

2. "Advertising services" mean those professional services provided by an advertising agency when designing and implementing an advertising campaign for a customer.
- B.
 1. Advertising services shall not be subject to gross receipts tax.
 2. Advertising agencies must pay the Arkansas gross receipts or use tax on all property and taxable services which they purchase or consume in providing advertising services.
 3. The sale of caps, pencils, mugs, shirts or any other item of tangible personal property which contains the name, logo, picture or other message designed by the purchaser is subject to the gross receipts tax if the sale is made by a retail business engaged in the sale of advertising materials.

Source: Ark. Code Ann. § 26-52-401(13)

GR-47. EXEMPTIONS FROM TAX – SALES TO THE UNITED STATES

GOVERNMENT: The gross receipts or gross proceeds derived from sales to the United States Government are exempt from the tax. Contractors purchasing tangible personal property or taxable services pursuant to a contract with the United States Government are the consumers of such property or services and must pay the tax when they purchase the property or services. Sales to United States Government employees who pay for the articles purchased with their own funds are not exempt.

Source: Ark. Code Ann. § 26-52-401(5)

GR-47.1. EXEMPTIONS FROM TAX – FEDERAL CREDIT CARD PURCHASES:

- A. Sales tax is not due on credit card purchases which are direct-billed to and paid for by the federal government. Sales tax is due on credit card transactions where the purchases are billed to and paid for by federal employees, who are then reimbursed by the federal government. The following information is designed to assist you in determining whether or not tax applies to transactions paid for with GSA SmartPay®2 charge cards.
- B. Cards which are always direct-billed to the federal government and are therefore exempt from sales or lodgings taxes begin with digits 4486, 4614, 4716, 5565, 5568, or 8699.
- C. Prefixes 4486, 4614, 5565, and 5568 are issued on cards which are both direct-billed and individually-billed. To know the difference you must look at the sixth digit.
- D. If the sixth digit is 0, 6, 7, 8, or 9; the card is direct-billed and the transactions are tax-exempt. If the sixth digit is 1, 2, 3, or 4; the card is billed to the individual federal employee and the transactions are subject to tax. State sales and tourism taxes apply only against transactions made with federal Visa or MasterCard credit cards which begin with the prefix 4486, 4716, or 5568 and have the sixth digit as either 1, 2, 3, or 4.
- E. The following are two exceptions to the above statements:
 1. The Department of Interior will use an integrated MasterCard issued by NationsBank. The same card will be used for both direct-billed and individually-billed purchases. The bank will sort the purchases during the billing process depending on the merchant's code. Purchases for office supplies and other procurements will be direct-billed to the federal government and, therefore, tax-exempt. Purchases for lodgings and restaurant food will be individually-billed to the federal employee and, therefore, taxable. These cards will have the agency's federal tax-exempt identification number (14-0001849) on the face of the card.

The account numbers will begin "5568-16." Although it would appear that this number means the card is direct-billed to the federal government and all transactions would be tax-exempt; in fact, lodgings and restaurant charges will be individually billed to the federal employee and the transaction will be taxable.

2. The cards issued to the Bureau of Reclamation will be direct-billed for all purchases, including lodgings and restaurant charges. Accordingly, cashiers will have to differentiate purchases on cards issued to the Department of Interior and purchases on cards issued to the Bureau of Reclamation. Purchases for lodgings and restaurant food on cards issued to the Department of Interior are taxable. Purchases for lodgings and restaurant food on cards issued to the Bureau of Reclamation are tax-exempt. This system is expected to be in place for approximately one year beginning in 1999 at which time all purchases on this integrated card will be direct-billed and tax-exempt.

Source: Ark. Code Ann. §§ 26-52-401(5); 26-63-401 et seq.

GR-48. EXEMPTIONS FROM TAX – NEWSPAPERS, PUBLICATIONS, AND BILLBOARDS:

A. DEFINITIONS.

1. "Newspaper" means a publication in sheet form containing reports of current events and articles of general interest to the public, published regularly in short intervals such as daily, weekly, or bi-weekly, and intended for general circulation.
 2. "Advertising space" means space located within the body of a newspaper or publication, containing advertisements which are printed concurrently with the news, articles, features, or other attractions in the newspaper or publication and the classified advertising section.
 3. "Advertising supplement" means a publication in sheet form, other than the usual classified advertising section of a newspaper, printed in Arkansas by a newspaper publisher or job printer, containing advertising only and which is not physically attached to a newspaper, but which may be distributed with a newspaper or by other means.
 4. "Billboard advertising services" mean any and all services rendered in connection with the rental or lease of advertising space on a structure which is affixed to the land for the purpose of posting advertising messages.
 5. "Publication" means any pamphlet, magazine, journal, or periodical, other than a newspaper, designed for the information or entertainment of the general public or any segment thereof.
 6. "Regular subscription" means the purchase by advance payment of a specified number (two or more) of issues of a publication over a certain period of time, and delivered to the subscriber by mail or otherwise.
- B. The gross receipts or gross proceeds derived from the sale of newspapers are exempt from the tax.
- C. The gross receipts or gross proceeds derived from the sale or rental of advertising space in newspapers and publications are exempt from the tax. Advertising supplements are not exempt from the tax. The printer, whether a newspaper publisher or job printer, must collect the tax on the gross receipts or gross proceeds derived from the sale of the advertising supplements to the advertiser, even though the advertising supplement may be distributed by insertion in a newspaper for the convenience of the advertiser.