

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

As Engrossed: H3/29/05

A Bill

SENATE BILL 1169

5 By: Senator Hill
6 By: Representative Thomason
7

For An Act To Be Entitled

8
9
10 AN ACT TO ADOPT THE ADMINISTRATIVE PROVISIONS OF
11 THE STREAMLINED SALES TAX AGREEMENT; AND FOR
12 OTHER PURPOSES.
13

Subtitle

14
15 AN ACT TO ADOPT THE ADMINISTRATIVE
16 PROVISIONS OF THE STREAMLINED SALES TAX
17 AGREEMENT.
18
19

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

22 SECTION 1. Title 26 is amended to add a new chapter to read as
23 follows:

24 26-21-101. Title.

25 This chapter shall be known and may be cited as the "Streamlined Sales
26 Tax Administrative Act".
27

28 26-21-102. Legislative findings and intent.

29 The Eighty-fifth General Assembly finds that this state should enter
30 into an agreement with one (1) or more states to simplify and modernize sales
31 and use tax administration in order to substantially reduce the burden of tax
32 compliance for all sellers and for all types of commerce.
33

34 26-21-103. Definitions.

35 As used in this chapter:

36 (1) "Agent" means a person appointed by a seller to represent



1 the seller before the State of Arkansas and the other states in the
2 agreement;

3 (2) "Agreement" means the multistate agreement to simplify and
4 modernize sales and use tax administration known as the Streamlined Sales and
5 Use Tax Agreement;

6 (3) "Certified automated system" means software that is
7 certified under the agreement to calculate the tax imposed by each
8 jurisdiction on a transaction, determine the amount of tax to remit to the
9 appropriate state, and maintain a record of the transaction;

10 (4) "Certified service provider" means an agent certified under
11 the agreement to perform all the seller's sales and use tax functions, other
12 than the seller's obligation to remit tax on its own purchases;

13 (5) "Entity-based exemption" means an exemption based on who
14 purchases the product or who sells the product;

15 (6) "Model 1 seller" means a seller that has selected a
16 certified service provider as its agent to perform all the seller's sales and
17 use tax functions, other than the seller's obligation to remit tax on its own
18 purchases;

19 (7) "Model 2 seller" means a seller that has selected a
20 certified automated system to perform part of its sales and use tax
21 functions, but retains responsibility for remitting the tax;

22 (8)(A) "Model 3 seller" means a seller that has:

23 (i) Sales in at least five (5) member states;

24 (ii) Total annual sales revenue of at least five
25 hundred million dollars (\$500,000,000);

26 (iii) A proprietary system that calculates the
27 amount of tax due each jurisdiction; and

28 (iv) Entered into a performance agreement with the
29 member states that establishes a tax performance standard for the seller.

30 (B) As used in subdivision (8)(A) of this section, a
31 "seller" includes an affiliated group of sellers using the same proprietary
32 system;

33 (9) "Person" means an individual, trust, estate, fiduciary,
34 partnership, limited liability company, limited liability partnership,
35 corporation, or any other legal entity;

36 (10) "Purchaser" means a person to which a sale of personal

1 property is made or to which a service is furnished;

2 (11) "Seller" means a person making sales, leases, or rentals of
3 personal property or services;

4 (12) "State" means any state of the United States and the
5 District of Columbia; and

6 (13) "Use-based exemption" means an exemption based on the
7 purchaser's use of the product.

8
9 26-21-104. Seller registration.

10 The Department of Finance and Administration shall participate in an
11 online sales and use tax registration system in cooperation with the states
12 that are members of the agreement.

13
14 26-21-105. Taxing jurisdictions.

15 The Department of Finance and Administration shall participate with the
16 states that are members of the agreement in the development of an address-
17 based system for assigning taxing jurisdictions.

18
19 26-21-106. Relief from certain liability.

20 A seller or certified service provider shall not be liable to the State
21 of Arkansas or its local jurisdictions for charging and collecting the
22 incorrect amount of sales or use tax if the seller or the certified service
23 provider relied on erroneous data provided by the Department of Finance and
24 Administration on tax rates, boundaries, or taxing jurisdiction assignments.

25
26 26-21-107. Administration of exemptions.

