

Sales/Use/Indirect:

Arkansas Supreme Court Says OTCs Don't Owe State and Local Hotel Taxes Prior to 2019 Law Change

Case No. CV-23-416, Ark. (5/16/24). The Arkansas Supreme Court (Court) reversed a circuit court decision to hold that various online travel companies (OTCs) did *not* owe state and local gross receipts taxes or state and local tourism taxes (collectively “hotel taxes”) for the pre-2019 tax periods at issue, because the relevant Arkansas tax statutes in effect at the time did not apply to companies providing travel intermediary services. According to the Court, if accommodations intermediaries such as the OTCs at issue had been subject to the hotel taxes for the prior tax periods at issue, then the subsequently enacted 2019 statutory amendments that explicitly included OTCs as taxable entities would have been unnecessary – and “the legislature will not be presumed to have done a vain and useless thing.” Please contact us with any questions.

URL: <https://opinions.arcourts.gov/ark/supremecourt/en/522801/1/document.do>

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