

Streamlined Sales Tax Governing Board, Inc.
Compliance Review and Interpretations Committee

INTERPRETATION/DEFINITION REQUEST

Complete each section

1. Name(s) of Requestor(s): Denton Childs
2. Contact Person: Name Denton Childs
Address PO Box 2020
Springdale, AR 72765-2020
Telephone 479-290-7093
Email Denton.Childs@tyson.com
3. Agreement Section(s) involved: Section 309 and Section 310
4. Statement of Background Facts (be succinct): Prior to the state of Arkansas joining as a full member of Streamline Sales Tax, Arkansas did not tax services that were not performed in the state of Arkansas. The state of Arkansas believed that Streamline Sales Tax sourcing requirements mandated Arkansas to levy the compensating use tax on out of state services. (example: Arkansas machine repaired in Missouri with labor and material separately stated on the invoice - Prior to SST Arkansas only taxed the material, but not the labor since it was performed in Missouri; In order to comply with SST (or what Arkansas believed SST required) Arkansas passed legislation which became effective January 1, 2008, to levy Arkansas compensating use tax on out of state labor/services so that now both labor and materials are subject to Arkansas use tax when an item is repaired outside of the state of Arkansas. The use tax is subject to a credit or offset where tax in the other state is lawfully charged. The Arkansas tax on labor performed outside the state appears to apply regardless of where the property associated with the services is delivered to the taxpayer, if the property is returned and used in Arkansas.
5. Issue: Was the state of Arkansas required to change its statutes (26-53-102 and 26-53-106) to be in compliance with Streamline Sales Tax Agreement?
6. Proposed Interpretation: The state of Arkansas was not required to change its statutes to tax services performed outside the state in order to comply with the Streamlined Sales Tax Agreement.
7. Is expedited consideration requested? ___No X Yes If yes, please explain why expedited review is requested: So that this issue can be addressed and considered at the May 12-14, 2009 SST SLAC AND BAC Meeting and a response received in order to have sufficient time to present the matter to the Arkansas Department of Finance and Administration and the Arkansas Legislature prior to the next legislative session.
8. Date this Request is submitted: April 10, 2009

A request for interpretation/definition normally requires a minimum 60-day comment period. The comment period may be shortened to 10 days if the Committee grants a request for expedited consideration. See Governing Board Rule 902(D) and (H).

The Compliance Review and Interpretations Committee meets by teleconference at 10:00 am central every other Thursday. Their schedule can be found at: www.streamlinedsalestax.org under the meeting calendar.

Submit to: Scott Peterson, Executive Director
Streamlined Sales Tax Governing Board

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F0007 Interpretation Definition Request (4/10/08)