

State of Arkansas
89th General Assembly
Regular Session, 2013

A Bill

SENATE BILL 1185

By: Senator D. Sanders

For An Act To Be Entitled

AN ACT TO ALLOW TAXPAYERS TO DEDUCT CREDIT CARD INTERCHANGE FEES CHARGED ON CERTAIN SALES AND USE TAXES COLLECTED AND REMITTED TO THE STATE; AND FOR OTHER PURPOSES.

Subtitle

TO ALLOW TAXPAYERS TO DEDUCT CREDIT CARD INTERCHANGE FEES CHARGED ON CERTAIN SALES AND USE TAXES COLLECTED AND REMITTED TO THE STATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 26-52-501(d), concerning the preparation of returns and payment of sales and use tax, is amended to read as follows:

(d)(1) The tax shall be computed by multiplying the tax rate by the amount of the total combined gross receipts or gross proceeds derived from all taxable sales during the preceding month without regard to the amount that may be allocated to gross receipts tax on the taxpayer's books of account.

(2)(A) However, a taxpayer may deduct from the tax computed under this section any interchange fees charged by a credit card processor on the tax levied under this chapter.

(B) The interchange fees deducted under this subdivision (d)(2) shall be deducted solely from the amount of tax due under the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., and shall not be deducted



from any tax due for local sales and use taxes or under Amendment 75 or Amendment 91 to the Arkansas Constitution.

(C) As used in this subdivision (d)(2):

(i) "Credit card processor" means an entity that:

(a) Directly or through licensed members, processors, or agents provides the proprietary services, infrastructure, and software that route information and data to conduct debit card or credit card transactions; and

(b) A merchant or seller uses to accept as a form of payment a brand of debit card, credit card, or other device that may be used to carry out debit or credit transactions; and

(ii) "Interchange fee" means a fee established, charged, or received by a credit card processor for the purpose of compensating a taxpayer for its involvement in an electronic payment transaction.