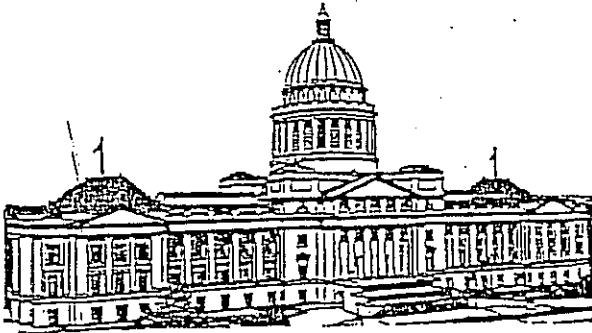


# ARKANSAS REGISTER

## Transmittal Sheet



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

For Office Use Only: Effective Date 12/14/99 Code Number 006.05.99--007

Name of Agency Department of Finance & Administration

Department Revenue Division

Contact Person Don Zerk Phone 682-7751

Statutory Authority for Promulgating Rules ACA 26-18-301  
CR-22

	Date
Intended Effective Date	_____
<input checked="" type="checkbox"/> Emergency	Legal Notice Published : . . . . . _____
<input type="checkbox"/> 10 Days After Filing	Final Date for Public Comment . . . . . _____
<input type="checkbox"/> Other	Filed With Legislative Council . . . . . <u>12/13/99</u>
	Reviewed by Legislative Council . . . . . _____
	Adopted by State Agency . . . . . <u>12/8/99</u>

### CERTIFICATION OF AUTHORIZED OFFICER

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

Don Zerk  
Signature  
682-7751  
Phone Number  
TIO  
Title  
Dec. 13, 1999  
Date

SHARON PRIEST  
SECRETARY OF STATE  
STATE OF ARKANSAS

99 DEC 14 PM 1:56

AR. REGISTER DIV.

FILED

**EMERGENCY REGULATION**  
**AMENDMENT TO GROSS RECEIPTS REGULATION-22**

The Commissioner of Revenue, pursuant to his authority under Ark. Code Ann. § 26-18-301 and Ark. Code Ann. § 26-52-105 does hereby issue the following emergency regulation. This regulation amends Gross Receipts Regulation 22.

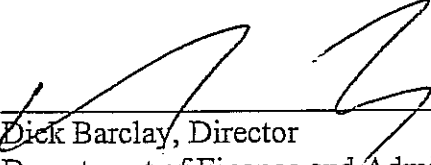
Gross Receipts Regulation 22 is amended to read as follows:

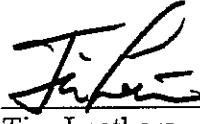
**“GR-22 PERSONS REQUIRED TO COLLECT AND REMIT TAX--  
SPECIFIC BUSINESS--FUNERAL HOMES AND FUNERAL DIRECTORS:**

- A. Funeral homes or funeral directors must collect and pay the tax upon the gross receipts or gross proceeds of all sales of tangible personal property sold by them in connection with the services they offer.
- B. Where the funeral home or funeral director separately states the charges for items of tangible personal property on his bill or invoice, then the tax should be collected and remitted on the gross receipts or gross proceeds derived from the sale of the items of tangible personal property.
- C. Where a corpse is shipped by one funeral home located in Arkansas to another funeral home located in Arkansas, the tax must be collected and remitted on the gross receipts or gross proceeds derived from the sale of the casket, shipping case, shipping box and freight, by the selling funeral home. If, however, the body is shipped outside the State of Arkansas, then see GR-5 for applicable rules.
- D. Funeral homes and funeral directors are considered the consumers of preparation room supplies and equipment, display room equipment, chapel furnishings and equipment, and cemetery equipment, and must pay the tax to the suppliers of these goods at the time of purchase.
- E. Prepaid Funeral Contracts.
  - 1. Beginning January 1, 2000, when ~~When~~ tangible personal property is sold through a pre-paid funeral plan, the funeral home or funeral director ~~must~~ has the option of:
    - a. ~~remit~~ remitting gross receipts tax when the property is provided to the customer. The tax shall be calculated at the rate in effect when the property is provided, or
    - b. remitting gross receipts tax on the date the contract is purchased. The tax shall be calculated at the rate in effect when the contract is purchased.
  - 2. If the funeral home elects to pay gross receipts tax on the date the contract is purchased, the gross receipts tax must be reported on the sales tax report for the month in which the contract is purchased. Those funeral homes who have received approval from the Commissioner of Revenue to pay tax on a cash basis should remit the gross receipts tax as outlined in Gross Receipts Regulation-78.

