

Little Rock Advertising & Promotion Commission
Lodging & Prepared Food Gross Receipts Tax (“A&P Tax”)
SUMMARY INFORMATION SHEET

Please refer to the Little Rock Advertising & Promotion Commission’s (“Commission”) A&P Tax Rules and Regulations (found at www.littlerock.com/tax) for a full description of your legal rights and obligations related to the A&P Tax.

A&P Tax: A tax on the gross receipts from sales of hotel or motel accommodations or lodging services for profit in the City of Little Rock and from sales of prepared food and beverage in the City of Little Rock. (Please refer to A&P Tax Rule GR-1.3 for definitions of “hotel or motel accommodations,” “lodging services” and “prepared food and beverage.”)

Amount of A&P Tax: 4% of gross receipts from taxable sales of short term lodging services and 2% from sales of prepared food and beverage.

Persons subject to A&P Tax: Any person or entity, including facilitating platforms, who sells short term lodging services for profit in the City of Little Rock or who sells prepared food and beverage in the City of Little Rock.

Persons who may be exempt from A&P Tax:

- (1) Any seller of hotel or motel accommodations or lodging services that sells such accommodations or lodging services on a strictly not-for-profit basis.
- (2) Any seller of prepared food and beverage that is a federal 501(c)(3) tax-exempt organization.
- (3) School cafeterias and lunchrooms operated on a not-for-profit basis and not open to the general public are automatically exempt from the A&P Tax.

How to obtain an exemption from A&P Tax: Submit to the Commission one or all, if applicable, of the following:

- (1) Application for Exemption from A&P Tax – Sellers of Hotel or Motel Accommodations / Lodging Services.
- (2) Application for Exemption from A&P Tax – Sellers of Prepared Food and Beverages. (School cafeterias and lunchrooms operated on a not-for-profit basis and not open to the general public do not have to apply.)

Requirements of persons subject to A&P Tax who are not exempt:

- (1) Obtain an A&P Tax Permit before making sales subject to the tax. (A separate permit is required for each location where sales subject to the tax will be made.)
- (2) Collect the A&P Tax from customers who purchase hotel or motel accommodations or lodging services or prepared food and beverage.
- (3) Timely file a tax return reporting the taxable gross receipts and the A&P Tax owed for each Taxable Period (see below) and timely remit the A&P Tax owed with each tax return.

How to obtain A&P Tax Permit: Submit to the Commission one of the following, as applicable:

- (1) A&P Tax Permit Application – Traditional.
- (2) A&P Tax Permit Application – Special Event (for persons making sales subject to the tax at a temporary location established for a special event, such as the Arkansas State Fair or Riverfest).

Tax Permit Applications can be completed here: www.littlerock.com/tax

Definition of Taxable Period: “Taxable Period” means a calendar month.

Due Date for filing of tax return and payment of A&P Tax for a Taxable Period: Your tax return and payment of the amount of A&P Tax owed for a given Taxable Period are due on the 20th calendar day of the month immediately following the Taxable Period. For example, July 20 is the Due Date for the tax return and A&P Tax owed for the month of June. (A separate tax return must be filed for each location where sales subject to the tax are made.)

2% Discount for Prompt Payment: If your tax return and payment of the A&P Tax owed for a given Taxable Period are postmarked or hand-delivered to the Commission by the 20th calendar day of the month in which

they are due, you may deduct and retain 2% of the A&P Tax to be remitted for that period as a discount for prompt payment. This date is called the “Prompt Payment Date.” For example, July 20 is the Prompt Payment Date for the tax return and A&P Tax owed for the month of June.

Delinquency Date for filing of tax return and payment of A&P Tax for a Taxable Period: Your tax return and payment of the amount of A&P Tax owed for a given Taxable Period are considered delinquent on the 1st calendar day of the month immediately following the Due Date. For example, August 1 is the Delinquency Date for the tax return and A&P Tax owed for the month of June.

