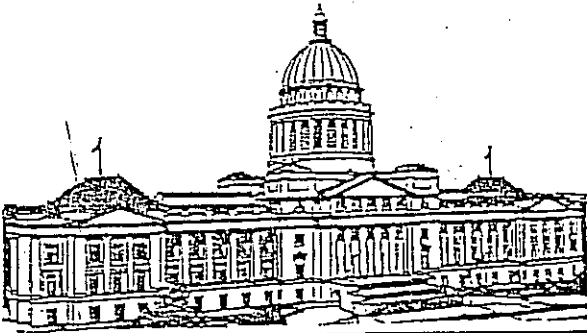


# ARKANSAS REGISTER

## Transmittal Sheet



Sharon Priest  
Secretary of State  
State Capitol Rm. 01  
Little Rock, Arkansas 72201-1094

For Office Use Only: Effective Date 4/4/98 Code Number 006.05.98--008

Name of Agency Department of Finance & Administration

Department Revenue Division

Contact Person Don Zern Phone 682-7751

Statutory Authority for Promulgating Rules Ark. Code Ann. 26-18-301

	Date
Intended Effective Date	Legal Notice Published : . . . . . <u>1/26/98</u>
<input type="checkbox"/> Emergency	Final Date for Public Comment . . . . . <u>3/13/98</u>
<input checked="" type="checkbox"/> 10 Days After Filing	Filed With Legislative Council . . . . . <u>Yes</u>
<input type="checkbox"/> Other	Reviewed by Legislative Council . . . . . <u>Yes</u>
	Adopted by State Agency . . . . . <u>3/24/98</u>

### CERTIFICATION OF AUTHORIZED OFFICER

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

Don Zern  
Signature  
682-7751  
Phone Number  
Information Officer  
Title  
March 25, 1998  
Date

FILED  
AR. REGISTER DIV.  
98 MAR 25 PM 12:26  
SECRETARY OF STATE  
STATE OF ARKANSAS

**GROSS RECEIPTS TAX REGULATION**  
**GR-12.1 SALES TAX CREDIT FOR SELLING A USED VEHICLE**

Pursuant to the authority vested in the Commissioner of Revenue by Ark. Code Ann. §26-18-301 and in compliance therewith, the Commissioner of Revenue of the Arkansas Department of Finance and Administration does hereby promulgate the following regulation for the enforcement and administration of Sections 1 and 3 of Act 1232 of 1997.

1. **EFFECTIVE DATE.** This regulation shall be effective as of January 1, 1998.
2. **PURPOSE.** This regulation is promulgated to implement and clarify the allowance of a sales tax credit for the sale of a used vehicle when the proceeds from such a sale are applied toward the purchase price of another vehicle.
3. **DEFINITIONS**
  - (A) "Consumer" shall mean any private individual, business, organization or association.
  - (B) "Vehicle" shall mean an automobile, truck, motorcycle (registered for highway use), trailer and semitrailer.
  - (C) "Sale" shall mean the transfer of title to a used vehicle by a consumer (the seller) to another individual or business enterprise (the buyer) in exchange for cash or the equivalent of cash, such as a check or money order. A sale does not occur, and therefore no credit will be allowed, when the title to a damaged vehicle is transferred by a consumer to an insurance company in exchange for a cash settlement paid by the insurance company.
  - (D) "Trade-in" shall mean a vehicle is taken by a seller as a credit or partial payment on the sale of another vehicle.
4. **GENERAL INFORMATION**
  - (A) If a consumer purchases a vehicle and within forty-five (45) days of the date of purchase, either prior to or after such purchase, sells a different vehicle in lieu of a trade-in, the consumer will be entitled to a credit against the sales or use tax due on his or her newly purchased vehicle as set forth in paragraphs 4(B) and 4(C).
  - (B) If the consideration for the vehicle purchased by the consumer is greater than the proceeds from the sale of the used vehicle, the consumer shall pay sales or use tax on only the net difference between these amounts.
  - (C) If the vehicle purchased by the consumer cost less than the proceeds received from the vehicle sold by the consumer in lieu of a trade-in, the consumer shall pay no sales tax on his or her newly purchased vehicle. However, the credit shall not exceed the price paid by the consumer for the newly purchased vehicle.

## 5. CERTIFICATION

(A) In order to obtain the sales tax credit as set forth in this regulation, the consumer must properly complete and then submit the appropriate form to the Department. If the vehicle sold by the consumer in lieu of a trade-in is sold prior to the time the consumer registers and pays sales tax on his or her newly purchased vehicle, an Affidavit for Sales Tax Credit must be submitted to the Revenue Officer at the time the newly purchased vehicle is registered. If the vehicle sold by the consumer in lieu of a trade-in is sold after the consumer has already registered and paid sales tax on his or her newly purchased vehicle, a Refund Claim form and a copy of the newly purchased vehicle's registration certificate must be submitted by the consumer to the Department's Tax Credits and Special Refunds Section.

(B) The affidavit and refund forms will be provided by the Department. The consumer shall be responsible for properly completing the form. Arkansas law provides that it is a felony to knowingly submit a form containing false information.

6. REFUNDS. If the vehicle sold by the consumer in lieu of a trade-in is sold after the consumer has already registered and paid sales tax on his or her newly purchased vehicle, the consumer must request a refund of any sales tax to which the consumer is rightfully entitled under this regulation. The consumer must submit a Refund Claim form and a copy of the newly purchased vehicle's registration certificate to the following excise tax office:

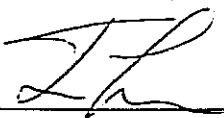
Arkansas Department of Finance and Administration  
Revenue Division  
Tax Credits and Special Refunds Section  
Ledbetter Building, Room 203  
P. O. Box 8054  
Little Rock, AR 72203-8054

7. MULTIPLE SALES. If the consumer sells more than one vehicle within the 45 day periods prior to or after purchasing a vehicle, the consumer shall be entitled to claim all of the sales as sales "in lieu of a trade-in" for sales tax credit. However, the cumulative credit shall not exceed the price paid by the consumer for his or her newly purchased vehicle and shall not be carried forward.
8. TRADE-IN. Consumers who make a trade-in on the purchase of a vehicle may also take a sales tax credit against the purchase price for any used vehicles sold by the consumer within forty-five (45) days either prior to or after the purchase. Any such credit shall be limited to the cash proceeds received by the consumer and shall in no event exceed the balance paid by the consumer for his or her newly purchased vehicle after receiving credit for the vehicle traded-in.

9. The tax credit set forth in this regulation shall be available only to consumers who purchase a vehicle on or after January 1, 1998.

Issued and hereby effective this 24<sup>th</sup> day of MARCH, 1998 in the City of Little Rock, Arkansas.

  
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Richard Weiss, Director  
Arkansas Department of Finance and Administration

  
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Tim Leathers, Deputy Director and Commissioner of Revenue  
Arkansas Department of Finance and Administration

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