



## What's New for Sales Tax in 2014

### Effective January 1, 2014

**Act 623:** Requires retailers selling prepaid wireless telecommunication services to collect a sixty-five cent ( \$0.65) E-911 fee from the consumer. Retailers will collect the fee at the time of the sale and remit the fee to DFA.

**Act 1441:** Exempts utilities used for qualifying agricultural structures and qualifying aquaculture and horticulture equipment. Aquaculture means the active cultivation of domesticated fish. Horticulture means the initial production of fruits, vegetables, tree nuts, trees, shrubs, vines, and florist stock unless the cultivation of these items are at a retail or wholesale facility from which the items are sold. A qualifying agricultural structure means a poultry or livestock facility used for commercial production; a cattle or dairy facility; and a greenhouse used for commercial production. Utilities eligible for the exemption are electricity; liquefied petroleum gas; and natural gas. The utilities eligible for the exemption must be separately metered from a utility used for any other purpose. Eligible purchasers will need to obtain a certificate from Sales Tax to provide to the utilities in order to claim the exemption. Forms and additional information will be available later in the year on our website:  
[www.dfa.arkansas.gov](http://www.dfa.arkansas.gov).

### Effective July 1, 2014

**Act 1401:** Exempts utilities used for commercial grain drying and storage. The utilities exempted are electricity, liquefied petroleum gas, and natural gas which are separately metered from a utility used for any other purpose. Eligible purchasers will need to obtain a certificate from Sales Tax as listed below to provide to the utilities in order to claim the exemption.

**Act 1402:** Exempts eligible purchases of timber harvesting equipment for state and local sales and use tax. The current exemption is limited to the first \$50,000 of the purchase price.

**Act 1404:** Establishes a partial refund of one percent (1%) of the state sales and use tax paid on the purchase of machinery and equipment or replacement parts purchased to modify, replace, or repair existing manufacturing machinery and equipment. The refund also applies to the purchase of the labor used to install or repair the eligible equipment. In order to claim the refund, the taxpayer must obtain a direct pay permit from Sales Tax as provided below and claim the refund on the monthly tax return.

**Act 1411:** Reduces the state sales and use tax rate for electricity and natural gas used in manufacturing by eligible manufacturers classified in section 31 through 33 of the North American Industry Classification System (NAICS) and eligible high efficiency generators of electric power. Cotton gins classified under NAICS code 115111 will also be eligible for the reduced rate effective July 1,

2014. The state rate for manufacturers under NAICS code section 31 through 33 and 115111 will have a state rate of 1.625% beginning July 1, 2014 and a tax rate of 0.625% beginning July 1, 2015. Eligible high efficiency generators of electric power will have a reduced state rate of 1.625% beginning January 1, 2015. Eligible taxpayers must obtain a certificate from Sales Tax as provided below in order to claim the reduced rate unless a certificate has already been issued.

Tax rates for manufacturers in NAICS Code 31 through 33

Through June 30, 2013	2.75%
July 1, 2013 through June 30, 2014	3.25%

Tax rates for manufacturers in NAICS Code 31 through 33 and Cotton Gins in NAICS Code 115111

July 1, 2014 through June 30, 2015	1.625%
July 1, 2015	0.625%

Tax Rates for Eligible Electricity Generators

January 1, 2013 through June 30, 2013	4.25%
July 1, 2013 through December 31, 2013	4.75%
January 1, 2014 through December 31, 2014	3.25%
January 1, 2015	1.625%

**Act 1414:** Exempts the sale of dental appliances to or by a dentist, orthodontist, oral surgeon, maxillofacial surgeon, or endodontist from state and local sales and use tax. A dental appliance is defined as a dental device that is made for a specific patient, including without limitation a dental implant, orthodontic appliance, retainer, crown, bridge, or denture.

To obtain additional information or the necessary forms to apply, please contact the Sales and Use Tax Section, P O Box 1272 – Room 1330, Little Rock, AR 72203-1272, phone number 501-682-7104. Information will also be available on our website as it becomes available: [www.dfa.arkansas.gov](http://www.dfa.arkansas.gov).