

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015  
4

# A Bill

HOUSE BILL 1966

5 By: Representative Copeland  
6

## For An Act To Be Entitled

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

19 CONCERNING THE SALES TAX LEVIED ON THE  
20 PURCHASE OF A MOTOR VEHICLE, TRAILER, OR  
21 SEMITRAILER WHEN A USED MOTOR VEHICLE,  
22 TRAILER, OR SEMITRAILER IS SOLD AS PART  
23 OF AN INSURANCE SETTLEMENT RATHER THAN  
24 TRADED IN AS CREDIT OR PARTIAL PAYMENT.  
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28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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30 SECTION 1. Arkansas Code § 26-52-510(b)(1)(C), concerning the direct  
31 payment of sales tax by a consumer-user for a new or used motor vehicle,  
32 trailer, or semitrailer, is amended to read as follows:

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



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

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

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

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

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

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

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

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

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

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