27 (a) The Department of Finance and Administration shall administer use-
28 based and entity-based exemptions when practicable through a direct pay
29 permit, an exemption certificate, or another means that does not burden
30 sellers.

31 (b)(1) Sellers that follow the exemption requirements as prescribed by
32 the Director of the Department of Finance and Administration shall be
33 relieved from any tax otherwise applicable if it is determined that the
34 purchaser improperly claimed an exemption.

35 (2) If it is determined that the purchaser improperly claimed an
36 exemption, the Department of Finance and Administration shall hold the

1 purchaser liable for the nonpayment of tax.

2 (3) The relief from liability provided in subdivision (b)(1) of
3 this section does not apply to a seller that fraudulently fails to collect
4 the tax or solicits purchasers to participate in the unlawful claim of an
5 exemption.

6
7 26-21-108. Returns and remittance of funds.

8 (a) The Director of the Department of Finance and Administration shall
9 promulgate rules to provide an alternative method for making payments if an
10 electronic funds transfer fails on its due date.

11 (b)(1) The Department of Finance and Administration shall develop a
12 simplified tax reporting form to be used for all state and local sales and
13 use taxes levied by the Arkansas Gross Receipts Act of 1941 and the Arkansas
14 Compensating Tax Act of 1949.

15 (2) The Department of Finance and Administration shall provide a
16 separate reporting form for any other special or miscellaneous excise taxes
17 so as not to violate the agreement.

18 (3) The Department of Finance and Administration may require
19 additional information returns to be submitted not more frequently than every
20 six (6) months.

21
22 26-21-109. Customer refund procedures.

23 (a)(1) A cause of action against the seller for over-collected sales
24 or use taxes does not accrue until sixty (60) days after a purchaser has
25 provided written notice to the seller.

26 (2) The written notice to the seller required in subdivision
27 (a)(1) of this section must contain the information necessary to determine
28 the validity of the request.

29 (b) In connection with a purchaser's request from a seller of over-
30 collected sales or use taxes, a seller shall be presumed to have a reasonable
31 business practice, if in the collection of the sales or use taxes, the
32 seller:

33 (1) Uses either a certified service provider or a certified
34 automated system, including a certified proprietary system, that is certified
35 by the State of Arkansas; and

36 (2) Has remitted to the Department of Finance and Administration

1 all taxes collected less any deductions, credits, or collection allowances.

2
3 26-21-110. Amnesty for registration.

4 (a) The Director of the Department of Finance and Administration shall
5 provide amnesty for uncollected or unpaid sales or use tax to a seller that
6 registers to pay or to collect and remit applicable sales or use tax on sales
7 made to purchasers in the state in accordance with the terms of the
8 agreement, provided that the seller was not registered to collect sales and
9 use tax in the State of Arkansas in the twelve-month period preceding the
10 effective date of the state's participation in the agreement.

11 (b) The amnesty shall preclude assessment for uncollected or unpaid
12 sales or use tax, penalty, and interest for sales made during the period that
13 the seller was not registered in the state, provided registration occurs
14 within twelve (12) months of the date the state is found to be in compliance
15 with the agreement.

16 (c) The amnesty shall not be available to a seller with respect to any
17 matter or matters for which the seller received notice of the commencement of
18 an audit and the audit is not yet finally resolved, including any related
19 administrative and judicial processes.

20 (d) The amnesty shall not be available for sales or use taxes already
21 paid or remitted to the Department of Finance and Administration or to taxes
22 collected by the seller.

23 (e) The amnesty shall be fully effective, absent the seller's fraud or
24 intentional misrepresentations of a material fact, so long as the seller
25 continues its Arkansas sales and use tax registration and continues payment
26 or collection and remittance of applicable sales or use taxes for a period of
27 at least thirty-six (36) months from the date amnesty was awarded.

28 (f) The amnesty shall be applicable only to sales or use taxes due
29 from a seller in its capacity as a seller and not to sales or use taxes due
30 from a seller in its capacity as a purchaser.

31
32 26-21-111. Certification and payment of service providers and
33 automated systems.

34 The Director of the Department of Finance and Administration may:

35 (1) Certify service providers and automated systems to aid in
36 the administration of sales and use tax collections; and

