

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 86th General Assembly
3 Regular Session, 2007
4

A Bill

HOUSE BILL 1034

5 By: Representatives Walters, Adcock, Pace
6
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For An Act To Be Entitled

9 AN ACT TO PROVIDE THAT A MANUFACTURER REBATE FOR
10 THE SALE OF A NEW MOTOR VEHICLE IS NOT SUBJECT TO
11 ARKANSAS SALES AND USE TAX; AND FOR OTHER
12 PURPOSES.
13

Subtitle

15 TO PROVIDE THAT A MANUFACTURER REBATE
16 FOR THE SALE OF A NEW MOTOR VEHICLE IS
17 NOT SUBJECT TO ARKANSAS SALES AND USE
18 TAX.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code § 26-52-103 (8) concerning the definition of
24 gross receipts or gross proceeds is amended as follows:

25 (8)(A) "Gross receipts" or "gross proceeds" means the total
26 amount of consideration for the sale of tangible personal property and such
27 services as are specifically provided for in this section, whether the
28 consideration is in money or otherwise, without any deduction on account of
29 the cost of the properties sold, all taxes imposed on the seller, all costs
30 of transportation to the seller, labor service performed, interest paid,
31 losses, or any expenses whatsoever.

32 (B) "Gross receipts" or "gross proceeds" includes the
33 value of any goods, wares, merchandise, or property withdrawn or used from
34 the established business or from the stock in trade of the established
35 reserves for consumption or use in the business or by any other person.

36 (C) "Gross receipts" or "gross proceeds" does not include:



1 (i) The value of any goods, wares, merchandise, or
2 property withdrawn or used from the established business or from the stock in
3 trade of the established reserves for consumption or use in the business or
4 by any other person if the goods, wares, merchandise, or property withdrawn
5 or used is donated to National Guard members, emergency service workers, or
6 volunteers providing services to a county that has been declared a disaster
7 area by the Governor;

8 (ii) Discounts, including cash, term, or coupons
9 that are not reimbursed by a third party that are allowed by a seller and
10 taken by a purchaser on a sale;

11 (iii) Interest, financing, and carrying charges from
12 credit extended on the sale of personal property or services if the amount is
13 separately stated on the invoice; ~~or~~

14 (iv) Any taxes legally imposed directly on the
15 consumer that are separately stated on the invoice, bill of sale, or similar
16 document given to the purchaser; or

17 (v) The amount of a manufacturer's rebate to a
18 dealer on the sale of a new motor vehicle;

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20 SECTION 2. Arkansas Code § 26-52-510(a), concerning the payment of
21 sales tax on a motor vehicle, is amended to read as follows:

22 (a)(1)(A)(i) The tax levied by this chapter and all other gross
23 receipts taxes levied by the state in respect to the sale of new or used
24 motor vehicles, trailers, or semitrailers required to be licensed in this
25 state shall be paid by the consumer to the Director of the Department of
26 Finance and Administration instead of being collected by the dealer or
27 seller.

28 (ii) It is the mandatory duty of the director to
29 require the payment of the tax at the time of registration before issuing
30 licenses for new or used motor vehicles or trailers.

31 (B)(i) The tax shall apply regardless of whether the motor
32 vehicle, trailer, or semitrailer is sold by a vehicle dealer, or an
33 individual, corporation, or partnership not licensed as a vehicle dealer.

34 (ii) The exemption provided for in § 26-52-401(17)
35 for isolated sales shall not apply to the sale of motor vehicles, trailers,
36 or semitrailers.

1 (2)(A) The tax levied by this chapter and all other gross
 2 receipts taxes levied by the state in respect to the sale of new or used
 3 motor vehicles, trailers, or semitrailers required to be licensed in this
 4 state shall be paid by the consumer on or before the time for registration as
 5 prescribed by § 27-14-903(a).

6 (B)(i) Failure to pay the tax when due shall result in an
 7 assessment of a penalty equal to ten percent (10%) of the amount of tax due.

8 (ii) The penalty must be paid to the director along
 9 with the tax before the vehicle license will be issued.

10 (3)(A) The tax shall be calculated on the amount of gross
 11 receipts or gross proceeds the dealer receives as consideration for a motor
 12 vehicle.

13 (B) For purposes of this section, the term "gross
 14 receipts" or "gross proceeds" shall not include the amount of a
 15 manufacturer's rebate to a dealer on the sale of a new motor vehicle.

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 17 SECTION 3. Arkansas Code § 2-653-102(7)(B) concerning the definition
 18 of sales price is amended to read as follows:

19 (B) "Sales price" shall not include:

20 (i) Any interest, financing, or carrying charges
 21 from credit extended on the sale or any taxes legally imposed directly on the
 22 consumer that are separately stated on the invoice, bill of sale, or similar
 23 document given to the purchaser; or

24 (ii) The amount charged for property returned by
 25 customers upon rescission of the contract of sales when the entire amount
 26 charged for the property is refunded either in cash or credit, or the amount
 27 charged for labor or services rendered in installing or applying the property
 28 sold, the use, storage, distribution, or consumption of which is taxable
 29 under this subchapter, ~~or~~ or

30 (iii) the amount of a manufacturer's rebate to a
 31 dealer on the sale of a new motor vehicle.

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 33 SECTION 4. Arkansas Code 26-53-126(a), concerning the payment of use
 34 tax on motor vehicles, is amended to read as follows:

35 (a)(1)(A)(i) All new and used motor vehicles, trailers, or
 36 semitrailers required to be licensed in this state shall, upon being

1 registered in this state, be subject to the tax levied in this subchapter and
 2 all other use taxes levied by the state irrespective of whether such motor
 3 vehicle, trailer, or semitrailer was purchased from a dealer or an
 4 individual.

5 (ii) The tax shall be paid to the Director of
 6 Finance and Administration by the person making application to register the
 7 motor vehicle, trailer, or semitrailer instead of being collected by the
 8 dealer or individual seller.

9 (iii) It shall be the mandatory duty of the director
 10 to collect the tax before issuing a license for any motor vehicle, trailer,
 11 or semitrailer.

12 (B) The exemption provided for in § 26-52-401(17) for
 13 isolated sales shall not apply to the sale of motor vehicles, trailers, and
 14 semitrailers.

15 (2)(A) The tax levied in this subchapter and all other use taxes
 16 levied by the state shall be paid on or before the time for registration as
 17 prescribed by § 27-14-903(a).

18 (B)(i) Failure to pay the tax when due shall result in an
 19 assessment of a penalty equal to ten percent (10%) of the amount of tax due.

20 (ii) The penalty must be paid to the director along
 21 with the tax before the vehicle license will be issued.

22 (3)(A) The tax shall be calculated on the amount of gross
 23 receipts or gross proceeds a dealer receives as consideration for a motor
 24 vehicle.

25 (B) For purposes of this section, the term “gross
 26 receipts” or “gross proceeds” shall not include the amount of a
 27 manufacturer’s rebate to a dealer on the sale of a new motor vehicle.

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 29 SECTION 5. This act is effective on the first day of the calendar
 30 month following the effective date of this act.

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