Penalty and interest charges for failure to file tax return or pay A&P Tax owed before Delinquency Date: If your tax return and payment in full of the A&P Tax owed for a given Taxable Period are not postmarked or hand-delivered to the Commission before the Taxable Period’s Delinquency Date, you are required to pay a penalty of 5% of the unpaid amount of A&P Tax owed for that period for each month or fraction of a month from the Delinquency Date until the tax return is filed and the unpaid A&P Tax is paid, up to a maximum total penalty of 35% of the unpaid amount of A&P Tax due for that period. You are also required to pay interest on any delinquent amount of unpaid A&P Tax at the annual rate of 10% of the unpaid A&P Tax, calculated daily from the Delinquency Date until the date the unpaid A&P Tax is paid.

A&P Tax reported on a tax return but not paid: The amount of tax reported on a tax return filed for a given Taxable Period is considered an admission of the amount of tax owed for that period. You will be sent a Payment Demand Notice for any amount reported on your return for which payment is not included with the tax return. Payment of the amount stated in the Notice is required within 10 days after the date you receive the Notice.

Collection enforcement procedures for failure to file tax return or submit payment of A&P Tax owed for a

**Taxable
Period:**

- (1) 30 days after Due Date – A courtesy Notice of Delinquency will be sent shortly after the Delinquency Date.
- (2) 60 days after Due Date – A Proposed Assessment of the tax, penalty and interest owed will be prepared and a Notice of Proposed Assessment will be sent.
- (3) 90 days after Due Date – A Final Assessment will be issued and a Notice of Final Assessment will be sent.
- (4) 10 days after Final Assessment or Payment Demand Notice is issued – A Certificate of Indebtedness may be filed with the County Circuit Clerk creating a lien on your and/or your business’s property.
- (5) The Commission may take the following other collection enforcement actions:
 - Revocation of your A&P Tax Permit.
 - Suspension of any marketing, advertising or promotional activity by the Commission for your business.
 - Institution of proceedings in a court of law to enjoin you from continuing to operate your business.

Tax return required regardless of whether taxable gross receipts are collected: If you have zero taxable gross receipts for any period, you must still file a tax return for that period and report zero gross receipts on your tax return.

Setoff / credit for overpayment of A&P Tax, penalty or interest owed: Any overpaid amount may be applied as a setoff to any other amount owed by you to the Commission or set aside as a credit toward future amounts of A&P Tax, penalty or interest due from you for future periods. You will be sent a Notice of Credit stating the amount of overpayment and whether the overpayment was applied as a setoff to other amounts owed by you or set aside as a credit toward future taxes owed and the periods and amount for each period for which any overpayment was applied as a setoff.

Requirement to keep records of gross receipts: Any person who engages in sales subject to the A&P Tax must keep for a period of at least 4 years complete and adequate records showing the gross receipts from all taxable sales, including normal books of account, all bills, receipts, purchase invoices, sales invoices, cash register tapes, or other documents of original entry supporting the entries in the books of account, and all schedules or working papers used for preparing federal or state tax returns or tax forms.

Expiration and surrender of A&P Tax Permit: An A&P Tax Permit expires upon the earlier of:

- (1) Cessation of the business at the location designated on the permit.
- (2) Sale or transfer of ownership of the business at the location designated on the permit.
- (3) The Delinquency Date of the 6th consecutive period in which the permit holder fails to file a tax return.
- (4) The Delinquency Date of the 6th consecutive period in which the permit holder files a tax return reporting zero gross receipts for that period.
- (5) Special Event A&P Tax Permits expire on the earlier of the cessation of business at the location designated on the permit or the conclusion of the special event for which the permit was issued.

Any expired A&P Tax Permit must be returned, along with payment of any A&P Tax, penalty and interest owed, to the Commission within 30 days. Failure to timely return the permit will be grounds to deny you a future A&P Tax Permit.

Requirements when you close, move, sell or otherwise transfer ownership of your business: If your business closes or moves or if you sell or otherwise transfer ownership of the business to another person, your A&P Tax Permit expires as described above and must be returned to the Commission within 30 days. If the business moves, you must apply for and obtain a new A&P Tax Permit to do business at the new location. If there is a new owner of the business, the new owner must apply for and obtain a new A&P Tax Permit issued in its name to do business at that location.