STATE OF ARKANSAS
Department of Finance and Administration

SALES AND USE TAX SECTION
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What's New in Sales Tax for 2025

Effective: August 5, 2025

Act 720: Provides that the Department of Finance and Administration (DFA) shall notify local governments at least one hundred twenty (120) days before the expiration of certain local sales and use taxes.

Act 762: Provides a process for issuance of a private club permit (previously only available to nonprofit organizations) to a sole-proprietorship, corporation, partnership, or limited liability company organized and existing or authorized to do business under the laws of this state.

Effective: October 1, 2025

Act 548: Provides a sales and use tax exemption for certain sales made to a qualified large data center.

Act 714: Provides that the existing sales tax exemption for sales of food, food ingredients, or prepared food in eligible school or college cafeterias not operated for profit is available even if the cafeteria or dining facility contracts for services or management from a third party that does operate for profit.

Act 781: Provides a sales and use tax exemption for sales made to the Arkansas Museum of Fine Arts or the Arkansas Museum of Fine Arts Foundation.

Act 879: Provides a sales and use tax exemption for transactions in which a person acquires an aircraft for the purpose of renting or leasing the aircraft in the ordinary course of the person's business only if the person establishes that the annual amount of the gross revenue derived from renting or leasing the aircraft, including any revenue from related party transactions, is equal to at least seven and five-tenths percent (7.5%) of the net acquisition price for the aircraft, including the value of any trade or exchange and excluding any sales commission paid to a third party.

Act 1007: Provides a sales and use tax exemption for certain sales made to a qualified nonprofit organization. A qualified nonprofit organization means an organization as described in 26 U.S.C. § 501(c)(3), that has an annual operating budget of less than

two hundred thousand dollars ($200,000) and performs charitable community-based services in the state to benefit residents of the state who are in need of assistance. This exemption does not apply to motor vehicles, motorboats, aircraft or airplanes, alcoholic beverages, tobacco, computers, material used to construct a residential or commercial structure, household appliances, mobile telephones or cellular telephones, all-terrain vehicles, or televisions.

Act 1013: Provides that the application of the two thousand five hundred dollars ($2,500) local tax cap shall be applied to the aggregate amount of all periodic payments on the sale or lease of a motor vehicle. The sales and use tax will be collected on the first periodic payment due on the sale or lease, or evenly distributed and collected on each separate periodic payment due on the sale or lease.

Act 1019: Provides that the purchaser of a new or used motorboat from a motorboat dealer must pay sales and use tax directly to DFA, rather than the taxes being collected by the motorboat dealer. The secretary shall require the payment of the taxes at the time of registration before issuing a certificate of number for the new or used motorboat.

Effective: January 1, 2026

Act 621: Provides a process by which an eligible farmer can apply to DFA for issuance of a farmer sales tax identification card to assist retailers in properly accounting for nontaxable sales made to a person engaged in farming. These cards will expire eight (8) years from the date of issuance. An applicant for a farmer sales tax identification card shall pay an application fee of twenty dollars ($20.00) for a new farmer sales tax identification card and ten dollars ($10.00) for the renewal of a farmer sales tax identification card.

Act 1008: Provides a state sales and use tax exemption for sales of food and food ingredients. Gross receipts and gross proceeds derived from the sale of food and food ingredients will continue to be subject to sales and use taxes levied by municipalities and counties.

All Acts referenced above can be located on the Arkansas General Assembly's website at: https://arkleg.state.ar.us/Bills/Search