



STATE OF ARKANSAS  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
SALES AND USE TAX SECTION  
P.O. BOX 1272, LITTLE ROCK, AR 72203-1272

April 18, 2011

## What's New for Sales Tax in 2011

### Changes Effective July 1, 2011

**Act 1274 of 2009** repeals the state and local sales tax levied on mini-warehouse and self storage rental services. Charges for the storing of motor vehicles and boats will remain taxable. Sales and rentals of tangible personal property such as locks or storage supplies remain taxable.

**Act 754** reduces the state sales and use tax rate for natural gas and electricity purchased by a qualified manufacturer classified within NAICS Codes 31 through 33 and used or consumed directly in the actual manufacturing process to two and five-eighths percent (2.625%) beginning July 1, 2011. The total state tax rate will be 2.75% when combined with the Conservation Tax levied by the Arkansas Constitution.

**Act 755** reduces the state sales and use tax on food and food ingredients to one and three-eighths percent (1.375%) effective July 1, 2011. When combined with the Conservation Tax levied by the Arkansas Constitution, the total state tax rate will be 1.5%.

**Act 757** creates a sales tax holiday for clothing, clothing accessories or equipment, school supplies, school art supplies, and school instructional materials. For 2011, the sales tax holiday will begin Saturday, August 6 at 12:01 AM and end Sunday, August 7 at 11:59 PM. Retailers are required to participate and may not charge tax on items that are tax exempt during the sales tax holiday period.

### Changes Effective July 26, 2011

**Act 1226** exempts the purchase of kegs by a beer manufacturer from state and local sales tax when purchased and used to sell beer wholesale.

### Changes Effective October 1, 2011

**Act 824** exempts sales of water for agricultural use when purchased from a public surface-water delivery project.

**Act 998** exempts sales of products and services to the Arkansas Black Hall of Fame Foundation.

### Changes Effective October 24, 2011

**Act 1001** requires out-of-state sellers that have agreements with Arkansas residents who refer potential purchasers through an Internet web site or otherwise to collect Arkansas state and local sales and use tax.

### **Changes Effective January 1, 2012**

**Act 753** increases the sales tax exemption for new and used motor vehicles, trailers, and semitrailers from two thousand five hundred dollars (\$2,500) to four thousand dollars (\$4,000).

**Act 754** reduces the state sales and use tax rate for natural gas and electricity purchased by a qualified generator of electric power classified within NAICS Code 22 that uses natural gas to operate a new or existing generating facility with combined-cycle gas turbine technology to five and one-eighth percent (5.125%) beginning January 1, 2012. The total state tax rate will be 5.25% when combined with the Conservation Tax levied by the Arkansas Constitution. Eligible generators of electricity should contact the Sales and Use Tax Section for additional information.

**Act 1142** requires out-of-state sellers with taxable sales averaging more than \$200,000 per month to begin making prepayments equal to 80% of the monthly state liability twice each month beginning January 1, 2012. Sellers required to make the prepayments will receive notice with further instructions in November of each year. Prepayments are required to be paid electronically.

### **Changes Effective July 1, 2012**

**Act 1058** exempts Class 6 and Class 7 trucks registered under the International Registration Plan and semi-trailers from sales and use tax.

Also enclosed are the sales tax holiday instructions and the sales tax holiday definitions. For more information, please visit our website at [www.arkansas.gov/salestax](http://www.arkansas.gov/salestax) or contact a customer service representative by phone Monday through Friday from 8:00 a.m. to 4:30 p.m. at (501) 682-7104.

Sincerely,

Roberta Overman, Manager  
Sales and Use Tax Section