



STATE OF ARKANSAS
**Department of Finance
and Administration**

SALES AND USE TAX SECTION

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What's New in Sales Tax for 2021

Effective: March 20, 2021

Act 705: Provides restaurants the ability to delay reporting and payment of sales and use taxes according to an alternative filing method prescribed within Act 705 of 2021. For qualifying businesses, sales and use taxes collected will be due as shown below. This alternative reporting method will sunset on March 20, 2022. The reporting and remittance due date will revert to the 20th of the following month.

Sales and use taxes collected in March, April, and May of 2021 will be due to the Department by June 20, 2021.

Sales and use taxes collected in June, July, and August of 2021 will be due to the Department by September 20, 2021.

Sales and use taxes collected in September, October, and November of 2021 will be due to the Department by December 20, 2021.

Sales and use taxes collected in December 2021, January, and February be due to the Department by March 20, 2022.

Effective: March 24, 2021

Act 434: Extends the sunset date from July 1, 2021 to July 1, 2023 for the special privilege tax levied on sales of usable medical marijuana by cultivation facilities, marijuana dispensaries, or other marijuana businesses. The tax is levied at the rate of four percent (4%) of the gross receipts on usable medical marijuana sales and is in addition to applicable state, city and county sales taxes.

Effective: July 1, 2021

Act 277: Extends the time period allowable for the sale of a used motor vehicle, trailer, or semitrailer by a consumer to be used as a trade-in credit or part payment on the purchase of a new or used motor vehicle, trailer, or semitrailer of greater value from forty-five (45) days to sixty (60) days.

Act 914: Expands the existing sales and use tax exemption within Ark. Code § 26-52-437(a)(1)(D) regarding “instructional materials” purchased by public schools and public-school districts to include equipment required to make use of technology-based educational materials and electronic software.

Act 944: Expands the existing sales and use tax exemption within Ark. Code § 26-52-444 regarding the Sales Tax Holiday to include “electronic devices”. Electronic devices include without limitation a calculator, cellular phone, computer mouse, computer monitor, computer keyboard, desktop computer, e-reader, laptop computer, printer, or tablet.

Effective: October 1, 2021

Act 125: Clarifies the receipt of an appearance fee of fifty (\$50.00) dollars or less by a volunteer fire fighter is not compensation for purposes of determining whether a fire department is a volunteer fire department as it pertains to the sales and use tax exemption for fire protection and emergency equipment.

Act 142: Expands the existing sales and use tax exemption within Ark. Code § 26-52-451(a) to include all sales of aircraft within this State by an Arkansas resident to a non-Arkansas resident when the aircraft will be based outside of this State.

Act 144: Removes extraneous references to “digital magazines” within the sales tax law. Act 144 of 2021 also clarifies that a car wash by a car wash operator through an automatic car wash, car wash tunnel, or self-service bay is exempt from sales and use tax. The Act adds the definition of “self-service bay” which means a car wash bay that allows a person to manually wash a motor vehicle using equipment and supplies provided by the car wash operator.

Act 146: Repeals the long-term rental vehicle tax within the sales tax law which expired June 30th, 2015.

Act 807: Expands the existing sales and use tax exemption within Ark. Code § 26-52-430(b) for charitable organizations to conduct transactions of not more than ten (10) times a year.

Act 873: Provides a sales and use tax exemption for sales by a parent teacher organization, a parent teacher association, or a similar organization that is described within 26 U.S.C. § 501(c)(3) as of January 1st, 2021 and is affiliated with a public school.

Act 880: Provides a sales and use tax exemption for goods, wares, merchandise, and property sold for use in printing which becomes a recognizable integral part of the printed product. Act 880 of 2021 also provides that an “article of commerce” includes a printed item that is produced for a specific customer in response to a special order for the purposes of the manufacturing machinery and equipment exemption.

Act 915: Expands the existing reduced rate on sales and use tax within Ark. Code § 26-52-319 regarding utilities used in the manufacturing process to include coal.

Act 970: Provides a sales and use tax exemption for water used in poultry farming. A “poultry farm” means a facility used for the commercial production of poultry, including without limitation a broiler or turkey grow-out house, laying house, hatching unit, nursery unit, and breeding house. The water must only be used exclusively for the poultry farming operation and must be separately metered from water used for other purposes or the full sales and use tax rate will be due.

Act 972: Removes the requirement for vendors at special events to collect sales tax on items sold if those sales are considered an “isolated sale” or one-time sales of an item, or group of items not made by an established business of any kind or character.

Act 1109: Provides a sales and use tax exemption on the sale of coins, currency, or gold, silver, platinum, or palladium bullion. The exemption for coin or currency does not include those that are incorporated into jewelry which would continue to be subject to the full sales and use tax.

Effective: January 1, 2022

Act 776: Provides that the Department prepare and deliver a report of the awarded amounts of credit or rebate of sales and use tax in Ark. Code §§ 26-52-427, 26-52-523, and 26-53-138 to each city government and county government impacted by the award of the credit or rebate. The report will be delivered electronically on a monthly basis and shall include the name of the taxpayers which were awarded the credit or rebate and the amount. The Department shall not discuss any details of the individual claims in the report with the city government, the county government, or a third party. The information received by a city government or county government under this subsection shall remain confidential and is not subject to disclosure.

Act 1013: Provides a reduced State sales and use tax rate of 3.5% on the sale of a used motor vehicle, trailer, or semitrailer that has a sales price of at least four thousand dollars (\$4,000) but less than ten thousand dollars (\$10,000).

Act 1059: Provides that the Department prepare and deliver an electronic report upon request to a municipality or county of the revenues generated within the boundaries of the city or county. The report shall provide the total number of sales and use tax permit holders and the tax amounts reported to the Department by North American Industry Classification System four-digit code. The Department shall not discuss any details of the report with the city government, the county government, or a third party. The information received by a city government or county government under this subsection shall remain confidential and is not subject to disclosure.

All Acts referenced above can be located on the Arkansas General Assembly’s website at:

<http://www.arkleg.state.ar.us/SearchCenter/Pages/historicalbil.aspx> for further review.