

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
90th General Assembly
Regular Session, 2015

A Bill

HOUSE BILL 1966

By: Representative Copeland

For An Act To Be Entitled

AN ACT TO ADJUST THE COMPUTATION OF SALES TAX ON CERTAIN SALES OF MOTOR VEHICLES, TRAILERS, AND SEMITRAILERS; TO PROVIDE FOR THE COMPUTATION OF SALES TAX ON THE PURCHASE OF A MOTOR VEHICLE, TRAILER, OR SEMITRAILER WHEN A USED MOTOR VEHICLE, TRAILER, OR SEMITRAILER IS SOLD AS PART OF AN INSURANCE SETTLEMENT IN LIEU OF BEING TRADED IN AS CREDIT TOWARD OR PARTIAL PAYMENT OF A MOTOR VEHICLE, TRAILER, OR SEMITRAILER; AND FOR OTHER PURPOSES.

Subtitle

CONCERNING THE SALES TAX LEVIED ON THE PURCHASE OF A MOTOR VEHICLE, TRAILER, OR SEMITRAILER WHEN A USED MOTOR VEHICLE, TRAILER, OR SEMITRAILER IS SOLD AS PART OF AN INSURANCE SETTLEMENT RATHER THAN TRADED IN AS CREDIT OR PARTIAL PAYMENT.

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

SECTION 1. Arkansas Code § 26-52-510(b)(1)(C), concerning the direct payment of sales tax by a consumer-user for a new or used motor vehicle, trailer, or semitrailer, is amended to read as follows:

(C)(i) When a used motor vehicle, trailer, or semitrailer is either sold by a consumer or sold to an insurance company as part of an insurance settlement agreement, rather than ~~traded in~~ traded in as a credit or ~~part~~ partial payment on the sale of a new or used motor vehicle, trailer,



or semitrailer, and the consumer subsequently purchases a new or used motor vehicle, trailer, or semitrailer of greater value within forty-five (45) days of the sale or the insurance settlement agreement, the tax levied by this chapter and all other gross receipts taxes levied by the state shall be paid on the net difference between the total consideration for the new or used motor vehicle, trailer, or semitrailer purchased subsequently and the amount received from the sale of or the insurance settlement agreement concerning the used motor vehicle, trailer, or semitrailer sold in lieu of a trade-in.

(ii)(a) Upon registration of the new or used motor vehicle, a consumer claiming the deduction provided by subdivision (b)(1)(C)(i) of this section shall provide ~~a~~ one (1) of the following that reflects the total consideration paid to the seller for the motor vehicle, trailer, or semitrailer:

(1) A bill of sale signed by all parties to the transaction ~~which reflects the total consideration paid to the seller for the vehicle; or~~

(2) An insurance settlement agreement that is signed by all parties to the settlement and that states the settlement amount paid for the motor vehicle, trailer, or semitrailer.

(b) A copy of the bill of sale or insurance settlement agreement shall be deposited with the revenue office ~~at the time of registration of~~ when the taxpayer registers the new or used motor vehicle.

(c) The deduction provided by this section ~~shall is~~ not be allowed unless the taxpayer claiming the deduction provides ~~a copy of a bill of sale signed by all parties to the transaction which reflects the total consideration paid to the seller for the vehicle~~ the documentation required under this subdivision (b)(1)(C)(ii).

(iii) If the taxpayer claiming the deduction provided in this section ~~fails to~~ does not provide ~~a bill of sale signed by all parties to the transaction which reflects the total consideration paid to the seller for the vehicle~~ the documentation required under subdivision (b)(1)(C)(ii) of this section, tax ~~shall be~~ is due on the total consideration paid for the new or used motor vehicle, trailer, or semitrailer without any deduction for the value of the item sold.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective on the

first day of the calendar quarter following the effective date of this act.