



# ARKANSAS

# 2023

# C Corporation Income Tax Instructions

**Due Date: On or before the 15<sup>th</sup> day of the 4<sup>th</sup> month following the close of the tax year, for calendar year filers the due date is April 15<sup>th</sup>.**

## Simple Reasons to e-file!

- ◆ Filing Confirmation Provided
- ◆ Makes Complex Returns Easy
- ◆ File Federal & State Forms Together
- ◆ Secure



### Mailing Address:

State of Arkansas  
Corporation Income Tax Section  
P.O. Box 919  
Little Rock, Arkansas 72203-0919

### Physical Address:

Corporation Income Tax  
1816 W 7th St, Room 2250  
Ledbetter Building  
Little Rock, AR 72201-1030

# TAX HELP AND FORMS



## Internet

You can access the Department of Finance and Administration's website at **[www.dfa.arkansas.gov](http://www.dfa.arkansas.gov)**.

- Get current and prior year forms and instructions
- Access latest income tax info and archived news
- Get e-file information

You can e-mail questions to:

**[corporate.income@dfa.arkansas.gov](mailto:corporate.income@dfa.arkansas.gov)**



## Phone

General Information..... (501) 682-4775

Representatives are available to assist callers at the number above during normal business hours (Monday through Friday from 8:00 a.m. to 4:30 p.m.) with:

- Taxpayer Assistance
- Notices Received
- Forms
- Amended Returns
- Audit and Examination
- Payment Information

Other useful phone numbers:

Tax Credits..... (501) 682-7106  
Withholding Tax ..... (501) 682-7290  
Collections ..... (501) 682-5000  
Revenue Legal Counsel ..... (501) 682-7030  
Individual Income Tax ..... (501) 682-1100  
Sales and Use Tax..... (501) 682-7104  
Problem Resolution and ..... (501) 682-7751  
Tax Information Office (Offers In Compromise)

Internal Revenue Service ..... (800) 829-1040  
Social Security Administration ..... (800) 772-1213



## Forms

**To obtain a booklet or forms you may:**

1. Access our website at:  
**<https://www.dfa.arkansas.gov/income-tax/corporation/corporation-forms/>**
2. Call: (501) 682-4775

## ATAP

Arkansas Taxpayer Access Point (ATAP) allows taxpayers or their representatives to log on to a secure site and manage their account online.

Access ATAP at **[www.atap.arkansas.gov](http://www.atap.arkansas.gov)** to:

- Make Tax Payments
- Make Estimated Tax Payments
- Make name and address changes
- View account letters

(Registration is not required to make payments or to check refund status.)



## Mail

Corporation Income Tax Section  
P. O. Box 919  
Little Rock, AR 72203-0919

Be sure to apply sufficient postage or your return will not be delivered by the U.S. Postal Service.



## Walk-In

Representatives are available to assist walk-in taxpayers with corporate income tax questions, but are **not available to prepare your return.**

No appointment is necessary, **but plan to arrive before 4:00 p.m. to allow sufficient time for assistance.**

The Corporate Income Tax Office is located at:  
1816 W. 7th Street, Room 2250  
Ledbetter Building, Little Rock, AR 72201

Office hours are Monday through Friday from 8:00 a.m. to 4:30 p.m.

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## WHAT'S NEW for 2023

**NOTE:** The following is a brief description of Acts affecting Arkansas Corporation Income Tax and is not intended to replace a careful reading of each Act in its entirety.

### **Tax rate and other important changes**

**ACT 658 of 2023** authorizes an organization operating a railroad partly within this state and partly outside this state to choose between two options in apportioning its net operating income attributable to this state and provides that any rules adopted by the Department of Finance and Administration that conflict with the act are void. The act is effective for tax years beginning on or after January 1, 2023.

**Act 532 of 2023 amends** Arkansas Code Annotated 26-51-205 to reduce the maximum corporation income tax rate to 5.1% for all taxable income exceeding \$25,000 for tax years beginning on or after January 1, 2023. The maximum income tax rate for corporations will remain 5.9% for all taxable income exceeding \$25,000 for tax years beginning on or after January 1, 2022 and beginning before January 1, 2023.

# IMPORTANT REMINDERS for 2023

## Federal Subchapter S Corporations cannot file Arkansas C Returns

**Arkansas Code Annotated 26-51-427** allows net operating losses occurring in tax years beginning on or after January 1, 2020 to carry forward for 8 tax years and losses occurring in tax years beginning on or after January 1, 2021 to carry forward 10 years. Net operating losses that occur in tax years beginning before January 1, 2020 carry forward 5 tax years.

**Arkansas Code Annotated 26-51-428** was amended to adopt Title 26 U.S.C. Section 179, as in effect on January 1, 2022, for the purpose of computing Arkansas income tax liability for property purchased in tax years beginning on or after January 1, 2022, for tax years beginning on or after January 1, 2022. The adoption of Internal Code Section 179 will result in the Arkansas Section 179 deduction being raised from \$25,000 per year to \$1,080,000 for tax years beginning in 2022 and for the dollar-for-dollar phaseout being raised from \$200,000 to \$2,700,000. The lower limits will remain in place for years beginning prior to 2022, including any carryforward of Section 179 that could not be claimed in earlier years. Please refer to the line item instructions for Depreciation and the instructions for Form AR1100REC for further details.

**Act 95 of 2020** created Arkansas Code Annotated 26-51-316 and exempts from Arkansas income tax payments made to a taxpayer by the United States Department of Agriculture under the Market Facilitation Program authorized by 15 U.S.C. §714c as it existed on January 1, 2020. Expenses for losses related to the receipt of a payment to a taxpayer under the Market Facilitation Program are not deductible or otherwise permitted to offset any other income from the tax year in which the loss or expenses are incurred. Act 95 of 2020 is effective for tax years beginning on or after January 1, 2020.

**Act 248 of 2021** amended Arkansas Code Annotated 26-51-404(b) to add the following exclusions from gross income;

1. Title 15 U.S.C. § 626A(i) as in effect on January 1, 2021 exempts sums received under the Paycheck Protection Program of loan forgiveness as included in § 304(b), 276(a) and 276(b) of the Consolidated Incentive Act of 2021, Public Law 116-260.
2. Section 277 of the Consolidated Appropriations Act concerning the tax treatment of certain emergency financial aid grants to students.
3. Section 278 of the Consolidated Appropriations Act concerning the clarification of the tax treatment of certain loan forgiveness and other business financial assistance. Section 278 includes exemptions for Paycheck Protection Program loan forgiveness under section 1109(d)(2)(d) of the CARES Act, Economic Injury Disaster Loan grants also known as EIDL Grants from the Small Business Administration under section 1110(c) of the Cares Act and section 331 of the Hard-Hit Small Businesses, Nonprofits and Venues Act, Subsidies for certain SBA loan payments described in Section 1112(c) of the Cares Act and Grants for Shuttered Venue Operators under Section 324 of the Hard-Hit Small Businesses, Nonprofits and Venues Act.
4. Payments received under the Coronavirus Food Assistance Program described in 7 C.F.R. Part 9 as it existed on January 19, 2021.

Expenses related to the exclusion of income under Act 248 of 2021 are deductible. Income exempted under Act 248 of 2021 and Act 95 of 2020 must be added back in the calculation of net operating loss as required by Arkansas Code Annotated 26-51-427(2). Act 248 also includes language that any successor programs to the PPP loan forgiveness program will also be exempt and related expenses are also deductible. Therefore, any PPP loan forgiveness under the ARPA Act will also be exempt from Arkansas income tax and related expenses will be allowed as deductions.

There are a number of federal and state financial assistance programs that are not exempt from Arkansas income taxes. Among the assistance programs that are not exempt are several government assistance programs included in the American Rescue Plan Act (ARPA) such as;

1. The Restaurant Revitalization Fund Grants,

2. Rural Health Care and Development Grants,
3. USDA Grants and Loan Subsidies,
4. EIDL Grants under ARPA,
5. Emergency Rental Assistance under ARPA and the Consolidated Appropriations Act,
6. Aviation Manufacturing Job Protection Grants,
7. Airline and Airline Contractor Extended Payroll Support Program,
8. Arkansas Ready for Business Grants and
9. any other federal, state or local financial assistance program not specifically exempted by Arkansas law.

DFA has recently clarified that several federal tax credits created by ARPA are not taxable income and that related expenses are deductible in Arkansas. These include the Employee Retention Credits and the Employer Tax Credits for Paid Sick and Family Leave.

**Act 143 of 2021** amends Arkansas Code Annotated 26-51-102 to include a definition for tax practitioner and Arkansas Code Annotated 26-51-806 to require a tax practitioner who files federal income tax returns electronically to also file Arkansas returns electronically and allows DFA to waive the requirement if the requirement would cause an undue hardship on the practitioner.

**Act 362 of 2021** creates a new Chapter 65 to Arkansas Code Title 26 and creates the Elective Pass-Through Entity Tax for tax years beginning on or after January 1, 2022. Act 362 allows members holding 50% or more of a pass-through entity to elect to have the pass-through entity pay Arkansas income taxes itself instead of passing the income through to the members to pay income tax on their personal income tax returns or on a composite return. Act 362 also amends Arkansas Code Annotated 26-51-404 to exempt income subject to similar taxes in other states from Arkansas income tax for residents and part-year residents for tax years beginning in 2022 and after.

The Pass-through Entity Tax (PET) election must be made by the extended due date of the income tax return but may be made at any time prior by registering for the tax on combined registration forms or by completing Form AR362, or by registering for the tax on ATAP. Form AR362 for registration, Form AR1100PET, the income tax return and vouchers for estimated payments for the Pass-through Entity Tax are available on the DFA website. The election to be taxed at the entity level and the exemption from income tax of income subject to similar taxes in other states is available for tax year 2022 and onward. The tax rate for tax years beginning in 2022 was set at 4.9% on income and 2.45% on capital gains for the Pass-through Entity Tax. Act 532 of 2023 amends Arkansas Code Annotated 26-51-201(a)(2) reducing the income tax rates for individuals and the pass-through entity to 4.7% for income other than capital gains and 2.35% for capital gains for tax years beginning in 2023 and after.

#### **Sub-S Corporations that elect the PET tax for 2023 should not file Form AR1100S.**

**Act 629 of 2021** amends Arkansas Code Annotated 26-51-807(a) to allow taxpayers an extension to file of one month after the extended due date for a federal income tax return for tax years beginning on or after January 1, 2021. The one month extended due date does not apply to returns for which a federal extension is not requested and does not extend the original due date. As a reminder all tax payments are due on the original return due date and interest at 10% per annum and failure to pay penalties at 5% per month will be assessed on all taxes unpaid after the original due date which is April 15 for calendar year filers and the 15th day of the fourth month after the end of a tax year that does not end in December.

**Act 434 of 2017** amends **ACA 26-51-409(b)** to require a corporation filing a federal Subchapter S income tax return to file an Arkansas Subchapter S income tax return. **ACA 26-51-413(b)** is repealed. **Federal Subchapter S corporations will no longer be allowed to file Arkansas C corporation income tax returns for tax years beginning on or after January 1, 2018.**

## **Multistate Corporations must allocate income from partnerships**

**Act 482 of 2017** amends **ACA 26-51-802(c)** to require that Partnership income be determined for state income tax purposes by using an apportionment method. Partners will continue to allocate partnership income. Effective for tax years beginning on and after January 1, 2018.

## **Withholding Payments**

Form AR1100-WH corresponds with Line 36 on Form AR1100CT for corporations to report withholding tax paid on their behalf by partnerships and will need to be included with Form AR1100CT. Corporations claiming withholding must attach Form AR1100-WH listing each partnership that withheld tax and a copy of Form AR1099PT from each partnership. The partnership must have filed its annual withholding return of Form AR941PT and paid the tax withheld before credit for the withholding will be allowed.

## **Withholding Payments as Reported on Form AR941PT**

**Act 760 of 2017** amends **ACA 26-51-919(a)(2), (b)(l)(A)(i), (c)(5)(A)** and **(d)** for the income tax withholding requirements for members or owners of a pass-through entity to require withholding on corporate partners and to allow corporations to participate in composite returns. Effective for tax years beginning on and after January 1, 2018.

## **Amended Tax Returns**

For tax years beginning on or after January 1, 2010, the AR1100CTX Arkansas Amended Return form was removed. An Arkansas Amended Return will be filed on the Form AR1100CT by checking the appropriate box as filing an Amended Return. Taxpayers should use Form AR1100CTX for tax years 2009 and prior. A copy of the corporation's Federal Amended Return, or IRS audit report, or an explanation for filing the Arkansas Amended Return must be attached to the Form AR1100CT.

## **Arkansas Form AR1100CT**

To correctly process the Corporation's return it is essential that every applicable line and space on Form AR1100CT and related schedules be typed or printed including tax year, corporation name, address, city, state, zip code, telephone number, (Federal Employer Identification Number) FEIN, date of incorporation, (North American Industry Classification System) NAICS business code used on the federal return, date began business in Arkansas, and filing status (check one box only). If consolidated box 4 is checked, you must also indicate number of entities in Arkansas in the space immediately to the right of Filing Status 4 description.

**Consolidated filers must complete a Form AR1100CT (with Schedule A if applicable) for each corporate entity and a separate Form AR1100CT for the consolidated group.** If Filing Status 4 is checked, do not check any other filing status box. An Arkansas consolidated group with its members having business activity only within Arkansas must check the box for filing Status 4.

