



STATE OF ARKANSAS
**Department of
Finance**

**REVENUE DIVISION
Sales and Use Tax Section**

P.O. Box 1272 • Little Rock, AR 72203-1272

Phone: (501) 682-7104

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<https://www.dfa.arkansas.gov>

What's New in Sales Tax for 2017

Effective: July 1st 2017

Act 1098: Levies a privilege tax on usable Medical Marijuana at the rate of four percent (4%) sold by a cultivation facility, dispensary, or other marijuana business. Those businesses licensed by Alcohol Beverage Control shall collect and remit the special privilege tax based on the gross receipts or gross proceeds derived from each sale of usable marijuana. The cultivation facility, dispensary, or other marijuana business subject to this tax shall file a monthly return through the Arkansas Taxpayer Access Point electronic filing system

Effective: August 1st 2017

Act 313: Allows Small Farm Wineries located within Arkansas to direct ship wines from the Winery to Arkansas Residents without requiring the purchaser to have made an in person visit to the Winery to initiate the purchase.

Effective: August 1st 2017

Act 595: Provides for an exemption from sales and use tax on the purchase of an aircraft sold by an Arkansas resident and the aircraft being sold has a certified maximum take-off weight of more than nine thousand five hundred pounds (9,500 lbs.) and will be based outside of the State of Arkansas, notwithstanding the fact that possession of the aircraft may be taken in this state for the sole purpose of removing the aircraft from the state under its own power.

Effective: October 1st 2017

Act 661: Provides for an exemption from sales and use tax on the purchase of a new motor vehicle by non-profit organizations or with Federal Transit Administration funds. The new motor vehicle must also be used for transportation under the Department of Human Services' programs for the aging, disabled, mentally ill, and children and family services. The new motor vehicle must meet or exceed the state specifications for that class of vehicles as prescribed in the state purchasing law and rules.



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Act 1126: Applies a limitation to the amount allowable for each city and county discount on gross receipts tax for prompt filing and payment of taxes. The limitations of the discount are provided below.

- For the tax year beginning January 1, 2018, the discount shall not exceed five thousand dollars (\$5,000) per city and county being reported.
- For the tax year beginning January 1, 2019, the discount shall not exceed four thousand dollars (\$4,000) per city and county being reported.
- For the tax year beginning January 1, 2020, the discount shall not exceed three thousand dollars (\$3,000) per city and county being reported.
- For the tax year beginning January 1, 2021, the discount shall not exceed two thousand dollars (\$2,000) per city and county being reported.
- For tax years beginning on and after January 1, 2022, the discount shall not exceed one thousand dollars (\$1,000) per city and county being reported.

Effective: October 1st 2017

Act 665: Provides an exemption from sales tax on sales by charitable organizations as long as the sale does not compete with a sale by a for-profit business. A sale by a charitable organization does not compete with a for-profit business if the following conditions are met.

- The sales transaction is conducted by a member of the charitable organization and not by a franchisee or licensee.
- All the proceeds derived from the sales transaction go to the charitable organization; and
- The sales transaction is not a continuing one and is held not more than three (3) times a year.

Sales will not be exempt unless they are made exclusively by the charitable organization itself and all proceeds from that sale go to the charitable organization with no portion or percentage thereof distributed to any for-profit business or facilitator of the transaction.

Effective: January 1st 2018

Act 141: Removes candy and soft drinks from the definitions "Food" and "Food Ingredients" and applies the full 6.5% State sales and use tax rate to these items sold at retail. City and County sales and use tax rates continue to apply on these items sold at retail. Candy is defined as a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. Soft drink means a nonalcoholic beverage that contains natural or artificial sweeteners. A soft drink does not include a beverage that contains milk or milk products, soy, rice, or similar milk substitutes, or that is greater than fifty percent (50%) of vegetable or fruit juice by volume.



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Effective: January 1st 2018

Act 141: Applies the total state, city and county sales and use tax to the sale price of specified digital products or a digital code. Specified Digital products include digital audio works, digital audio-visual works, digital books, and digital code. Digital audio works means works that result from the fixation of a series of musical, spoken, or other sounds, including ringtones. Digital audio-visual works means a series of related images that, when shown in succession, impart an impression of motion, together with accompanying sounds. Digital books are works that are generally recognized in the ordinary and usual sense as "books". Digital code means a code that provides a purchaser with a right to obtain one (1) or more specified digital products and may be obtained by any means, including email or tangible means, regardless of its designation as a song code, video code, or book code.

Effective: July 1st 2018

Act 465: Provides for a phase-out of the InvestArk retention tax credit program for qualifying Arkansas manufacturers while providing a sales tax exemption for manufacturers on purchases of repair and replacement parts and services for manufacturing machinery and equipment. Repair, replacement, and modification parts and services being purchased for manufacturing machinery that is used directly by the manufacturer in producing, fabricating, manufacturing, assembling, processing, finishing, or packaging articles of commerce at their manufacturing facilities in Arkansas are eligible for this benefit. The Department will implement a new rebate procedure for Arkansas manufacturers who remit the sales tax utilizing their own sales and use tax forms for eligible repair, replacement and modification parts and services to their supplier at the time of purchase.

The phase-out will begin July 1st, 2018, the effective rates going forward are as follows:

- Effective July 1, 2018, the net tax rate would be 4.5%
- Effective July 1, 2019, the net tax rate would be 3.5%
- Effective July 1, 2020, the net tax rate would be 2.5%
- Effective July 1, 2021, the net tax rate would be 1.5%
- Effective July 1, 2022, the rate will be 0.0% and fully exempt from taxation.