



# Transmittal Sheet

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W.J. "BILL" McCuen  
SECRETARY OF STATE  
LITTLE ROCK, ARKANSAS

W.J. "BILL" McCuen

Secretary of State --

State Capitol

Little Rock, Arkansas 72201-1094

For Office  
Use Only:

Effective Date 3/9/92 Code Number 006.05.92 -- 001

Name of Agency Department of Finance and Administration

Department Division of Revenue

Contact Person Cora L. Gentry Telephone 682-7030

Statutory Authority for Promulgating Rules Ark. Code Ann 26-51-301 and

26-51-104

Intended  
Effective Date

Date

Legal Notice Published

11/30, 12/8, 1991

☐ Emergency

Final Date for Public Comment

12/20/91

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12/10/91

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1-9-92

☐ Other

Adopted by State Agency

3/10/92

## CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted  
In Compliance With Act 434 of 1967 As Amended.

Cora L. Gentry

SIGNATURE

Revenue Legal Counsel

TITLE

2-18-92

DATE

DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION  
REGULATION 1991-11  
INCOME TAX CREDIT  
FOR PURCHASE OF RECYCLING EQUIPMENT

FILED  
AR. REGISTER DIV.  
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W.J. "BILL" MCCUEN  
GOVERNMENTARY OF STATE  
LITTLE ROCK, ARKANSAS  
BY \_\_\_\_\_

SECTION 1. PURPOSE.

These regulations are promulgated pursuant to the authority granted to the Commissioner of Revenues by Ark. Code Ann. §§26-18-301 and 26-51-104 for the implementation of Act 748 of 1991.

SECTION 2. DEFINITIONS:

For the purpose of this regulation, the following definitions shall apply:

- (a) Taxable year - means the calendar year or the fiscal year, upon the basis of which the net income is computed under the Arkansas Income Tax Act.
- (b) Recycling - means the systematic collection, sorting, decontaminating and returning of waste materials to commerce as commodities for use or exchange.
- (c) Waste reduction, reuse or recycling equipment - means machinery and equipment located in Arkansas on the last day of the taxable year, designed to separate, process, modify, convert, or treat solid waste so that the resulting product may be used as a raw material or for productive use. "Waste reduction, reuse or recycling equipment" does not include motor vehicles, buildings, or real property of any kind.

SECTION 3. ALLOWANCE OF CREDIT.

An income tax credit shall be allowed for any taxpayer engaged in the business of reducing, reusing or recycling solid waste material for commercial purposes who purchases waste reduction, reuse or recycling equipment for the purpose of reducing, reusing or recycling solid waste. To qualify for the credit the machinery and equipment must be used exclusively for reducing, reusing or recycling solid waste.

SECTION 4. CERTIFICATION.

Before a claim for income tax credit may be submitted to the Department of Finance and Administration, a certification must be obtained from the Director of the Arkansas Department of Pollution Control and Ecology. The certification statement must include:

- (a) a statement that the taxpayer is engaged in the business of reducing, reusing or recycling solid waste material for commercial purposes, whether or not for profit;
- (b) the equipment purchased is waste reduction, reuse or recycling equipment; and
- (c) the equipment is being used in the collection, processing, separation or manufacturing of products containing at least fifty percent (50%) recovered waste materials, of which ten percent (10%) of the recovered waste materials is from post-consumer waste.

Any credit taken without the necessary certification will be disallowed.

#### SECTION 5. AMOUNT OF CREDIT.

- (a) The amount of the credit allowed shall be equal to thirty percent (30%) of the cost of waste reduction, reuse or recycling equipment including the cost of installation. Costs not eligible for the credit include feasibility studies, engineering costs of a building to house the equipment, machinery and equipment used to service the waste reduction, reuse or recycling equipment and real property of any kind.
- (b) Any taxpayer who receives the income tax credit on waste reduction, reuse or recycling equipment under Act 748 of 1991 may not claim any other credit or deduction based on the purchase of the equipment, including the Manufacturer's Investment Credit or the Enterprise Zone Sales and Use Tax Refund.

#### SECTION 6. CLAIM OF CREDIT

Upon allowance of a credit the taxpayer will be issued a credit certificate by the Revenue Division, Office of Tax Administration, Tax Credits Section. The credit certificate is to be attached to the income tax return upon which the credit is claimed. A form AR-1020 must also be attached to the return. If a credit is carried over the AR-1020 will provide the necessary documentation to claim the carryover credit for the subsequent years. Information regarding the credits may be obtained from the Division of Revenue, Tax Credits Section, Joel Ledbetter Building, 7th and Wolfe, Little Rock, Arkansas 72201, (501) 682-7106.


#### SECTION 7. DISTRIBUTION OF CREDIT.

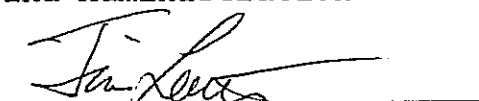
If the entity seeking the tax credit is:

- (a) a proprietorship or partnership, the amount of the credit determined for any taxable year shall be apportioned to each proprietor or partner in proportion to the amount of income from the entity which the proprietor or partner is required to include as gross income.
- (b) a subchapter S corporation, the amount of credit determined for any taxable year shall be apportioned among the persons who are shareholders of the corporation on the last day of the taxable year based on each person's percentage of ownership.
- (c) an estate or trust - the amount of the credit for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each.

#### SECTION 8. APPLICABILITY.

The provisions of this regulation shall apply to waste reduction, reuse or recycling equipment purchases made after January 1, 1991.

  
JIM C. PLEDGER  
Director  
Department of Finance  
and Administration

  
TIMOTHY J. LEATHERS  
Commissioner of Revenues  
Department of Finance  
and Administration

STATE OF ARKANSAS

WASTE REDUCTION, REUSE OR RECYCLING TAX CREDIT ACT OF 1991

PROJECT EXPENDITURE REPORT

To: Department of Finance and Administration  
Tax Credits Section  
P.O. Box 1272 Room 131  
Little Rock, Arkansas 72203

I, \_\_\_\_\_, hereby certify that in calendar  
(Please print or type - Corporate Officer)  
year \_\_\_\_\_ we paid the following qualified expenditures for machinery &  
equipment that qualifies for credit as provided by Act 748 of 1991. I further  
certify that we have not, and will not, apply for any credits under the  
Manufacturers Investment Credit Act, or under the Enterprise Zone Acts of 1989.

Machinery and Equipment Purchased	\$ _____
Installation costs	\$ _____
Total Paid qualified expenditures	\$ _____
Thirty percent (30%) of total qualified expenditures	\$ _____

I further certify that all documents relating to the above expenditures shall  
be retained for a period of seven (7) years and shall be subject to examination  
by the Commissioner of Revenue or his agent at any reasonable time.

\_\_\_\_\_  
(Authorized Signature - Title)

\_\_\_\_\_  
(Name of Business)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Telephone)

\_\_\_\_\_  
(City)

\_\_\_\_\_  
(County)

\_\_\_\_\_  
(State)

\_\_\_\_\_  
(Zip)

\_\_\_\_\_  
(Contact Person)

\_\_\_\_\_  
(Telephone No.)

THIS FORM MUST BE ATTACHED TO THE CERTIFICATION LETTER ISSUED BY  
POLLUTION CONTROL AND ECOLOGY BEFORE ANY CREDIT WILL BE ISSUED.