To correctly process Corporate Income Tax payments, use the AR1100ESCT for Estimate payments and AR1100CTV for Corporate Income Tax payments. For Composite payments use the AR1000CRES for Estimate payments and AR1000CRV for Composite return tax payments.

## **ATAP - Arkansas Taxpayer Access Point**

Arkansas Taxpayer Access Point (ATAP) is available for the filing of most Arkansas Corporation Income Tax returns and tax payments. Federal returns and other required schedules must be attached with the ATAP filing or mailed separately to the Corporation Income Tax Section. They may be provided on CD, in PDF, or in paper form. The secure online filing, managing, and payment options of ATAP are available at [www.atap.arkansas.gov](http://www.atap.arkansas.gov). Taxpayers and their authorized representatives will be able to view and manage their Corporation Income Tax activity including other tax activity such as Individual Income Tax, Sales Tax, Withholding Tax, and other taxes administered by DFA.

Accountants and attorneys must obtain permission from their clients to access and view their client's accounts. ATAP is a web-based service that will give taxpayers, or their designated representative, online access to their tax



accounts, and offers the following services:

Register a business, file a return online, file a return using XML return upload, change a name, change an address, amend a return, make a payment, store banking information for use during payment submission, view tax period financial information (tax, penalty, interest, credits, balance, etc.), view payments received, view recent account activity, and view correspondence from the department.

If you are currently enrolled with our online systems to either make payments or file a return electronically, you will need to sign up in ATAP to take advantage of the enhanced services. To correctly process payments on ATAP, make sure you are choosing the correct type of payment and applying it to the correct tax period.

**The Arkansas Corporation Income Tax Return must be organized as follows:**

**Other than Filing Status 4 Filers:**

- Arkansas Form AR1100CT (front) (Must be signed on Schedule A, page 2)
- Arkansas Form AR1100CT Schedule A, if applicable
- Arkansas Schedule of Check-Off Contributions, Form AR1100CO if applicable
- Arkansas approved extension, if applicable
- Arkansas Reconciliation Schedule, Form AR1100REC
- Business Incentive Tax Credit Certificates (originals), if any, Schedule AR1100BIC, if applicable
- All other schedules pertaining to the Arkansas return
- Copy of Federal Return with supporting schedules

Corporations with Filing Status 2 must complete Schedule A (Apportionment Schedule).

**Filing Status 4 Filers:**

- Arkansas Form AR1100CT (page 1 only) for Group (Must be signed on Schedule A, page 2)
- Arkansas Form AR1100CT for each entity (including parent) within the Group, and Schedule A, if applicable
- Arkansas Schedule of Check-Off Contributions, Form AR1100CO, if applicable
- Arkansas approved extension, if applicable
- Arkansas Reconciliation Schedule, Form AR1100REC
- Business incentive Tax Credit Certificate (original) if any, Form AR1100BIC, if applicable
- All other schedules pertaining to the Arkansas return
- Copy of Federal Return with supporting schedules

Corporations with Filing Status 4 (Consolidated Return) must complete a separate AR1100CT and Schedule A, if applicable, for each member with gross income from sources within Arkansas and consolidate the applicable taxable income on a Consolidated Group AR1100CT and attach a copy of the Federal return. Each member's Arkansas Business Incentive Tax Credit may be combined to reduce the consolidated group's total tax liability without separate entity restrictions, except for the Arkansas Economic Development Credit and ArkPlus Credit. Charitable contribution limits are calculated on a separate corporation basis for consolidated filers.

All percentages used in determining the apportionment factor on Schedule A must be calculated to 6 places to the right of the decimal (example 35.333452%).



## Estimated Tax Requirements

**ACA 26-51-911(c)(1)** and **ACA 26-51-913(a)(2)** adopt federal due dates for making declarations of estimated Arkansas income tax. Arkansas taxpayers are required to file an Estimated Declaration when their liability exceeds \$1,000. The AR1100ESCT, Estimate Payment Vouchers 1 through 4, and Extension Voucher 5 for tax year 2023 are not included in these instructions. You will find them at our website, [www.dfa.arkansas.gov](http://www.dfa.arkansas.gov). Filling the forms out online will automatically fill in the taxpayer information and provide the appropriate scan line needed for proper processing.

To make sure payments are processed correctly, please use the correct payment voucher. Use the AR1100ESCT vouchers for Corporation Income tax payments. For Individual Composite payments use the AR1000CRES vouchers.

**ACA 26-19-106** provides that a corporation with an estimated quarterly income tax liability equal to or greater than \$20,000.00 must pay the estimated quarterly income tax due by electronic funds transfer (Refer to General Instructions). Corporations that underestimate their corporate tax liability must calculate any penalty due as applicable, on Part 2 of Form AR2220, and enter the penalty amount on page 1, Line 45 of Form AR1100CT. Enter the numerical exception from Part 3 in the box on Line 45 if applicable.

Certain corporations are required to remit Arkansas estimated corporation income tax payments through the Electronic Funds Transfer (EFT) method. If they fail to do so, **ACA 26-19-107** authorizes the assessment of an EFT penalty equal to five percent (5%) based on the amount of taxes due. Taxpayers who are required to pay by EFT will be notified in writing by the Department. **The Form EFT-CT is no longer used to register for EFT payments. You will find current instructions at <https://www.dfa.arkansas.gov/excise-tax/sales-and-use-tax/electronic-filing-and-payment-options/> or by calling Excise Tax at (501) 682-7105.**

## Copy of Federal Return is Required

**ACA 26-51-806 (d)(1)** requires a completed copy of the corporation's Federal Corporate Income Tax Return, Form 1120, along with all schedules and documents, be attached to the Arkansas "C" Corporation Income Tax Return, Form AR1100CT. The Federal return may be submitted by CD, PDF, TIF format, or attached in paper form. If the Arkansas return is filed on paper and the federal return is more than 500 pages, it must be submitted on CD, thumb-drive, or submitted electronically in ATAP or by e-mail to [corporation.income@dfa.arkansas.gov](mailto:corporation.income@dfa.arkansas.gov).

## Signatures and Verification

The return must be signed by a corporate officer in the space provided on the bottom of Schedule A, page 2 of Form AR1100CT. The return of a foreign corporation having an agent in the State may be sworn to by such agent. If receivers, trustees in bankruptcy, or assignees are operating the property or business of the corporation, such receivers, trustees, or assignees shall sign the return for such corporation under certification. The return must be signed in the space provided on the bottom of Schedule A, page 2 of Form AR1100CT. For consolidated returns, only the group Form AR1100CT, Schedule A, page 2, must be signed. Refer to General Instructions.

**ACA 26-51-804 (b)** provides the return must be signed by a corporate officer in the space provided on the bottom of Schedule A, page 2 of Form AR1100CT.

# 2023 State of Arkansas

## Domestic and Foreign Income Tax General Instructions

### Who Must File

Every corporation organized or registered under the laws of this State, or having income from Arkansas sources as defined in **ACA 26-51-205**, must file an income tax return. Consolidated returns are permitted under certain conditions. D.I.S.C and F.S.C. Corporations are treated as regular business corporations. Business corporations, D.I.S.C, and F.S.C. Corporations should use Arkansas Form AR1100CT. Small business "S" corporations must use Form AR1100S. A pass-through entity filing as an LLC or Partnership, or a pass-through entity electing to file as a corporation, should check the box on Form AR1100CT. **(Refer to ACA 4-32-1313 or ACA 26-51-802.)**

### Consolidated Returns

All corporations that are eligible members of an affiliated group filing a Federal Consolidated corporation income tax return may elect to file an Arkansas Consolidated income tax return. However, only corporations in the affiliated group that have gross income from sources within the State that is subject to Arkansas income tax are eligible to file consolidated income tax returns in Arkansas. An Arkansas consolidated group with its members having business activity only within Arkansas must check the box for Filing Status 4.

In computing Arkansas consolidated taxable income or loss to which the tax rate is applied, the separate net income or loss of each corporation that is entitled to be included in the affiliated group will be included in the consolidated net income or loss to the extent that its net income or loss is separately apportioned or allocated to Arkansas. All corporations in the affiliated group that are eligible to file an Arkansas Consolidated corporation income tax return must consent to, and join in, the filing of the return prior to the last day for filing. The filing of the consolidated return will be considered as consent of each eligible corporation in the affiliated group.

Corporations with Filing Status 4 (Consolidated Return) must complete a separate Form AR1100CT reflecting taxable income before intercompany eliminations and adjustments, and Schedule A, if multistate, for each member with gross income from sources within Arkansas. Each member's separate net income or loss must be consolidated on a group Form AR1100CT beginning on Line 30. Schedule A should not be completed for the consolidated group, but must be included for signature by a corporate officer.

A complete copy of the Federal return must be attached. A schedule listing each intercompany transaction and adjustment, identifying the entity by FEIN to which it applies must be submitted if this information is not clearly shown on the Federal return.

### Time For Filing

**Arkansas adopted a new due date for Corporate Income tax returns for tax years beginning on or after January 1, 2016.** Arkansas Corporate Income Tax Returns are now due the 15<sup>th</sup> day of the 4<sup>th</sup> month following the end of the tax year. This includes short tax years. Cooperative Association returns are due on or before the 15<sup>th</sup> day of the 9<sup>th</sup> month following the close of the tax year. Exempt organizations are due on the 15<sup>th</sup> day of the 5<sup>th</sup> month.

### Extensions of Time for Filing

If you have received an automatic Federal extension (Form 7004), the time for filing your Arkansas Corporation Income Tax Return shall be extended until 30 days after the due date of your federal return. When filing the Arkansas Form AR1100CT, check the box at the top indicating that the Federal Extension Form 7004 **and/or** Arkansas Extension Form AR1155 has been filed and file the Arkansas return on or before the extended due date. It is no longer necessary to include a copy of the Federal Form 7004. To request an initial Arkansas extension of 180 days from the original Arkansas return due date **or** an Arkansas extension of 60 days beyond the automatic federal extension due date, complete and mail Arkansas Form AR1155 by the federal extended due date or, if applicable, the Arkansas extended due date to the Corporation Income Tax Section. **If you have an automatic federal extension and do not want to request an additional 60 day Arkansas extension, you do not fill out the Form AR1155. Extensions using Form AR1155 are only available for the filing of original returns.** Submit payment with the AR1155 Voucher that is attached to the form **only** if you are requesting an Arkansas Extension, unless paying by EFT method.

## Amended Returns

For tax years beginning on or after January 1, 2010 the AR1100CTX Arkansas Amended Return form was removed. An Arkansas Amended Return will be filed on the AR1100CT by checking the appropriate box as filing an Amended Return. Taxpayers should use AR1100CTX for tax years 2009 and prior. A copy of the corporation's Federal Amended Return, or IRS audit report, or an explanation for filing the Arkansas Amended Return must be attached to the AR1100CT. Arkansas amended returns must be filed within three (3) years from date of filing the original return, or two (2) years from date of payment of tax on the original return, whichever is later, except when required to report the final results of an IRS audit. Refund requests must be filed on the amended return. Attach schedules and an explanation for filing the Arkansas amended return to the AR1100CT. If multistate, attach amended apportionment schedule. If consolidated, attach separate company amended AR1100CT with amended apportionment schedule, if applicable. Interest at 10% per annum will be computed on a daily rate of .00027397 from the original return due date to date amended return is filed and the tax is paid.

## Report of Change in Federal Taxable Income

An agreed Revenue Agent's Report (RAR) must be reported on an amended return using the appropriate Form AR1100CT. The RAR must be reported to this State within 180 days after the receipt of the RAR or supplemental report reflecting correct net income of taxpayer. **ACA 26-18-306(b)(1-3)** states that a refund shall not be paid if the amended return is filed on or after the 181<sup>st</sup> day following receipt of the notice from the IRS. Any additional tax and interest must be paid with the amended return or a refund must be requested on an amended return if applicable. Statute of limitations will remain open for three (3) years for assessment of tax if a taxpayer fails to disclose Federal Revenue Agent's Report.

## Period Covered

A taxpayer must calculate their Arkansas income tax liability using the same income year for Arkansas income tax purposes as used for Federal income tax purposes **(ACA 26-51-402)**. **Arkansas Regulation 1.26-51-102(17)(B)** states, A fractional part of a year (short tax year) means a period of less than twelve (12) months. If a short tax year ends on or before the 15<sup>th</sup> day of the month, then the short tax year shall be deemed to have ended on the last day of the previous month. If a short tax year ends on or after the 16<sup>th</sup> of the month, then the short tax year shall be deemed to have ended on the last day of the current month.

## Filing Declaration of Estimated Income Tax

Every taxpayer who can expect to owe Arkansas income tax in excess of \$1,000 must make a declaration and the timely pay the estimated tax in equal installments. The declaration shall be filed with the commissioner on or before the 15<sup>th</sup> day of the 4<sup>th</sup> month of the tax year of the taxpayer. Taxpayers, whose income from farming for the tax year can reasonably be expected to amount to at least two-thirds (2/3) of the total gross income from all sources for the tax year, may file such declaration and pay the estimated tax on or before the 15<sup>th</sup> day of the 2<sup>nd</sup> month after the close of the tax year or the taxpayer may file an income tax return and pay the tax on or before the 15<sup>th</sup> day of the 4<sup>th</sup> month after the close of the tax year. To avoid penalty, all other taxpayers must pay quarterly estimates on or before the 15<sup>th</sup> day of the 4<sup>th</sup> month, 6<sup>th</sup> month, 9<sup>th</sup> month and 12<sup>th</sup> month of the tax year. The Form AR1100ESCT, Estimate payment vouchers 1 through 4 and Extension payment voucher 5 are not included in these instructions. Filling out the forms on our website, **www.dfa.arkansas.gov**, will automatically fill in the taxpayer information and provide the appropriate scan line needed for proper processing.