3. Each prepaid funeral contract must state the following: 'ALL SALES TAXES DUE PURSUANT TO THE ARKANSAS GROSS RECEIPTS TAX ACT WHICH ARE NOT PAID IN FULL AS OF THE DATE OF THIS CONTRACT ARE DUE UPON THE DEATH OF THE INDIVIDUAL FOR WHOM THIS CONTRACT IS PURCHASED.' “

Signed this 8th day of December, 1999.

  
\_\_\_\_\_  
Dick Barclay, Director  
Department of Finance and Administration

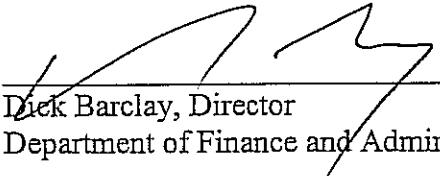
  
\_\_\_\_\_  
Tim Leathers  
Commissioner of Revenue

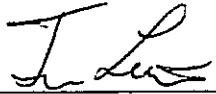
## STATEMENT OF IMMINENT PERIL

Arkansas law currently requires that when tangible personal property is sold through a pre-paid funeral plan, the funeral home or funeral director must remit gross receipts tax when the property is provided to the customer. Act 598 of 1999 allows a purchaser of a prepaid funeral contract the option of paying gross receipts tax at the time of purchase in lieu of paying such taxes at the time of the person's death. Act 598 of 1999 becomes effective on January 1, 2000. Recently, questions have arisen concerning the collection, reporting and remitting of gross receipts taxes collected pursuant to Act 598 of 1999. This regulation is necessary to address those questions and clarify that gross receipts taxes are to be collected, reported and remitted for the month in which the contract is purchased.

Therefore, the Director of the Department of Finance and Administration hereby determines that without this regulation some confusion may result as to the reporting and remitting of the gross receipts tax. This regulation is necessary in order to clarify Act 598 of 1999 and a state of imminent peril exists requiring the adoption of this regulation on an emergency basis. This amendment to Gross Receipts Regulation-22 shall be effective immediately.

Issued this 8th day of December 1999.

  
\_\_\_\_\_  
Dick Barclay, Director  
Department of Finance and Administration

  
\_\_\_\_\_  
Tim Leathers  
Commissioner of Revenue

PERSON COMPLETING

THIS STATEMENT: John Theis, Assistant Commissioner of Revenue, Policy and Legal  
TELEPHONE NO.: (501) 682-7000  
FAX NO.: (501) 682-7900

FINANCIAL IMPACT STATEMENT

To comply with Act 884 of 1995, please complete the following Financial Impact Statement and file with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE: **Gross Receipts Regulation GR-22 (Persons Required To Collect And Remit Tax - Specific Business - Funeral Homes and Funeral Directors)**

1. Does this proposed, amended, or repealed rule or regulation have a financial impact?  
Yes: No: **XX**
2. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.
3. If the purpose of this rule or regulation is to implement a federal rule or regulation, please give the incremental cost for implementing the regulation. **Does Not Apply.**

1999-2000 Fiscal Year  
General Revenue: \_\_\_\_\_  
Federal Funds: \_\_\_\_\_  
Cash Funds: \_\_\_\_\_  
Special Revenue: \_\_\_\_\_  
Other: \_\_\_\_\_  
Total: \$ 0

None

2000-2001 Fiscal Year  
General Revenue: \_\_\_\_\_  
Federal Funds: \_\_\_\_\_  
Cash Funds: \_\_\_\_\_  
Special Revenue: \_\_\_\_\_  
Other: \_\_\_\_\_  
Total: \$ 0

None

4. What is the total estimated cost by fiscal year to any party subject to the, proposed, amended, or repealed rule or regulation? **None.**

1999-2000 Fiscal Year  
**None**

2000-2001 Fiscal Year  
**None**

5. What is the total estimated cost by fiscal year to the agency to implement this regulation?

1999-2000 Fiscal Year  
**No additional cost**

2000-2001 Fiscal Year  
**No additional cost**

**FILED**  
AR. REGISTER DIV.  
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SECRETARY OF STATE  
STATE OF ARKANSAS