



STATE OF ARKANSAS  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
NEXUS AND DISCOVERY UNIT  
P O BOX 3215 – ROOM 1450 LITTLE ROCK, ARKANSAS 72203-3215

**A One-Time Opportunity to Meet Your Use Tax Obligation,  
No Penalty and Liability Period Reduced**

Dear Taxpayer:

The Department of Finance & Administration has identified your business as one that may owe Arkansas Compensating Use Tax (Arkansas Code Ann. §26-53-101). Our records indicate that your business is registered for Arkansas Excise Tax but has not reported Arkansas Compensating Use Tax. Therefore, we are offering this one-time opportunity to report any Use Tax obligations that may exist. If you chose to take advantage of this opportunity there will be a reduced look-back period of three (3) years and penalties will be waived; however, interest will be due.

Compensating Use Tax is due when sales tax has not been paid on the purchase of tangible personal property or taxable services from a vendor located outside of Arkansas and the item purchased is stored, used or consumed in Arkansas. If a vendor does not charge tax, your business is still obligated to pay the tax. In regards to untaxed purchases made from vendors located outside the state of Arkansas, the Arkansas Compensating Use Tax is to be paid directly to the Department of Finance & Administration. Compensating Use Tax could be owed regardless of how items or services are purchased (e.g., by telephone, internet, or catalog). Please see the enclosed Arkansas Compensating Use Tax Fact Sheet for more information on Compensating Use Tax along with common examples of when the tax is due.

To participate in this program, please provide the worksheet, available from our website, **within 30 days** of receipt of this letter. After we receive and review the information you provide, an assessment will be prepared and mailed to you. Please email the person listed below, fax to (501) 683-2214, or mail the completed worksheet to the following address:

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION  
NEXUS AND DISCOVERY UNIT  
PO BOX 3215  
LITTLE ROCK, AR 72203-1272

**When you examine your records, if you determine that your business does not have a Use Tax liability, please contact us so that you will not receive subsequent letters.**

When reviewing your records for potential Compensating Use Tax obligations, you may discover additional obligations for Arkansas Gross Receipts Tax. An example would be if you purchased items by providing your resale certificate to a vendor but consumed those items personally or in your business instead of reselling them. You can include this information on the worksheet and you will receive the same penalty waiver and reduced examination period. A copy of the worksheet is available by visiting our website shown below or contacting the person below.

For questions please give us a call at (501) 683-2210 or visit our web site at:  
<https://www.dfa.arkansas.gov/field-audit/consumer-use-tax-project/>