Corporations may remit estimated and extension corporation income tax payments through ATAP (Refer to **www.atap.arkansas.gov** for instructions).

If the Director determines that a corporation's estimated quarterly Arkansas income tax liability exceeds \$20,000.00, the corporation is required to pay the estimated quarterly income tax payments due by electronic funds transfer (EFT). The EFT must be made no later than the day before each quarterly due date. If the corporation timely pays the estimated quarterly income tax payments by EFT, the corporation is not required to file a quarterly estimated income tax voucher. If a taxpayer is required to submit estimate payments by EFT, a letter will be sent by DFA notifying the taxpayer of the requirement.

## Accounting Methods

A taxpayer must calculate their Arkansas income tax liability using the same accounting method for Arkansas income tax purposes as used for Federal income tax purposes. If a corporation changes its accounting method, attach a copy of any certification or approval received from the Internal Revenue Service authorizing the change of accounting method to the corporation's Arkansas return. **(ACA 26-51-401)**.

## Payment of Taxes

The tax should be paid by attaching to the return a check or money order payable to the order of "Department of Finance & Administration." Enclose proper payment voucher with all remittance checks and write the corporation's FEIN or CIT account ID number and the tax year on the check. Payments with returns **may not** be made by EFT. Tax due on returns may be paid through ATAP. (Refer to [www.atap.arkansas.gov](http://www.atap.arkansas.gov).) To avoid interest and/or penalty the tax must be paid in full by the original return due date, which is the 15<sup>th</sup> day of the 4<sup>th</sup> month after the close of the corporation's tax year. **An approved federal and/or state extension, which allows the corporation's return to be filed on or before the approved extended due date, does not extend the time period to pay the tax due in full.** Interest and/or penalty will be assessed on any tax due paid after the original return due date as referenced above. Payments with a return should include the AR1100CTV payment voucher for Corporation Income tax payments and the AR1000CRV for Individual Income tax.

## Penalties and Interest

The following penalties shall be imposed:  
**(ACA 26-18-208)**

- Failure to file timely - 5% per month not to exceed 35%.
- Failure to make timely remittance - 5% per month not to exceed 35%.
- Underestimate penalty - 10% of the amount of the underestimate.
- Failure to file return - \$50.00.
- Failure to make required EFT payment - 5% of the tax due.
- Incomplete electronic payment -10% of the amount of the draft or \$20.00, whichever is greater.
- Failure to Comply - \$50.00.

If any part of any deficiency or tax liability is due to negligence or intentional disregard of rules and regulations, a penalty of 10% of the total amount shall be added. Any part of any deficiency determined to be due to fraud shall be subject to a 50% penalty. Interest at the rate of 10% per annum shall be assessed on all tax deficiencies. **Interest will be computed using a daily rate of .00027397 from the 15<sup>th</sup> day of the 4<sup>th</sup> month after the close of the tax year until the date the tax is paid.**

## Balance Sheets

The balance sheet submitted with the return should be prepared from the books and should agree therewith. If there are any differences between current year beginning and prior year ending balance sheets, submit a schedule of reconciliation with the return. All corporations engaged in an interstate and intrastate trade or business and reporting to the Surface Transportation Board, or to any national, state, municipal or other public officer, may submit copies of their balance sheet, prescribed by said Board, national, state or municipal authorities, as of the beginning and end of the taxable year.



# General Instructions

## Specific Line Instructions for Page 1 of AR1100CT Return

### Type Return

Whether the C Corporation is filing an Initial Return (first time filing), an Amended Return (making changes to an original return), a Final Return (going out of business), or filing as a Cooperative Association, clearly mark the AR1100CT by checking the applicable box at the top of the form.

### Income

**Line 7-Gross Sales:** Enter the gross sales, less goods returned, and any allowances or discounts from the sale price.

**Line 8-Less Cost of Goods Sold:** Enter the cost of goods sold. If the production, purchase, or sale of merchandise is an income producing factor in the trade or business, inventories of merchandise on hand should be taken at the beginning and end of the taxable year, which may be valued at cost or market, whichever is lower. Fully explain the method used. In case the inventories reported on the return do not agree with those shown on the balance sheet, attach a statement explaining how the difference occurred.

**Line 9-Gross Profit:** Enter the gross profit which is obtained by deducting Line 8 from Line 7.

**Line 10-Dividends:** Enter taxable dividends only. Dividends from 80% or greater directly owned subsidiaries are exempt.

**Line 11-Taxable Interest:** Enter interest income taxable in Arkansas. Enter amounts received or credited as interest to the corporation during the tax year on bank deposits, C.D.'s, notes, mortgages, corporation bonds, taxable U.S. interest, and all other interest including interest on out-of-state municipal bonds (out-of-state municipal bonds are taxable in Arkansas). **Attach schedule to the Arkansas return identifying each U.S. Agency or political subdivision of Arkansas and Schedule AR1100REC to reconcile amounts received that are not included as taxable interest on the Arkansas return.**

**Line 12-Gross Rents/Gross Royalties:** Enter all gross rents and royalties. Attach schedule showing amounts received from rents and royalties separately, if not shown separately on federal return. The schedule should reconcile Arkansas and federal rents and royalties.

**Line 13-Gains or Losses:** Enter the total net gain or loss. Capital loss is reported in the tax year in which it is incurred. Gains and Losses must be adjusted to indicate any difference in Arkansas and federal basis. **ACA 26-51-460** adopts Internal Revenue Code Section 1400Z-2 as in effect on January 1, 2018 for tax years beginning on or after January 1, 2018 regarding opportunity zones. To claim an exemption for capital gains as a result of the sale of property located in an opportunity zone for Arkansas income tax purposes, the property must be located in an opportunity zone located in Arkansas. Opportunity zone gains for property located in other states are taxable in Arkansas.

**Line 14-Other Income:** Enter all other taxable income for which no place is provided on the return. The holder of the ownership interest in a Financial Asset Securitization Investment Trust (FASIT) must list the net income from prohibited transactions on this line. Attach schedule explaining all items included.

**Line 15-Total Income:** Enter the net amount of Lines 9 through 14 inclusive.

### Deductions

**Line 16-Compensation of Officers/Other Salaries and Wages:** Enter the compensation of all officers and employees, in whatever form paid. Attach a schedule showing amounts paid to officers and employees separately, if not shown separately on the federal return. The schedule should reconcile Arkansas and Federal compensation of officers and employees.

**Line 17-Repairs:** Enter the amount of repair costs for business property.

**Line 18-Bad Debts:** Enter debts which have been definitely ascertained to be worthless and have been charged off within the year. The Reserve Method for computing and deducting bad debts on receivables may be used only by small banks and thrift institutions. A debt previously charged off as bad, if subsequently collected, must be reported as income for the year in which collected.

**Line 19-Rent on Business Property:** Enter rent paid for business property.

**Line 20-Taxes:** Enter taxes paid or accrued during the taxable year. Do not include Arkansas or federal income taxes or taxes assessed against local benefits tending

to increase the value of the property assessed. **Attach Schedule AR1100REC to the AR1100CT to reconcile federal and Arkansas taxes.**

**Line 21-Interest:** Enter interest paid on business indebtedness.

**Line 22-Contributions:** Enter the Arkansas allowable amount for charitable contributions. Title 26 U.S.C.170 as in effect on January 1, 2019, regarding deductions for charitable contributions, is adopted for the purpose of computing Arkansas income tax liability with the exception of the carryforward period. A five (5) year carryforward period is allowed and is carried over separately from the NOL. No carryback of contributions is allowed. The Arkansas contribution deduction allowable will be calculated using Arkansas taxable income rather than Federal taxable income. The contribution limits are calculated on a separate corporation basis for consolidated filers. **(ACA 26-51-419)(a)(1)**

**Line 23-Depreciation:** Depreciation expense claimed. ACA 26-51-428 does not adopt the bonus depreciation provisions contained in Internal Revenue Code 168(k). For Arkansas income tax purposes, Internal Revenue Code Sections 167 and 168 (a) – (j) as in effect on January 1, 2019 is adopted for tax years beginning on or after January 1, 2019.

Internal Revenue Code Section 179 as in effect on January 1, 2022 is adopted for tax years beginning on or after January 1, 2022. For tax years beginning on or after January 1, 2022, the Arkansas Section 179 deduction limit will be \$1,080,000 and the dollar-for-dollar phaseout will begin at \$2,700,000. For tax years beginning on or after January 1, 2011 and beginning before January 1, 2022, the Arkansas Section 179 deduction limit is \$25,000 and the phaseout begins at \$200,000. Form AR1100REC will need to be completed for any taxpayer filing a corporation income tax return or pass-through entity tax return and claiming a Section 179 deduction. Carryforward of Section 179 deductions from prior years may be used towards the Arkansas Section 179 deduction limitation but may only be claimed if Arkansas depreciation deductions were not claimed in those prior years. If the Arkansas Section 179 deduction is different from the federal Section 179 deduction, a Form 4562 depreciation schedule will need to be completed showing the calculation of the Arkansas depreciation deduction. In addition, Internal Revenue Code Section 179D Energy Efficient Commercial Buildings deduction is not an allowed deduction. Arkansas Legislature has not adopted this IRC code.

**Line 24-Depletion:** Enter depletion claimed. Arkansas allows Federal depletion allowances as in effect January 1, 2019. In computing the depletion allowance deduction allowed for oil and gas wells, the depletion deduction shall be controlled by the provisions of IRC Section 613A as in effect on January 1, 2019.

**Line 25-Advertising:** Enter amount for business advertising.

**Line 26-Other Deductions:** Enter other deductions authorized by law. Attach schedule explaining all items included. Pension Profit Sharing and Employee Benefits deductions remain valid deductions. Those lines were removed from Form AR1100CT to allow other modifications. Internal Revenue Code Section 179D Energy Efficient Commercial Buildings deduction is not an applicable deduction. Arkansas Legislature has not adopted this IRC code.

**Line 27-Total Deductions:** Enter the total of Lines 16 through 26 inclusive.

**Note: Expenses of Earning Tax Exempt Income**

**ACA 26-51-431(c)** provides that no deductions shall be allowed for interest on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the taxes imposed by Arkansas law; expenses otherwise allowable as deductions which are related to tax exempt income other than interest; expenses otherwise allowable as deductions which are related to non-business income.

Example a: (interest expense):

$$\frac{\text{avg. non-tax assets}}{\text{avg. total assets}} \times \text{interest expense} = \text{disallowed expense}$$

Example b: (non-business income):

$$\% \text{ X non-bus. inc.} = \text{disallowed expense}$$

Taxpayer must justify % used and submit schedule. State may increase % if justification can be made.

**Line 28-Taxable Income Before Net Operating Losses:** Enter the amount from subtracting Line 27 from Line 15.

**Line 29-Net Operating Losses:** Enter on Line 29, or Schedule A, Part C, Line 3, net operating losses being claimed, but do not exceed net taxable income on the return. Losses must be carried forward under the following conditions:(*Attach AR1100NOL form*). If Line 28 is a loss, Line 29 should be zero. Line 29 should not exceed Line 28.

(A) Net operating losses must be carried over to the next succeeding taxable period and annually thereafter for a total period of ten (10) tax periods succeeding the year of such net operating loss or until such net operating loss has been exhausted or absorbed by the taxable income of any succeeding year, whichever is earlier if the loss occurred in a tax year beginning in 2021. NOL occurring in tax years 1/01/2020 through 12/31/2020 will carryforward 8 tax years; NOL occurring in tax years before 2020 will carryforward 5 years.

(B) For computing the amount of NOL that will be allowed for carryforward purposes, there shall be added to gross income all nontaxable income, not required to be reported as gross income by law, less any related expenses which will otherwise be nondeductible. Multistate tax filers must follow above procedures and apportion NOL by the apportionment formula for year of loss, applying the Arkansas percentage factor for the year of loss against total apportionable loss for that year. Failure to provide a complete schedule of net operating losses (with the return) may result in disallowance of any NOL claimed.

Carryback of NOL is not allowed. Contributions are not to be added to NOL and carried forward.

Net operating losses of a corporation which merges into another corporation will be allowed under the following conditions:

- (1) The acquiring corporation must own at least 80% of the acquired corporation's voting stock, **and**
- (2) Assets of the merged corporation must earn sufficient profits in the post-merger period to absorb the carryover losses claimed by the surviving corporation, see **ACA 1.26-51-427(3)(c)**.

Attach schedules of proof and computations to the return on which any NOL is being carried forward.

**Line 30-Net Taxable Income:** Enter the amount of taxable income (Line 28 less Line 29 or Schedule A Line C4 on page 2). (If Amended Return box checked, enter amended net taxable income).

**Line 31-Tax from Table:** Enter Tax from Table (pages 33-34).

**Line 32-Business Incentive Credits:** Enter Business Incentive Credits. Attach AR1100BIC and original certificates.

**Line 33-Tax Liability:** Enter Tax Liability. (If Amended Return box checked, enter amended tax liability.) (Line 31 less Line 32).

**Line 34-Estimated Tax Paid:** Enter Estimated Tax paid, including estimate carryforward from prior year.

**Line 35-Payment with Extension Request:** Enter payment made with extension request.

**Line 36-Withholding Payment:** Enter amount of withholding from a partnership, if applicable, attach Form AR1100-WH and AR1099PT.

