



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

SALES AND USE TAX SECTION

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What's New in Sales Tax for 2023

Effective: March 13, 2023

Act 278: Provides a sales and use tax exemption for the sale of electric energy obtained from a net-metering facility under a service contract qualifying for safe-harbor protection as provided within 26 U.S.C. § 7701(e)(3)(A), as in effect on August 16, 2022.

Effective: April 11, 2023

Act 641: Extends the sunset date from July 1, 2023 to July 1, 2025 for the special privilege tax levied on sales of usable medical marijuana by cultivation facilities and marijuana dispensaries. 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 all applicable state, city, and county sales taxes.

Effective: August 1, 2023

Act 41: Extends the time allowable for an individual to register motor vehicles from thirty (30) to sixty (60) days after the date of the release of lien by a prior lienholder.

Act 652: Provides that the capital and other anticipated expenditures for a tourism attraction project cost must exceed five hundred thousand dollars (\$500,000) in a high-unemployment county and one million dollars (\$1,000,000) in all other counties or, for purposes of constructing, operating, or intending to operate a tourism attraction project, a minimum of two hundred fifty thousand dollars (\$250,000) in a high-unemployment county and five hundred thousand dollars (\$500,000) in any other county. Credits associated with these expenditures can be used against an entity's sales tax liability up to a certain percentage as provided in the Arkansas Tourism Development Act.

Effective: September 1, 2023

Act 351: Expands the existing use tax exemption within Ark. Code § 26-53-114(b) to include manufacturing machinery and equipment used in the retreading of tires for automobiles, trucks, and other mobile equipment powered by electrical or internal combustion engines or motors.

Effective: October 1, 2023

Act 446: Expands the existing sales and use tax exemption within Arkansas Code § 26-52-401(40) to include sales of tangible personal property at a concession stand operated by a nonprofit youth organization.

Act 518: Expands the existing sales and use tax exemption within Ark. Code § 26-52-401 to include all sales of tangible personal property, specified digital products, a digital code, or a service to the Disabled American Veterans Organization.

Act 534: Provides a sales and use tax exemption for the sale of a new or used mortality composting device sold to a person engaged in the commercial production of livestock or poultry.

Act 713: Provides that the rim removal fees charged upon the removal of a tire from a rim that is related to the sale of a replacement tire by a tire retailer under the Used Tire Recycling and Accountability Act shall be subject to the business closure procedures under § 26-18-1001 et seq..

Act 819: Provides a sales and use tax exemption for certain sales made to a qualified data center who has received a positive cost-benefit analysis from the Arkansas Economic Development Commission.

Act 827: Provides a sales and use tax exemption for the sale of the service of providing electronic transmissions of a drug prescription directly to a pharmacy or services provided by an electronic prescription technology company or indirectly through a pharmacy software company or pharmacy management system.

Effective: January 1, 2024

Act 192: Provides that a taxpayer who has an average monthly gross receipts tax liability of five thousand dollars (\$5,000) or more for the preceding fiscal year, beginning on July 1 and ending on June 30, shall file all returns and remittances electronically.

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.