

## Sales/Use/Indirect:

### Arkansas: New Law Revises and Clarifies Machinery and Equipment Exemption

*S.B. 441*, signed by gov. 4/11/23. New law amends various provisions under Arkansas' sales and use tax exemption for certain machinery and equipment, including clarifying that a manufacturer may purchase the following fully exempt from Arkansas sales and use tax, rather than be required to file for a refund of tax paid:

**URL:** <https://www.arkleg.state.ar.us/Bills/Detail?id=SB441&ddBienniumSession=2023%2F2023R&Search=>

- Machinery and equipment to modify, replace, repair, or maintain existing exempt manufacturing machinery and equipment;
- Services to install, alter, clean, refinish, replace, or repair that machinery and equipment; and
- Machinery and equipment to modify, replace, or repair molds and dies used directly in manufacturing an article of commerce.

The legislation also clarifies that a piece of machinery or equipment may be purchased exempt so long as it is purchased "for use or possible use" for an above-listed exempt purpose; however, if withdrawn from inventory and used for a purpose other than these listed reasons, it would be taxable at the time of the withdrawal based on the original purchase price of the machinery or equipment. Please contact us with any questions.

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