**Line 37-Amended Return Only:** Enter Net tax paid as a positive number on previous return(s) for this tax year. If the net tax return of the previous return(s) resulted in a refund or increased overpayment carried forward, enter the net amounts as a negative number in brackets or parenthesis.

**Line 38-Overpayment:** Enter Overpayment amount (Line 34 plus Line 35 plus Line 36; plus or minus Line 37, less line 33).

**Line 39-Amount Applied to Next Tax Year:** Enter amount applied to 2024 estimated tax.

**Line 40-Amount Applied to Check Off Contributions:** Enter amount applied to Check Off Contributions; attach AR1100CO.

**Line 41-Amount to be Refunded:** Enter amount to be refunded (Line 38 less Lines 39 and 40).

**Line 42-Tax Due:** Enter the tax due (Line 33 less Line 34 and 35; and Line 36 plus or minus Line 37).

**Line 43-Interest on Tax Due:** Enter the interest on tax due.

**Line 44-Penalty for Late Filing or Payment:** Enter the penalty for late filing or payment amount.

**Line 45-Penalty for Underpayment of Estimated Tax:** Enter the penalty for underpayment of Estimated tax, attach AR2220 and enter exception checked in Part 3.

**Line 46-Amount Due:** Enter the amount due (add Lines 42 through 45).



# General Instructions

## For Taxpayers with Income from Sources Within and Without the State

Multistate corporations should complete lines 30-46 of page 1, and Schedule A on page 2 of Form AR1100CT. Multistate corporations should not complete lines 7-29 of Form AR1100CT.

### Unitary Determination of Intangible Income

Interest, dividends (less than 80% directly owned), rents, royalties, gains, and losses from multistate corporations are apportionable to Arkansas if a unitary business relationship exists between the intangible income and the State of Arkansas. Generally, a unitary business relationship will exist when an activity conducted in one state benefits and is benefited by an activity conducted in another state.

### Apportionment Formula

In general, taxpayers with income derived from activities both within and without the State are required to apportion Business Income and allocate the Nonbusiness and Partnership income using the following factors:

Business Income is defined in **ACA 26-51-701(a)** as income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's trade or business operations. In essence, all income which arises from the conduct of trade or business operations of a taxpayer is business income. Income of any type or class and from any source is business income if it arises from transactions and activity occurring in the regular course of a trade or business. In general, all transactions and activities of the taxpayer's economic enterprise as a whole constitute the taxpayer's trade or business and will be considered "Business Income", unless otherwise excluded by Arkansas law. **For tax years beginning on or after January 1, 2021, all multistate corporations should use the single sales factor only unless they are required to use a three factor apportionment formula under the special industry apportionment regulations.**

Construction companies, pipelines, and private railcar operators must utilize the three factor double weighted sales factor apportionment method, briefly outlined on page 18. Broadcasters and publishers will use sales factor only, as modified in the regulation. Railroads operating within and without the State may use either single sales factor or three factor

apportionment beginning tax years effective January 1, 2023. Requirements for apportionment formulas of the businesses listed in this paragraph (except for financial institutions) are contained in the Arkansas Corporation Income Tax Regulations which may be obtained from [www.dfa.arkansas.gov/income-tax/corporation/](http://www.dfa.arkansas.gov/income-tax/corporation/). Use of the single sales factor is outlined in Arkansas Code Annotated 26-51-1403.

### Change of Method

Prior approval Required Before Deviation From the Allocation and Apportionment Method: If the allocation and apportionment provisions as set out above do not fairly represent the extent of the taxpayer's business activity in this State, the taxpayer may petition for, or the Commissioner of Revenue, Department of Finance and Administration may require in respect to all or any part of the taxpayer's business activity, if reasonable:

- A) Separate accounting
  - B) The inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in this State,
- or
- C) The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

To "petition for" and approved by DFA shall mean a formal written request submitted and approved prior to the filing of a return.

### Schedule A-Apportionment of Income for Multistate Corporation

Enter the FEIN in the box provided.

#### Part A - Income To Apportion

**Line 1: Enter federal taxable income before any adjustments, net operating losses, or special deductions from Line 28 of the federal Form 1120.** If federal Form 1120 is not filed, use the appropriate line from the federal form that is filed that reflects taxable income before adjustments, net operating loss, and special deductions.

**Line 2: Enter any Add Adjustments.** Examples Include: Arkansas Corporation Income Taxes Deducted, Bonus Depreciation, Federal Charitable Contributions, and Partnership Loss. (Attach detailed schedule)

**Line 3: Enter any Deduct Adjustments.** Examples include: Arkansas Depreciation, Arkansas Charitable Contributions, Partnership Income. (Attach detailed schedule)

**Line 4: Enter Arkansas Total Apportionable Income.** Line 1 + Total Amount from Line 2 - Total Amount from Line 3 = Line 4, Total Arkansas Apportionable Income.

**Note: Lines 2 and 3 are for reporting any adjustments to taxable income that result in differences between Federal and Arkansas tax laws. The examples listed above are not intended as an all-inclusive list of required adjustments.**

## Part B - Apportionment Factor

Column A is for Amounts in Arkansas; Column B is the Total Everywhere; Column C is the Percentage of Column (A)÷(B). Calculate all percentages to six (6) places beyond whole percentages. Example 26.123456%

**Property Factor: The property factor is only to be used if the taxpayer is subject to a special industry regulation that requires a modified three factor apportionment method.** The property factor is a fraction, the numerator is the average value of the taxpayer's real and tangible personal property owned or rented and used in this State during the tax period, and the denominator is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the tax period. **Please refer to the special industry apportionment regulations for any modifications required.**

### Line 1: Enter Property Used in Business

#### Line a: Tangible Assets Used in Business and Inventories.

(a1) Enter the amount at the beginning of the year in both Column A and Column B.

(a2) Enter the amount at the end of the year in both Column A and Column B.

(a3) Enter total amounts: *(Add Lines a1 and a2) in both Columns.*

(a4) Enter Average of Tangible Assets: *(Line 3 ÷ 2) in both Columns.*

**Line b: Enter Rental Property:** *(8 times annual rent Column A and B.)*

**Line c: Enter Total Property in both Columns:** *(Add Lines a.4 and b).*

In Column C, calculate the Arkansas percent by dividing the amount on Line c, Column A by the amount on Line c, Column B.

**Payroll Factor: The payroll factor is only to be used if the taxpayer is subject to a special industry regulation that requires a modified three factor apportionment method.** The payroll factor is a fraction, the numerator of which is the total amount paid in this State during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period. The payroll factor shall include only that compensation which is included in the computation of the apportionable income tax base for the taxable year. **(ACA 26-51-713 and ACA 26-51- 1405)**

Column A is total compensation paid within Arkansas; Column B is total compensation paid everywhere during the tax year; Column C is the percentage of Column (A) ÷ (B).

**Line 2: Enter Salaries, Wages, Commissions and Other Compensation Related to the Production of Business Income.**

**Sales/Receipts Factor:** The receipts factor is a fraction, the numerator of which is the total sales of the taxpayer in this State during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period. The method of calculating receipts for purposes of the denominator is the same as the method used in determining receipts for purposes of the numerator. The receipts factor shall include only those receipts which constitute business income and are included in the computation of the apportionable income base for the taxable year. Arkansas requires receipts to be gross receipts instead of net receipts.

### Line 3: Sales/Receipt

**(a) Enter Destination Shipped from Within Arkansas:** Sale of property that is delivered or shipped by a seller located in Arkansas to a purchaser located in Arkansas.

**(b) Enter Destination Shipped from Without Arkansas:** Sale of property that is delivered or shipped to a purchaser located in Arkansas regardless of the f.o.b. point or other conditions of the sale.

**(c) Enter Origin Shipped from Within Arkansas to U.S.Govt.:** Gross receipts from sales of tangible personal property to the United States Government are in this state if the property is shipped from an office, store, warehouse, factory, or other place of storage in this state and the

purchaser is the U.S. Government.

**(d) Enter Origin Shipped from Within Arkansas to Other Non-Taxable Jurisdictions:** Sales of property that is shipped from an office, store, warehouse, factory or other place of storage in Arkansas to a taxpayer that is not taxable in the state of the purchaser.

**(e) Enter Other Gross Receipts:** Includes items such as interest income, other income, proceeds from sales of assets, rental income. *(Attach schedule)*

Gross receipts from transactions other than sales of tangible personal property are attributed to Arkansas if: 1) The income producing activity is performed entirely within Arkansas or, 2) If the income producing activity is performed both inside and outside of Arkansas, the income reportable to Arkansas is determined by calculating the property, payroll, and sales factor excluding sales from transactions other than the sale of tangible personal property and applying the resulting percentage to the Arkansas sales factor numerator for gross receipts from transactions other than sales of tangible personal property.

**(f) Enter Total Sales/Receipts:** (Add Lines 3a through 3e). Divide Line 3f in Column A by Line 3f in Column B to arrive at the percentage for Line 3f in Column C.

**(g) Enter Double Weighted: Applies only to corporations reporting under the three factor special industry regulations. Corporations using a single sales factor apportionment or a single factor apportionment method for special industries do not double weight sales.**

**Line 4: Enter Sum of Percentages:** (Single Weighted: Add Column C, Lines 1c, 2a and 3f) (Double Weighted: Add Column C, Lines 1c, 2a and 3g).

**Line 5: Enter Percentage Attributable to Arkansas:** Line 4 divided by the Double Weighted Factor. For Part B, Line 5, divide Line 4 by number of entries other than zero which you make on Part B, Column B, Lines (1c), (2a), and (3f). In Part B, Column C, Line (3f), counts as two (2) entries, only if using double weighted factor. **For corporations using the sales factor only or a single factor apportionment method under the special industry regulations, enter the percentage on Line 3 F, Column C.**

## Part C - Arkansas Taxable Income

**Line 1: Enter Income Apportioned to Arkansas.** (Part A, Line 4) x (Part B, Line 5, Column C).

**Line 2: Enter Direct Income Allocated to Arkansas:** Include non-business income and partnership income/loss that are sourced to Arkansas. **Arkansas Regulation 1.26-51-802(b)** requires corporations to directly allocate partnership Arkansas income or loss to Arkansas rather than including partnership income and apportionment factors in the corporation's apportionment formula. Multistate corporations with partnership income should deduct all partnership income on Part A, Line 3 (Deduct Adjustments). Partnership losses should be added on Part A, Line 2 (Add Adjustments). The corporation's Arkansas partnership income or loss should then be entered on Part C, Line 2 Add: Direct Income Allocated to Arkansas line. Attach Forms AR K-1 and if claiming withholding, attach Forms AR1099PT.

**Line 3: Enter only the amount of Apportioned NOL** available or the amount needed to absorb the total of Lines 1 and 2 on Part C. *(Attach Form AR1100NOL).*

Example: Line C1=\$1000 + Line C2=\$500  
NOL available is \$5000; Line C3 will only show \$1500

**Line 4: Enter Total Income Taxable to Arkansas:** Total of Lines C1 and C2, and subtract C3. (Enter here and on Line 30, page 1)

## Special Industry Apportionment Rules

Arkansas Regulations require taxpayers primarily engaged in certain industries to apportion income using a special industry apportionment method. See below for a brief description of each special industry apportionment method. For a complete description of industries that are required to modify their apportionment factors, see the Corporation Income Tax Regulations at [www.dfa.arkansas.gov](http://www.dfa.arkansas.gov).

### Construction Contractors

**Arkansas Regulation 1.26-51-718(d)** modifies the property factor to include the average value of construction in progress. It also modifies the payroll factor to include compensation paid for particular construction projects and compensation "thrown back" to Arkansas if not reported to another state. The sales factor is modified for the percentage of completion method.

### Television and Radio Broadcasting

**Arkansas Regulation 2.26-51-718(d)** modifies the sales factor of taxpayers in the business of television and radio broadcasting so that the numerator of the sales factor shall include all gross receipts of the taxpayer from sources within Arkansas plus a ratable part of film or radio programming revenue including advertising

revenue determined by an audience factor. The audience factor is determined based on the ratio that the taxpayer's Arkansas viewing or listening audience bears to its total viewing or listening audience. Television and radio broadcasters should not use a property or payroll factor for tax years beginning in 2021 and after.

## Publishing

**Arkansas Regulation 3.26-51-718(d)** modifies the sales factor for taxpayers in the business of publishing, selling, licensing or distribution of books, newspapers, magazines, periodicals, trade journals, or other printed materials that have income from sources both inside and outside of Arkansas. The sales factor is modified to include a "circulation factor". Publishers should not use a property or payroll factor for years beginning in 2021 or after.

## Airlines

**Arkansas Regulation 4.26-51-718(d)** requires airlines to determine Arkansas net taxable income by taking that portion of total operating revenue that the total passenger and freight receipts in Arkansas bears to total receipts from both inside and outside of Arkansas. The Arkansas and Total Passenger & Freight Receipts should be included on line 3.f. of Schedule A of Form AR1100CT with a notation that this represents Passenger & Freight Receipts.

## Bus Lines and Trucking Companies

**Arkansas Regulation 5.26-51-718(d)** requires a company whose primary business is bus lines or trucking to determine its net income subject to Arkansas income tax by an apportionment formula which is the number of miles operated within Arkansas divided by the total system miles. The Arkansas and Total miles operated should be included on Line 3.f of Schedule A of Form AR1100CT with a notation that this represents mileage.

