 'Arkansas employer' shall mean any employer required by Arkansas law
28 to withhold, report and remit Arkansas income tax on the wages, salary or
29 other compensation paid to its employees within this State."

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31 SECTION 7. Title 26, Chapter 51 of the Arkansas Code is amended to add
32 the following section to be appropriately numbered by the Arkansas Code
33 Revision Commission:

34 "(a) The director shall have the authority to require the originator,
35 transmitter or paid preparer of an electronically filed Arkansas income tax
36 return to retain the signature document (AR8453) as well as all other forms

1 and schedules which support the return.

2 (b) Supporting forms and schedules which should be attached to the
3 signature document include, but are not limited to, the following: Form W-2;
4 Form 1099; Form AR1000EC; Form AR1000DC; Form AR1000RC5; and any other
5 documents or schedules that require the taxpayer's signature.

6 (c) The signature document and all supporting documents for an
7 electronically filed Arkansas return must be made available for inspection by
8 the director upon the director's request.

9 (d) The director of the Department of Finance and Administration is
10 empowered to promulgate rules and regulations for the proper enforcement of
11 this section."

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13 SECTION 8. All provisions of this act of a general and permanent nature
14 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
15 Revision Commission shall incorporate the same in the Code.

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17 SECTION 9. If any provision of this act or the application thereof to
18 any person or circumstance is held invalid, such invalidity shall not affect
19 other provisions or applications of the act which can be given effect without
20 the invalid provision or application, and to this end the provisions of this
21 act are declared to be severable.

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23 SECTION 10. All laws and parts of laws in conflict with this act are
24 hereby repealed.

25 */s/ Teague*

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