## Pipelines

**Arkansas Regulation 6.26-51-718(d)** establishes special rules for taxpayers operating a pipeline for the transportation of oil or gas both inside and outside of Arkansas. The payroll factor includes compensation paid both inside and outside of Arkansas plus a ratable part for services performed both in and outside the State based on the total number of barrel or unit miles in Arkansas divided by the total barrel or unit miles system-wide. The sales factor includes any gas sales and storage sales within Arkansas plus a proportionate part of system revenue earned in Arkansas determined on the basis of

total barrel or unit miles within Arkansas to the total barrel or unit miles in the system.

## Railroads

**Arkansas Regulation 1.26-51-204** modifies the property, payroll, and sales factor to include a mobile component that is calculated based on miles operated in Arkansas divided by total system miles. **ACT 658 of 2023** authorizes an organization operating a railroad partly within this state and partly outside this state to choose between either single sales factor or three factor apportionment in apportioning its net operating income attributable to this state. The act is effective for tax years beginning on or after January 1, 2023

## Private Railcar Operators

**Arkansas Regulation 2.26-51-204** requires taxpayers, other than a railroad, engaged in the business of operating railcars or in the business of furnishing or leasing railcars for the transportation of freight or property whether or not owned by such taxpayer, over any railway lines partly within and partly without the State to determine Arkansas net taxable income by taking that portion of total net operating income that the total miles operating in the State bears to total system miles operated.

## Public Utilities

**Arkansas Regulation 3.26-51-204** requires telephone, electric power, and gas distribution companies operating both inside and outside of Arkansas shall allocate and apportion their net income provided under **ACA 26-51-701**, et seq, ACA 26-51-709 requires income to be apportioned using a single sales factor.

## Allocated Income

### Partnership Income

**Act 482** of 2017 amends **ACA 26-51-802(c)** to require partnership income from activities within and without this State that is reflected on a partnership return shall be apportioned to Arkansas under the uniform Division of Income for Tax Purposes Act (**ACA 26-51-701 et seq**). Corporations that are partners in a partnership must allocate their share of partnership income as shown on form AR K-1 from the partnership. Partnership Income subject to Arkansas Pass-Through Entity Tax (PET) should be excluded from the Arkansas Individual return.



## Non-Business Income

The following items of income to the extent that they do not constitute business income are to be allocated to this State.

### 1. Rents & Royalties:

- A) Net rents and royalties from real property located in this State.
- B) Net rents and royalties from tangible personal property
  - 1) If and to the extent that the property is used in this State,  
**or**
  - 2) In their entirety, if the commercial domicile is in this State and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the State during the rental or royalty period in the taxable year; and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year.

If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property is located at the time the rental or royalty payer obtained possession.

### 2. Gain and Losses:

Gains and losses from sales of assets:

- A) Sales of real property located in this State.
- B) Sales of tangible personal property.
  - 1) The property had a situs in this State at the time of sale,  
**or**
  - 2) The taxpayer's commercial domicile is in this State,  
**or**
  - 3) The property has been included in depreciation which has been allocated to this State; in which event gains or losses on such sales shall be allocated on the percentage that is used in the formula for allocating income to this State.

### 3. Interest and Dividends:

Interest and dividends if the taxpayer's commercial domicile is in this State.

### 4. Patent and Copyright Royalties:

- A) If and to the extent that the patent or copyright is utilized by the taxpayer in this State,  
**or**
- B) If and to the extent that the patent or copyright is utilized by the taxpayer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this State.

A copyright is utilized in a state to the extent that printing or other publications originate in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

### Apportionment of Intragroup Intangible Licensing Transactions:

Regulation 1996-3 clarifies the calculation method for determining the sales factor in apportioning business income received from intragroup intangible licensing transactions. This regulation applies to a corporation that is a passive intangible holding company and receives business income from intragroup intangible licensing transactions with one or more members of the same group. Also, at least one of the other members of the same group from which the business income is received by the taxpayer must be subject to the Arkansas Income Tax Act.

The sales factor for intragroup intangible transactions is modified as follows:

1. If the licensing agreement states a method of measuring the activity between the licensor and licensee, the numerator of the sales factor is the amount of the sales or receipts received as provided in the licensing agreement.
2. If the licensing agreement does not state a method of measuring the activity between the licensor and licensee, the measuring activity will be based on one of the following:
  - a. If the licensee's activity generates sales or receipts, the numerator of the sales factor will be the percentage of sales in Arkansas compared to the licensee's total sales,**or**

- b. If the licensee's activity does not generate sales or receipts, the numerator of the sales factor will be the percentage of units produced or cost of units produced in Arkansas compared to the licensee's total units produced or total cost of units produced, **or**
- c. If neither of the above methods accurately represent the licensor's business activity in Arkansas, the licensor may petition for, or the Director may require, another method.

3. If the licensing agreement states a method of measuring the activity between the licensor and licensee in addition to a specifically stated dollar amount, the numerator of the sales factor will be the stated measuring activity plus the stated dollar amount attributable to Arkansas.

This Regulation modifies the sales factor for intragroup intangible licensing transactions only. Business income from any other source should be apportioned in accordance with **ACA 26-51-709**.

If a passive intangible holding company meets the above characteristics and the licensee elects to forego the intragroup intangible licensing transactions deduction, the passive intangible holding company will not be required to report the business income received from intragroup intangible licensing transactions for Arkansas income tax purposes.

The licensee's election to forego the deduction will be binding unless the licensee and the passive intangible holding company submit a written petition to change the election to the Director, and the Director approves the change.

# Financial Institutions

Generally, the receipts factor is a fraction; the numerator is the financial institution's gross receipts in Arkansas during the taxable year, and the denominator is all gross receipts that the financial institution derives from transactions and activities in the regular course of its trade or business. Interest from loans secured by real property is attributed to Arkansas if the property is located in Arkansas. Interest from loans not secured by real property is attributed to Arkansas if the borrower is located in Arkansas. Interest from credit cards receivables and fees charged to card holders are attributable to Arkansas if the billing address of the card holder is in Arkansas. Net gains from the sale of loans and loan servicing fees are sourced in the same manner as the loan interest. Net gains from the sale of credit card receivables are sourced in the same manner as the interest on credit card receivables. Interest, dividends, and net gains from investment and trading assets and activities are attributed to Arkansas if such receipts are properly assigned to a regular place of business of the taxpayer within Arkansas.

In general, all state and national banks, savings and loan, building and loan associations, or any other entity operating as financial institutions are to be taxed under existing law. For a complete definition of "financial institution", refer to **ACA 26-51-1402**.

## Who Must File

- 1) A financial institution having its principal office in this State shall be taxed as a business corporation organized and existing under the laws of this State, **or**
- 2) A financial institution having its principal office outside this State, but doing business in this State, shall be taxed as a foreign business corporation doing business in this State.

This is not intended to recognize the right of a foreign financial institution to conduct any business in this State except to the extent and under the conditions permitted by any acts or any other now existing applicable laws of this State.

**ACA 26-51-702** requires any taxpayer having income from business activity which is taxable both within and without this state, other than activity as a public utility or the rendering of purely personal services by an individual, shall allocate and apportion their net income.

**ACA 26-51-426** adopted Internal Revenue Code Sections 582, 585, and 593 as in effect January 1, 1999, regarding bad debts of financial institutions.

**Act 822 of 2019** amends ACA 26-5-101, Article IV, 26-51-709 through 26-51-718, and ACA 26-51-1401 to ACA 26-51-1405 to provide for a single sales factor to apportion income from within and without Arkansas for tax years beginning on or after 01/01/2021.

**ACA 26-51-1401** requires that a financial institution whose business activity is taxable both within and without this State to allocate and apportion its net income to this State. All business income which is includable in the apportionable income tax base shall be apportioned to this State by multiplying such income by the taxpayer's receipts factor as described in ACA 26-51-1403.



## **BUSINESS INCENTIVE TAX CREDITS**

### **1. Purchase of Waste Reduction, Reuse, or Recycling Machinery or Equipment**

**ACA 26-51-506** provides an income tax credit equal to 30% of the cost of approved waste reduction, reuse, or recycling machinery and equipment including the cost of installation. No other credit or deductions, except normal depreciation, may be claimed on that equipment. Any unused credit may be carried forward for the next three (3) succeeding tax years or until exhausted, whichever occurs first. **Act 1476 of 2013** also extends the waste reduction, reuse or recycling equipment tax credit to carry forward for a period of fourteen (14) consecutive tax years following the taxable year in which the credit originated for the Big River Steel Mill project. Income tax credits that would otherwise expire during that period shall be claimed first.

### **2. Consolidated Incentive Act 182 of 2003**

#### **Advantage Arkansas Income Tax Credit**

**ACA 15-4-2705** provides an income tax credit for creating new jobs after the company signs a financial incentive agreement with the Arkansas Economic Development Commission. The annual payroll of the new employees must meet the payroll threshold for the county in which the business is located. The income tax credit earned is a percentage of the annual payroll of the new full-time permanent employees for a period of five (5) tax years. Unused credits may be carried forward for nine (9) tax years. The Advantage Arkansas job creation credit cannot offset more than 50% of a business's income tax liability.

**Act 327 of 2019** provides that to qualify for Advantage Arkansas credits beginning on or after July 24, 2019, the business must pay average hourly wages at least equal to the greater of the average hourly wage of the county in which the facility is located, or \$12.50 per hour. A qualified business may receive an additional tax credit of 1% of qualifying wages if the average hourly wage is at least equal to 125% of the lesser of the average hourly wage for the county or state in which the business locates or expands.

#### **ArkPlus Income Tax Credit**

**ACA 15-4-2706(b)** allows the AEDC to provide a 10% income tax credit to eligible businesses based on the total investment in a new location or expansion project after signing a financial incentive agreement with AEDC. The minimum investment and payroll requirements depend on the county in which the business is located. Any unused credits may be carried forward for nine (9) tax

years. The ArkPlus tax credits taken during any tax year shall not exceed fifty percent (50%) of the business's income tax liability resulting from the project or facility.

The ArkPlus incentive may be awarded by AEDC as an optional income tax credit or sales tax credit to technology based businesses that create a new payroll of at least \$250,000 and pays wages at least 175% of the state or county average hourly wage. The credit is between 2% and 8% of the total investment based on the total amount invested. Depending on the average hourly wage, the credits earned may be used to offset 50%, 75%, or 100% of the tax liability. Any unused credits may be carried forward for nine (9) tax years.

**Act 327 of 2019** provides for projects approved after July 24, 2019, that average hourly wages must exceed 150% of the lesser of state or county average hourly wage to qualify for the credit. The credit may offset 50% of the income tax or sales tax liability if wages exceed 150% of the lesser of state or county average hourly wage. The credit may offset 75% of the income tax or sales tax liability if wages exceed 175% of the lesser of state or county average hourly wage. The credit may offset 100% of the income tax or sales tax liability if wages exceed 200% of the lesser of state or county average hourly wage.

**Act 911 of 2021** amends **ACA 15-4-2703** and **15-4-2706** to allow project costs to be incurred within 6 years from the date the incentive agreement was approved instead of the current 4 years. Credits earned because of costs incurred more than 4 years after the incentive agreement is approved may not be claimed until on or after 07/01/2023, and the maximum credits for each qualified applicant may not exceed \$750,000 per fiscal year.

#### **Research & Development with Universities Tax Credit**

**ACA 15-4-2708(a)** authorizes a business that contracts with Arkansas colleges or universities in performing research to qualify for an income tax credit as authorized by **ACA 26-51-1102(b)** equal to 33% of qualified expenses. A business must submit an application to AEDC and the Arkansas Science and Technology Authority must also approve the plan. The credit may offset 100% of the tax liability and unused credits may carry forward nine (9) tax years.

**ACA 26-51-1101 (2)(C)** which allows an income tax equal to 33% of a cash donation that is used by a qualified educational institution in Arkansas that is used to purchase new machinery and equipment in connection with a qualified education or research program. Taxpayers must submit

an application to the Arkansas Economic Development Commission on forms prescribed by the Commission and if approved have itemized receipts documenting the amount of the cash donation and the purchase costs of the new machinery and equipment. The credit may offset 100% of the tax remaining after all other credits and any unused credits may be carried forward for nine tax years.

### **In-House Research Income Tax Credit**

**ACA 15-4-2708(b)** authorizes an income tax credit to businesses that conduct “in-house” research. The credit allowed for approved in-house research is 10% of qualified expenditures. However, the maximum credit that can be earned by each business is \$10,000 per tax year and is equal to 20% of qualified expenses. The income tax credit may offset 100% of the income tax liability. Unused credits may be carried forward for nine (9) tax year.

### **In-House Research by Targeted Business Income Tax Credit**

**ACA 15-4-2708(c)** provides income tax credits for businesses deemed by the AEDC to fit within the six (6) business sectors classified as “targeted businesses”. An eligible business may be approved for an income tax credit each year equal to 33% of the qualified research and development expenditures incurred each year for the first five (5) tax years of the financial incentive agreement. The income tax credit for research and development earned by targeted businesses may be sold. The business must make application to AEDC within one year of issuance and the credits may only be sold one time. Any unused credits may be carried forward for nine (9) years.

### **In-House Research in Area of Strategic Value Tax Credit**

**ACA 15-4-2708(d)** authorizes an income tax credit equal to 33% of qualified research expenditures for an Arkansas taxpayer that invests in: (A) In-house research in an area of strategic value, or (B) A project under the research and development programs approved by the Arkansas Science and Technology Authority. The taxpayer must apply to AEDC in order to qualify for the income tax credit. The tax credit may be earned for the first five (5) tax years following the signing of a financial incentive agreement. The maximum tax credit that may be claimed by a taxpayer under this program is \$50,000 per tax year. Any unused credits may be carried forward nine (9) tax years.

## **Targeted Business Payroll Income Tax Credit**

**ACA 15-4-2709** provides income tax credits to “targeted businesses” approved by AEDC. Companies must pay wages that are 150% of the state or county average wage and meet requisite payroll and investment thresholds. The credits may be sold upon approval by the AEDC. The buyer of the tax credit shall be allowed the remaining carryforward of the tax credit. Any unused credits may be carried forward for a maximum of nine (9) tax years. The tax credit is equal to 10% of its annual payroll, with a cap of \$100,000 per year. The incentive may be offered for a period not to exceed five (5) tax years.

**To claim the credits authorized under the Consolidated Incentive Act, attach a copy of the Certificate of Tax Credit issued by Tax Credits/Special Refunds Section to the tax return. For information regarding application to any of the incentives under this Act contact Arkansas Economic Development at (501) 682-1121 or their website at <http://arkansasedc.com>.**

## **3. Equity Investment Incentive Credit**

**Act 164 of 2015** amends **ACA 15-4-3305** to provide tax credits for entities investing in eligible businesses and purchases the qualified business in calendar years 2007-2028. The credit shall not exceed 33.33% of the actual purchase price paid for the equity interest, and shall not exceed 50% of the state income or premium tax liability. The total amount of credits available to all purchasers of equity interest in a qualified business shall not exceed \$6,250,000. Any unused credit may be carried forward for a period of nine (9) tax years and in no event be carried past December 31, 2037. The application must be filed with AEDC.

**Act 537 of 2019** amends Arkansas Code Annotated 15-4-3305(g) to clarify that an equity investment incentive credit may be sold only 1 time at any time before the credit is exhausted or expires.

## **4. Child Care Facility**

**ACA 26-51-507** provides an income tax credit of 3.9% of the annual salary of employees employed exclusively in providing child care services if the revenue to the business does not exceed the direct operating costs of the facility. Certification of eligible childcare facilities must be made by the Division of Childcare and Early Childhood Education. **ACA 26-51-508** provides that a business, that qualifies for the refund of the Gross Receipts Tax or Compensating Use Tax under **ACA 26-51-516** or **ACA 26-53-132**, shall be allowed an income tax credit of 3.9% of the annual salary of its employees employed exclusively in providing child care service,

or a \$5000 income tax credit for the first tax year the business provides its employees with a child care facility. This credit is for a business which operates a child care facility for its employees only. Any unused credit may be carried forward for the next two (2) succeeding tax years or until exhausted, whichever occurs first.

## 5. Water Resource Conservation

**All water resource conservation credits must be approved by the Arkansas Natural Resource Commission.**

**Act 1073 of 2019** provides that Water Resource Conservation credits may be transferred for tax years beginning on or after January 1, 2020. The transferor must provide documentation of the transfer to the Department of Finance and Administration within 30 days of the transfer. The transferor of a credit is liable for the repayment of the credit if the transferor fails to complete and maintain the project as required under Arkansas Code Ann. 26-51-1011.

**Act 563 of 2021** amends **ACA 26-51-1101(c)(1)** to allow water conservation projects receiving certificates of tax credit approval on or after 01/01/2017 five years to complete a project instead of the previous three year requirement.

**Act 875 of 2021** amends **ACA 26-51-1013** to state that when the total amount of tax credits used under this subchapter exceeds \$20,000,000 in any calendar year, the tax credits established under the subchapter shall expire on December 31 of the following calendar year.

(a) Water Impoundment outside and within critical areas:

**Act 1125 of 2017** amends **ACA 26-51-1005** to provide an income tax credit equal to 50% of the cost of construction and installation or restoration of water impoundments or water control structures of twenty (20) acre-feet or more designed for the purpose of storing water to be used for agricultural, commercial or industrial purposes. The credit shall not exceed the lesser of 50% of the project cost incurred or \$90,000.

The amount of tax credit allowed to each approved applicant per project shall not exceed the lesser of the amount of individual or corporate income tax otherwise due or \$9,000. Any unused credit may be carried forward for the next fifteen (15) succeeding years or until exhausted, whichever occurs first for projects beginning on or after January 1, 2017. After March 12, 2001, projects used for commercial purposes can qualify for this credit.

**Act 875 of 2021** amends **ACA 26-51-1005** for tax years beginning on or after 01/01/2021 to provide that the income tax credit is equal to the lesser of 50% of the project cost incurred or \$120,000. The amount of tax credit shall not exceed the lesser of the amount of individual or corporate income tax otherwise due or \$18,000.

b) Surface Water Conversion:

1. Outside Critical Areas - **ACA 26-51-1007** provides an income tax credit that shall not exceed the lesser of 10% of the project cost incurred or \$27,000 for the reduction of ground water use by substitution of surface water for water used for industrial, commercial, agricultural or recreational purposes. The credit shall not exceed the lesser of individual or corporate income tax otherwise due or \$9,000 per project and any unused credit may be carried forward for the next two (2) succeeding tax years or until exhausted, whichever occurs first.

**Act 875 of 2021** amends **ACA 26-51-1007** for tax years beginning on or after 01/01/2021 to provide that the income tax credit is equal to the lesser of 25% of the project cost incurred or \$35,000. The amount of tax credit shall not exceed the lesser of the individual or corporate income tax otherwise due or \$18,000. Any unused credits may be carried over for a maximum of 15 consecutive tax years or until exhausted, whichever occurs first.

2. Within Critical Areas - **ACA 26-51-1008** provides an income tax credit not to exceed the lesser of 50% of the cost incurred or \$27,000 for the reduction of groundwater use by substitution of surface water for water used for agricultural or recreational purposes. The credit shall not exceed the lesser of income tax otherwise due or \$9,000 for projects using water for agricultural or recreational purposes. For industrial or commercial projects, there shall be allowed a tax credit to each approved applicant not to exceed the lesser of 50% of the project cost incurred or \$1,000,000. The amount of tax credit allowed is the amount of individual or corporate income tax otherwise due or \$200,000. If the approved applicant is a pass-through entity the amount of tax credit that may be used for a taxable year shall not exceed the lesser of the aggregate amount of individual or corporate income tax due by all members or \$9,000. "Critical areas" means those areas so designated by the Arkansas Natural Resources Commission.

For projects approved on or after August 1, 1997, which utilize water for industrial or commercial



purposes, any unused credit may be carried forward for the next four (4) succeeding tax years or until exhausted, whichever occurs first.

**Act 875 of 2021** amends **ACA 26-51-1008** for tax years beginning on or after 01/01/2021 to change the definition of within critical groundwater areas to include counties contiguous to counties with areas designated as critical groundwater areas. It also provides that the income tax credit for an agricultural or recreational project is equal to the lesser of 50% of the project cost incurred or \$35,000. The amount of tax credit shall not exceed the lesser of the amount of individual or corporate income tax due or \$18,000. Any unused credits may be carried over for a maximum of 15 consecutive tax years or until exhausted, whichever occurs first.

(c) Land Leveling for Water Conservation:

**ACA 26-51-1009** provides an income tax credit equal to 10% of the project cost incurred or \$27,000 for agricultural land leveling to conserve irrigation water. The credit shall not exceed the lesser of the amount of individual or corporate income tax otherwise due or \$9,000 per project. Any unused credit may be carried forward for the next two (2) succeeding tax years or until exhausted, whichever occurs first.

**Act 875 of 2021** amends **ACA 26-51-1009** for tax years beginning on or after 01/01/2021 to provide that the tax credit shall not exceed the lesser of 25% of the project cost incurred or \$35,000. The amount of tax credit shall not exceed the lesser of the amount of individual or corporate income tax otherwise due or \$18,000. Any unused credits may be carried over for a maximum of 15 consecutive tax years or until exhausted, whichever occurs first.

(d) Wetland and Riparian Zone Creation and Restoration and Conservation Tax Credits Act:

**ACA 26-51-1505** allows the Wetland and Riparian Zone Creation and Restoration Tax Credit amount not to exceed \$50,000 and shall equal 50% of the fair market value of the qualified property interest donation, calculated to exclude any short term capital gain under 26 U.S.C. 170(e)(1)(A) as in effect on January 1, 2009. The amount of credit shall be equal to the project costs not to exceed the lesser of income tax due or \$5,000. An eligible donor may earn only one Wetland and Riparian Zone Conservation Tax Credit per income tax year. The availability of the tax credits shall expire on December 31<sup>st</sup> of the calendar year following the calendar year the tax credits used exceed \$500,000. Any unused credit may be carried forward for a maximum of nine (9) consecutive taxable years.

## **6. Equipment Donation, Sale Below Cost, or Qualified Research Expenditure & Research Park Authority**

**ACA 26-51-1102** provides an income tax credit for a taxpayer who donates or sells below cost new machinery or equipment to a qualified educational institution, or a taxpayer who has qualified research expenditures under a qualified research program. This credit is equal to 33% of the cost of the donation, sale below cost, or qualified expenditure, and the credit may offset 100% of the net income tax liability. Any unused credit may be carried forward for the next nine (9) succeeding tax years or until exhausted, whichever occurs first.

**Act 203 of 2019** provides for an income tax credit equal to 33% of cash donations made to a qualified educational institution for the purpose of purchasing machinery and equipment. The Act is effective July 24, 2019. To qualify for the credit for cash donations, an application must be filed with and approved by the Arkansas Economic Development Commission. The taxpayer must obtain documentation from the qualified educational institution showing the amount of the donation and document the amounts spent purchasing machinery and equipment.

**ACA 14-144-311** authorizes the creation and operation of research park authorities for the purpose of economic development, exempting the property of each research park authority from all state, county and municipal taxes including income tax, inheritance tax and estate tax. The act allows contributions to research park authorities to qualify for the credit provided by **ACA 26-51-1102**.

## **7. Workforce Training Credit**

**ACA 6-50-702** permits an income tax credit based on a portion of the cost of workforce training. If the training is in an Arkansas state supported educational institution, the credit allowed is the lesser of one-half (1/2) of the amount paid by the company or the hourly training cost up to \$80 per instructional hour for tax years prior to 2014 to increase to \$100 per hour for tax years beginning on or after January 1, 2014. If training is by company employees or company paid consultants, the tax credit cannot be more than \$25 per hour. There is no carryforward period for this credit. Applications for this credit are available from the AEDC at (501) 682-7675.

## **8. Tourism Development Credit**

**ACA 15-11-509** provides an income tax credit equal to 4% of the payroll of the new full-time permanent employees working at a tourism attraction project. To be counted as a new full-time permanent employee, for the purpose of qualifying for the tax credit, the employee

in the position must have been an Arkansas taxpayer during the year in which the credit was earned. For projects receiving approval after March 1, 1999, the credit may be applied against the approved company's income tax liability for the succeeding nine (9) tax years or until exhausted, whichever occurs first.

## **9. Apprenticeship Program**

**ACT 1042 of 2017** amends **ACA 26-51-509** to provide an income tax credit of \$2,000 or 10% of the wages earned by an apprentice, whichever is less, to a business participating in the United States Department of Labor apprenticeship program. The credit may not exceed the income tax otherwise due and shall not exceed \$10,000 for each corporation. Any unused credit may be carried forward for the next two (2) succeeding tax years or until exhausted, whichever occurs first. Arkansas Code Title 26, Chapter 51, Subchapter 16 is repealed.

## **10. Tuition Reimbursement Credit**

**ACA 26-51-1902** permits an income tax credit equal to 30% of the cost of tuition reimbursed by the employer to a full-time permanent employee on or after July 30, 1999. The credit cannot exceed 25% of the business' income tax liability in any one tax year and has no carryforward provision. The employee must attend a qualified Arkansas institution. Form AR1036 must be attached to the Arkansas return in addition to Form AR1100BIC to claim this credit.

## **11. Family Savings Initiative Credit**

**ACA 20-86-109** creates the Family Savings Initiative Act, which provides a tax credit to those taxpayers who make contributions to a designated fiduciary organization created pursuant to this act. The fiduciary will notify the Department of Human Services of the deposits which will issue a certificate to be attached to the tax return for the first year the credit is taken. The credit allowed is the lesser of the income tax due or \$25,000 per taxpayer. The total tax credit allowed for all taxpayers is \$100,000 per year. Any unused credit may be carried forward for the next three (3) succeeding tax years or until exhausted, whichever occurs first.

## **12. Public Road Improvement**

**ACA 15-4-2306** provides a tax credit for those taxpayers who contribute to the "Public Roads Incentive Fund" for the improvement of public roads. The credit is limited to 33% of the total contributions made to the fund, and in any tax year, is limited to 50% of the net Arkansas tax liability after all other credits have been taken. Any unused credit can be carried forward for the next three

succeeding tax years or until the credit is exhausted, whichever occurs first. This program is administered by the AEDC.

**Act 628 of 2021** amends **ACA 15-4-2306(b)** to allow the credit to offset 100% of the tax liability, and to allow an unused credit maximum carry forward of ten (10) years, for tax years beginning on or after 01/01/2020.

## **13. Low Income Housing Credit**

**ACA 26-51-1702** provides an income or premium tax credit for a taxpayer owning an interest in a qualified low income building which is approved through the Arkansas Development Finance Authority. The tax credit is computed by multiplying the Federal Low Income Housing Tax Credit for the qualified project by 20%. The credit may not exceed \$250,000 or the income or annual premium tax otherwise due. Any unused credit may be carried forward for the next five (5) succeeding tax years or until exhausted, whichever occurs first.

## **14. Purchase of Equity in a Capital Development Company**

**ACA 15-4-1026** allows the original purchaser of an equity interest in a Capital Development Company in calendar years 2003-2015 to be entitled to an income or annual premium tax credit equal to 33.33% of the actual purchase price, limited to 50% of the net Arkansas income or premium tax liability in any one tax year. No capital development company shall enter into an agreement or commitment for the purchase by any person of equity interests in the capital development company on or after July 1, 2007. Any unused credit may be carried forward for the next succeeding tax year and annually thereafter for a total of eight (8) years succeeding the year in which the equity interest was purchased or until exhausted, whichever occurs first. In no event may the credit be allowed for any tax year ending after December 31, 2021.

## **15. Affordable Neighborhood Housing Tax Credit**

**ACA 15-5-1301 et seq.** provides an income or annual premium tax credit for any business firm engaged in providing affordable housing which is approved through the Arkansas Development Finance Authority. The tax credit is limited to 30% of the total amount invested in affordable housing assistance activities. The credit may not exceed \$750,000 or the income or premium tax otherwise due in any taxable year. Any unused credit may be carried forward for the next five (5) succeeding tax years or until exhausted, whichever occurs first.

## **16. Coal Mining Tax Credit**

**ACA 26-51-511** provides an income or annual premium tax credit of \$2.00 per ton of coal mined, produced, or extracted on each ton of coal mined in Arkansas in a tax year. An additional credit of \$3.00 per ton will be allowed for each ton of coal mined in Arkansas in excess of 50,000 tons in a tax year. The credit can only be earned if the coal is sold to an electric generation plant for less than \$40.00 per ton excluding freight charges. The credit expires five (5) tax years following the tax year in which the credit was earned.

## **17. Venture Capital Investment Credit**

**ACA 15-5-1401** et seq. provides an income tax credit up to \$10 million per fiscal year as recommended by the Arkansas Development Finance Authority and approved by the State Board of Finance. The credit may not exceed the income tax otherwise due and is non-refundable. Any unused credit may be carried forward for five (5) succeeding tax years after the tax year in which the credit was first earned.

## **18. Rice Straw Tax Credit**

**ACA 26-51-512** allows an income tax credit in the amount of \$15.00 for each ton of rice straw over 500 tons that is purchased by an Arkansas taxpayer who is the end user of the straw (person processing, manufacturing, generating energy, or producing ethanol). The amount of the credit is limited to 50% of the income tax due for the tax year. Any unused credit may be carried forward for ten (10) consecutive tax years following the tax year the credit was earned and is effective for tax years beginning on or after January 1, 2006.

## **19. Delta Geotourism Incentive Act**

The Delta Geotourism Incentive Act of 2007 as amended allows an income tax credit equal to 25% of an investment of up to \$250,000 in a geotourism-supporting business, a tourism attraction, or tourism-supporting business project that attracts out of state visitors in an economically distressed area of the Lower Mississippi River Delta in Arkansas. Application must be made to the Tax Credits Section of the Department of Finance and Administration and must also be approved by the Arkansas Department of Parks and Tourism. The credit may be transferred to another tourism related business in Arkansas upon approval by DFA and Parks and Tourism. The minimum investment to qualify for the credit is \$25,000 and a transferee of a credit must invest a minimum of \$100,000 in a tourism related business project in Arkansas. Unused tax credits may be carried forward five (5) taxable years after the year the credit is earned or until exhausted,

whichever occurs first. The credit expires and no credit may be established for a tax year ending after December 31, 2021. The amount of credit that may be used by a taxpayer for any taxable year shall not exceed twenty-five thousand dollars (\$25,000).

## **20. Arkansas Historic Rehabilitation Income Tax Credit**

**ACA 26-51-2201** creates a credit for income taxes or premium taxes for qualified historic rehabilitation expenses in an amount equal to 25% of the total cost incurred by a person, firm or corporation subject to state income tax or an insurance company paying annual premium tax to complete a certified rehabilitation project up to the first \$500,000 of expenses on income producing property or \$100,000 on nonincome producing property. The minimum investment to obtain the credit is \$25,000. Historic rehabilitation credits are approved by the Department of Arkansas Heritage. The maximum tax credits that may be approved in one year is \$4,000,000. The credit may offset 100% of income or annual premium tax due. Any unused credit may be carried forward for five (5) tax years or until exhausted.

The Arkansas Historic Rehabilitation tax credits program is effective for tax years on or after January 1, 2009, and ending on or before December 31, 2037. The holder of rehabilitation tax credits may sell or assign all or a portion of unused credits by notifying the Department of Arkansas Heritage and the Department of Finance & Administration if the credit is an income tax credit.

**Act 393 of 2017** increases the maximum costs eligible for the historic rehabilitation credit to \$1,600,000 for projects starting on or after July 1, 2017. **Act 470 of 2019** reduces the minimum investment necessary for non-income producing properties to \$5,000 for tax years beginning on or after January 1, 2019.

**Act 855 of 2019** provides for a Major Historic Rehabilitation Credit equal to 25% of qualified rehabilitation incurred by the owner to complete a certified rehabilitation approved by the Department of Arkansas Heritage. The minimum investment for the credit is \$1,500,000. The Department of Arkansas Heritage may charge an application fee of up to 1% of the amount of the credit and may charge a fee of 0.75% of the amount of any credit transferred. Applications for the credit must be made between July 1, 2020 and June 30, 2025.

**Act 840 of 2021** amends ACA 26-51-2204 to increase the maximum tax credits that may be approved in one year from \$4 million to \$8 million per fiscal year beginning with fiscal year 2022.



## **21. Arkansas Central Business Improvement District Rehabilitation and Development Investment Tax Credit**

**ACA 26-51-2407** amends Arkansas Code 26, Chapter 51 to add Subchapter 24 to establish an investment tax credit equal to 25% for a qualified rehabilitation or development expenditure incurred for a qualified project up to the first \$500,000 on income-producing property or \$200,000 on non-income-producing property with a minimum investment of \$30,000. The total credit will be issued for up to \$1,000,000 in any one fiscal year on a first come, first serve basis. The credit may be transferred, sold or assigned only one (1) time and will offset up to 100% of the state income tax due. Any unused tax credit may carryforward for five (5) consecutive taxable years or until exhausted whichever occurs first. This act will take effect only if the Chief Fiscal Officer of the State certifies that sufficient funds are available. The credit will not be funded for tax year 2018. If it is determined that funding is available the act will be effective for tax years beginning on or after January 1 of the year following the certification and continue for a period of two (2) years.

## **22. Delta Music Trail Credit**

**Act 1066 of 2019** provides for an income tax credit equal to the lesser of 100% of the cost or \$25,000 for an art project that promotes awareness and encourages enjoyment of the stories, biographies, and points of interest in blues, rock and roll, country and country music throughout the Arkansas Delta. Taxpayers must apply for the credit with the Arkansas Delta Music Commission and the commission may not approve more than \$250,000 of expenses in any one calendar year. The credit may offset 100% of the tax due and unused credits may be carried forward up to five tax years.

## **23. Arkansas Wood Energy Products and Forest Maintenance Credit**

**Act 594 of 2021** provides for an income tax credit equal to 30% of the cost of qualifying equipment with a minimum investment greater than \$50 million required in a project approved by the Arkansas Economic Development Commission with a signed economic incentive agreement. Each project must create at least 100 new full-time jobs with an average salary of \$60,000 per year. Up to \$5 million of the credit may be claimed each year, and the State of Arkansas may purchase the tax credits at 80% of face value. Unused credits may be carried forward in perpetuity until fully claimed. Act 594 is effective for tax years beginning on or after 01/01/2021.

## **24. Motion Picture Credit**

**Act 797 of 2021** provides for a rebate or tax credit for approved film projects. The income tax credit or rebate is equal to 20% of all qualified production and post-production costs for an approved project that spends at least \$200,000 in a six-month period. An additional 10% of payroll costs for full-time Arkansas residents, or veterans, or veteran owned small businesses is allowed. The credit is limited to the first \$500,000 of a highly compensated individual's salary. The Arkansas Economic Development Commission shall not approve more than \$4 million in motion picture tax credits in any fiscal year. Unused credits may be carried forward for 5 tax years, and unused credits may be transferred.

## **25. Steel Specialty Products Manufacturing Credit**

**Act 895 of 2021** amends ACA 26-51-506 to provide a tax credit equal to 30% of the cost of equipment including installation costs for an approved project that invests in excess of at least \$200 million and employs at least 150 net new employee positions with an average salary of at least \$75,000 per year. The maximum credit that may be claimed is \$4 million if the total investment is \$200 million to \$275 million, \$5 million if the total investment is \$275 million to \$350 million, and \$6.5 million if the investment exceeds \$350 million. The State of Arkansas has the option to purchase the credits for 80% of face value. If the State fails to purchase credits the taxpayer or a transferee may carry forward unused credits for 3 tax years. The act is effective for tax years beginning on or after 01/01/2021.

## **26. Philanthropic Investment in Arkansas Kids Scholarship Program Credit**

**Act 904 of 2021** provides for a tax credit equal to 100% of the eligible contributions to a scholarship granting organization. Total tax credits awarded shall not exceed \$2 million per calendar year, and unused credits may be carried forward for 3 tax years. Tax credit applications must be submitted to and approved by the Tax Credits and Special Refunds Section of the Department of Finance & Administration. The act is effective for tax years beginning on or after 01/01/2022.

## **27. Railroad Modernization Tax Credit**

**Act 967 of 2021** provides a tax credit for Class II and Class III railroad track maintenance. The credit is equal to 50% of railroad track maintenance expenditures up to \$5,000 per track mile. The credit claimed may not exceed the tax liability, and unused credits may be carried forward



up to 5 tax years and may be transferred. Maintenance projects must be approved by the Department of Commerce before expenditures are incurred. Certification of the tax credits is issued by the Department of Finance & Administration. The act is effective for tax year beginning on or after 01/01/2021.

The Business and Incentive Tax Credit forms and instructions may be obtained from:

Department of Finance and Administration  
Tax Credit/Special Refunds Section  
P O Box 1272  
Little Rock, AR 72203-1272  
or call (501) 682-7106  
website: [www.dfa.arkansas.gov](http://www.dfa.arkansas.gov)

**NOTE: On any credit issued to a taxpayer that is sold/ transferred to another taxpayer, the owner of the credit must contact the issuing agency and request a Transfer Document. The issuing agency will send a copy of the approved transfer documents to the Tax Credit Section upon completion of the sale/transfer. For verification purposes, the taxpayer claiming the credit should attach a copy of the approved transfer document to the return claiming credit.**

# Exempt Organizations

**ACA 26-51-303** provides exemption from income taxation for certain types of organizations.

The Non-Profit Corporation **Act of 1993** sets out filing requirements of the Secretary of State as well as action to be taken for receiving recognition of income tax exempt status by the Arkansas Revenue Division. Guidelines for filing with the Secretary of State may be obtained by contacting that office at:

Telephone numbers: (501) 682-3409  
(888) 233-0325

Website: [www.sos.arkansas.gov](http://www.sos.arkansas.gov)

Non-Profit corporations, unincorporated groups or associations shall be eligible to receive Arkansas income tax exempt status upon submitting proper documentation and application to:

Arkansas Department of  
Finance and Administration  
Corporation Income Tax Section  
P. O. Box 919  
Little Rock, AR 72203-0919  
Telephone number (501) 682-4775

The following information must be submitted for review in determining income tax exempt status:

- A) Organizations with an IRS Ruling letter:
  - 1) Copy of IRS Ruling letter.
  - 2) Copy of pages 1 and 2 of IRS Form 1023 or 1024.
  - 3) Statement declaring Arkansas Code exemption.
- B) Organizations without an IRS Ruling letter:
  - 1) Arkansas Form AR1023CT.
  - 2) Copy of Articles of Incorporation, Article of Association, copy of Trust Indenture or Agreement.
  - 3) Copy of Bylaws.

Income derived from investments made by nonprofit organizations which is not for the sole purpose of providing pension and annuity benefits to members should be reported on Form AR1100CT. Attach a copy of the applicable federal form.

Exemption from income taxation does not apply to Sales Tax exemption. For Sales Tax forms or proce-

dures, please refer to the website at [www.dfa.arkansas.gov](http://www.dfa.arkansas.gov), or phone (501) 682-1895.

# Small Business (S) Corporations

For tax years beginning on or after January 1, 2018. **ACA 26-51-409(b)(2)** requires corporations that have elected Subchapter S treatment for federal tax purposes must file Subchapter S returns for Arkansas income tax purposes for the same tax year.

- 1) It is treated as a Small Business Corporation with the Internal Revenue Service (IRS).
- 2) It has no more than 100 shareholders. Members of a family (and their estates) are treated as one shareholder for this requirement. All other persons are treated as separate shareholders.
- 3) It must be a corporation organized or created under the laws of the United States or a state or territory or it is a similar association taxed as a corporation.
- 4) Its shareholders are individuals, estates and certain trusts described in IRC 1361.
- 5) It has no nonresident alien shareholders.
- 6) It has only one class of stock.
- 7) It is not an ineligible corporation as defined in IRC 1361.
- 8) Banks may elect S Corporation status even though the bank stock is owned by an individual's IRA rather than the individual.

**A corporation that is treated as Qualified Subchapter S Subsidiary (QSSS) for federal purposes is not allowed to file a separate Arkansas corporation return. Instead, the federal parent of any QSSS doing business in Arkansas must file an Arkansas return and report the Arkansas activity of the QSSS.**

All shareholders are required to file Arkansas Individual income tax returns or be included in a composite return. Please refer to the 2021 Subchapter S tax instructions for details on filing as an S corporation. **Act 434 of 2017 repeals ACA 26-51-413(b).**

For tax years beginning after December 31, 2017, it will no longer be necessary to file a separate Subchapter S election for Arkansas. Taxpayers will file a federal S return and an S state return. **Federal Subchapter S filers will no longer be able to file an Arkansas C corporation return.**

**Act 362 of 2021** creates a new Chapter 65 to Arkansas Code Title 26 and creates the Elective Pass-Through Entity Tax for tax years beginning on or after January 1,

2022. Act 362 allows members holding 50% or more of a pass-through entity to elect to have the pass-through entity pay Arkansas income taxes itself instead of passing the income through to the members to pay income tax on their personal income tax returns or on a composite return. Act 362 also amends Arkansas-Code Annotated 26-51-404 to exempt income subject to similar taxes in other states from Arkansas income tax for residents and part-year residents for tax years beginning in 2022 and after. The pass-through entity tax election must be made by the extended due date of the income tax return, but may be made at any time prior by registering for the tax on combined registration forms or by completing Form AR362. Form AR362 and vouchers for estimated payments for the Pass-through Entity Tax should be available in January, 2022. The election to be taxed at the entity level and the exemption from income tax of income subject to similar taxes in other states is not available for 2021.

The annual income tax return of a small business corporation is to be submitted on Arkansas Form AR1100S and should be submitted to:

Department of Finance and  
Administration Corporation  
Income Tax  
P. O. Box 919  
Little Rock, AR 72203-0919

Physical address:  
1816 West 7th Street Room 2250  
Little Rock, AR 72201

Telephone number... (501) 682-4775  
Website. .... [www.dfa.arkansas.gov](http://www.dfa.arkansas.gov)

# Corporation Income Tax Table

**1. Find your income from Line 30; Enter tax on Line 31.**

| IF YOUR INCOME IS |               |             | IF YOUR INCOME IS |               |             | IF YOUR INCOME IS |               |             |
|-------------------|---------------|-------------|-------------------|---------------|-------------|-------------------|---------------|-------------|
| AS MUCH AS        | BUT LESS THAN | YOUR TAX IS | AS MUCH AS        | BUT LESS THAN | YOUR TAX IS | AS MUCH AS        | BUT LESS THAN | YOUR TAX IS |
| 0                 | 100           | 0           | 5,000             | 5,100         | 71          | 10,000            | 10,100        | 212         |
| 100               | 200           | 1           | 5,100             | 5,200         | 73          | 10,100            | 10,200        | 215         |
| 200               | 300           | 3           | 5,200             | 5,300         | 75          | 10,200            | 10,300        | 218         |
| 300               | 400           | 4           | 5,300             | 5,400         | 77          | 10,300            | 10,400        | 221         |
| 400               | 500           | 5           | 5,400             | 5,500         | 79          | 10,400            | 10,500        | 224         |
| 500               | 600           | 6           | 5,500             | 5,600         | 81          | 10,500            | 10,600        | 227         |
| 600               | 700           | 7           | 5,600             | 5,700         | 83          | 10,600            | 10,700        | 230         |
| 700               | 800           | 8           | 5,700             | 5,800         | 85          | 10,700            | 10,800        | 233         |
| 800               | 900           | 9           | 5,800             | 5,900         | 87          | 10,800            | 10,900        | 236         |
| 900               | 1,000         | 10          | 5,900             | 6,000         | 89          | 10,900            | 11,000        | 239         |
| 1,000             | 1,100         | 11          | 6,000             | 6,100         | 92          | 11,000            | 11,100        | 243         |
| 1,100             | 1,200         | 12          | 6,100             | 6,200         | 95          | 11,100            | 11,200        | 248         |
| 1,200             | 1,300         | 13          | 6,200             | 6,300         | 98          | 11,200            | 11,300        | 253         |
| 1,300             | 1,400         | 14          | 6,300             | 6,400         | 101         | 11,300            | 11,400        | 258         |
| 1,400             | 1,500         | 15          | 6,400             | 6,500         | 104         | 11,400            | 11,500        | 263         |
| 1,500             | 1,600         | 16          | 6,500             | 6,600         | 107         | 11,500            | 11,600        | 268         |
| 1,600             | 1,700         | 17          | 6,600             | 6,700         | 110         | 11,600            | 11,700        | 273         |
| 1,700             | 1,800         | 18          | 6,700             | 6,800         | 113         | 11,700            | 11,800        | 278         |
| 1,800             | 1,900         | 19          | 6,800             | 6,900         | 116         | 11,800            | 11,900        | 283         |
| 1,900             | 2,000         | 20          | 6,900             | 7,000         | 119         | 11,900            | 12,000        | 288         |
| 2,000             | 2,100         | 21          | 7,000             | 7,100         | 122         | 12,000            | 12,100        | 293         |
| 2,100             | 2,200         | 22          | 7,100             | 7,200         | 125         | 12,100            | 12,200        | 298         |
| 2,200             | 2,300         | 23          | 7,200             | 7,300         | 128         | 12,200            | 12,300        | 303         |
| 2,300             | 2,400         | 24          | 7,300             | 7,400         | 131         | 12,300            | 12,400        | 308         |
| 2,400             | 2,500         | 25          | 7,400             | 7,500         | 134         | 12,400            | 12,500        | 313         |
| 2,500             | 2,600         | 26          | 7,500             | 7,600         | 137         | 12,500            | 12,600        | 318         |
| 2,600             | 2,700         | 27          | 7,600             | 7,700         | 140         | 12,600            | 12,700        | 323         |
| 2,700             | 2,800         | 28          | 7,700             | 7,800         | 143         | 12,700            | 12,800        | 328         |
| 2,800             | 2,900         | 29          | 7,800             | 7,900         | 146         | 12,800            | 12,900        | 333         |
| 2,900             | 3,000         | 30          | 7,900             | 8,000         | 149         | 12,900            | 13,000        | 338         |
| 3,000             | 3,100         | 31          | 8,000             | 8,100         | 152         | 13,000            | 13,100        | 343         |
| 3,100             | 3,200         | 33          | 8,100             | 8,200         | 155         | 13,100            | 13,200        | 348         |
| 3,200             | 3,300         | 35          | 8,200             | 8,300         | 158         | 13,200            | 13,300        | 353         |
| 3,300             | 3,400         | 37          | 8,300             | 8,400         | 161         | 13,300            | 13,400        | 358         |
| 3,400             | 3,500         | 39          | 8,400             | 8,500         | 164         | 13,400            | 13,500        | 363         |
| 3,500             | 3,600         | 41          | 8,500             | 8,600         | 167         | 13,500            | 13,600        | 368         |
| 3,600             | 3,700         | 43          | 8,600             | 8,700         | 170         | 13,600            | 13,700        | 373         |
| 3,700             | 3,800         | 45          | 8,700             | 8,800         | 173         | 13,700            | 13,800        | 378         |
| 3,800             | 3,900         | 47          | 8,800             | 8,900         | 176         | 13,800            | 13,900        | 383         |
| 3,900             | 4,000         | 49          | 8,900             | 9,000         | 179         | 13,900            | 14,000        | 388         |
| 4,000             | 4,100         | 51          | 9,000             | 9,100         | 182         | 14,000            | 14,100        | 393         |
| 4,100             | 4,200         | 53          | 9,100             | 9,200         | 185         | 14,100            | 14,200        | 398         |
| 4,200             | 4,300         | 55          | 9,200             | 9,300         | 188         | 14,200            | 14,300        | 403         |
| 4,300             | 4,400         | 57          | 9,300             | 9,400         | 191         | 14,300            | 14,400        | 408         |
| 4,400             | 4,500         | 59          | 9,400             | 9,500         | 194         | 14,400            | 14,500        | 413         |
| 4,500             | 4,600         | 61          | 9,500             | 9,600         | 197         | 14,500            | 14,600        | 418         |
| 4,600             | 4,700         | 63          | 9,600             | 9,700         | 200         | 14,600            | 14,700        | 423         |
| 4,700             | 4,800         | 65          | 9,700             | 9,800         | 203         | 14,700            | 14,800        | 428         |
| 4,800             | 4,900         | 67          | 9,800             | 9,900         | 206         | 14,800            | 14,900        | 433         |
| 4,900             | 5,000         | 69          | 9,900             | 10,000        | 209         | 14,900            | 15,000        | 438         |



## Tax Table Continued

| IF YOUR INCOME IS |               | YOUR TAX IS | IF YOUR INCOME IS |               | YOUR TAX IS | IF YOUR INCOME IS   |               | YOUR TAX IS |
|-------------------|---------------|-------------|-------------------|---------------|-------------|---|---------------|-------------|
| AS MUCH AS        | BUT LESS THAN |             | AS MUCH AS        | BUT LESS THAN |             | AS MUCH AS  | BUT LESS THAN |             |
| 15,000            | 15,100        | 443         | 18,500            | 18,600        | 618         | 22,000  | 22,100        | 793         |
| 15,100            | 15,200        | 448         | 18,600            | 18,700        | 623         | 22,100  | 22,200        | 798         |
| 15,200            | 15,300        | 453         | 18,700            | 18,800        | 628         | 22,200  | 22,300        | 803         |
| 15,300            | 15,400        | 458         | 18,800            | 18,900        | 633         | 22,300  | 22,400        | 808         |
| 15,400            | 15,500        | 463         | 18,900            | 19,000        | 638         | 22,400  | 22,500        | 813         |
| 15,500            | 15,600        | 468         | 19,000            | 19,100        | 643         | 22,500  | 22,600        | 818         |
| 15,600            | 15,700        | 473         | 19,100            | 19,200        | 648         | 22,600  | 22,700        | 823         |
| 15,700            | 15,800        | 478         | 19,200            | 19,300        | 653         | 22,700  | 22,800        | 828         |
| 15,800            | 15,900        | 483         | 19,300            | 19,400        | 658         | 22,800  | 22,900        | 833         |
| 15,900            | 16,000        | 488         | 19,400            | 19,500        | 663         | 22,900  | 23,000        | 838         |
| 16,000            | 16,100        | 493         | 19,500            | 19,600        | 668         | 23,000  | 23,100        | 843         |
| 16,100            | 16,200        | 498         | 19,600            | 19,700        | 673         | 23,100  | 23,200        | 848         |
| 16,200            | 16,300        | 503         | 19,700            | 19,800        | 678         | 23,200  | 23,300        | 853         |
| 16,300            | 16,400        | 508         | 19,800            | 19,900        | 683         | 23,300  | 23,400        | 858         |
| 16,400            | 16,500        | 513         | 19,900            | 20,000        | 688         | 23,400  | 23,500        | 863         |
| 16,500            | 16,600        | 518         | 20,000            | 20,100        | 693         | 23,500  | 23,600        | 868         |
| 16,600            | 16,700        | 523         | 20,100            | 20,200        | 698         | 23,600  | 23,700        | 873         |
| 16,700            | 16,800        | 528         | 20,200            | 20,300        | 703         | 23,700  | 23,800        | 878         |
| 16,800            | 16,900        | 533         | 20,300            | 20,400        | 708         | 23,800  | 23,900        | 883         |
| 16,900            | 17,000        | 538         | 20,400            | 20,500        | 713         | 23,900  | 24,000        | 888         |
| 17,000            | 17,100        | 543         | 20,500            | 20,600        | 718         | 24,000  | 24,100        | 893         |
| 17,100            | 17,200        | 548         | 20,600            | 20,700        | 723         | 24,100  | 24,200        | 898         |
| 17,200            | 17,300        | 553         | 20,700            | 20,800        | 728         | 24,200  | 24,300        | 903         |
| 17,300            | 17,400        | 558         | 20,800            | 20,900        | 733         | 24,300  | 24,400        | 908         |
| 17,400            | 17,500        | 563         | 20,900            | 21,000        | 738         | 24,400  | 24,500        | 913         |
| 17,500            | 17,600        | 568         | 21,000            | 21,100        | 743         | 24,500  | 24,600        | 918         |
| 17,600            | 17,700        | 573         | 21,100            | 21,200        | 748         | 24,600  | 24,700        | 923         |
| 17,700            | 17,800        | 578         | 21,200            | 21,300        | 753         | 24,700  | 24,800        | 928         |
| 17,800            | 17,900        | 583         | 21,300            | 21,400        | 758         | 24,800  | 24,900        | 933         |
| 17,900            | 18,000        | 588         | 21,400            | 21,500        | 763         | 24,900  | 25,000        | 938         |
| 18,000            | 18,100        | 593         | 21,500            | 21,600        | 768         | (1) For Net income over \$25,000.00, the tax is \$940 plus 5.1% of the excess of \$25,000.00. |               |             |
| 18,100            | 18,200        | 598         | 21,600            | 21,700        | 773         |   |               |             |
| 18,200            | 18,300        | 603         | 21,700            | 21,800        | 778         |   |               |             |
| 18,300            | 18,400        | 608         | 21,800            | 21,900        | 783         |   |               |             |
| 18,400            | 18,500        | 613         | 21,900            | 22,000        | 788         |   |               |             |