

Corporation Income Tax Frequently Asked Questions

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1. When is an Arkansas “C” corporation income tax return due?

Arkansas Code Annotated (ACA) 26-51-806 has been amended to require Arkansas corporation income tax returns to be filed on or before the 15th day of the 4th (fourth) month after the close of the corporation’s tax year. If the corporation has filed an extension the due date will be October 15th and Exempt organizations due date is May 15th for a corporation filing its return based on a calendar year. Corporate tax filers may now E-file their returns through an outside software vendor or file through ATAP at www.atap.arkansas.gov. The E-file form and instructions can be found at www.dfa.arkansas.gov. under the Corporation Income tax link.

2. What tax identification number is required for the Arkansas corporation income tax return?

Arkansas requires all corporations to use the federal employer identification number (FEIN) assigned to the corporation by the Internal Revenue Service. To obtain an FEIN, contact the Internal Revenue Service Center in your area. In Arkansas, contact the Memphis Service Center, Memphis, Tennessee, Telephone number (901) 546-3920.

3. What is the statute of limitations for filing an Arkansas amended corporation income tax return?

ACA 26-18-306(i) states that an amended return may be filed within three (3) years of the original return filing date or two (2) years from the date the tax was paid, whichever event occurred later. Use form AR1100CT and check the Amended return box for tax years 2010 and after. For tax years 2009 and prior use form AR1100CTX.

4. Who must sign the Arkansas corporation income tax return (form AR1100CT) or Arkansas amended corporation income tax return?

ACA 26-51-804(b) requires the return be signed by a corporate officer, which may be the president, vice-president, treasurer, or other principal officer. If someone other than a corporate employee prepared the return, that individual or firm must also sign the return as the preparer and provide the requested information.

5. Will Arkansas recognize an automatic federal extension, Form 7004?

Yes. ACA 26-51-807 states any person who requests an automatic extension of time for filing a federal income tax return will be granted an extension of time for filing the corresponding Arkansas income tax return until the extended due date of the federal return. A copy of Federal Form 7004 is no longer required to be attached to the Arkansas return if the Federal Extension box is checked on Arkansas Form AR1100CT. However, interest at the rate of ten percent (10%) per annum is due on all returns (including those with extensions) if the tax is not paid by the original return due date. Interest will be computed on a daily rate of .00027397. To avoid interest and/or penalty, any tax due payment must be made on or before the 15th day of the 4th month following the close of the Corporation’s tax year. Any tax due balance remaining after the original Arkansas return due date or the extended return due date will be subject to the penalties referenced in ACA 26-18-208.

6. Will Arkansas grant an extension beyond the federal automatic extension?

Yes. ACA 26-18-505 states that, for good cause and upon written request, an Arkansas extension of 60 days beyond the automatic federal extension due date will be granted. Complete and mail Arkansas form AR1155, Request for Extension of Time for Filing Income Tax Returns, by the federal extended due date to the Corporation Income Tax Section. The Arkansas extension request must be postmarked on or before the Arkansas return due date or the federal extended return due date, whichever is applicable. Arkansas extensions must be attached to the Arkansas income tax return. Any tax due balance remaining after the original Arkansas return due date or the extended return due date will be subject to the penalties referenced in ACA 26-18-208.

7. Is a copy of the corporation's federal income tax return (form 1120,1120A or 1120S) required to be attached to the Arkansas return?

Yes. ACA 26-51-806(d)(1) requires every corporation filing an Arkansas corporation income tax return to attach a completed copy of its federal tax return as filed with the IRS, including all schedules and attachments. If a line item amount listed on the federal return is different than the amount listed on the Arkansas return, a reconciliation schedule must be attached for each line item amount that is different.

8. When should an Internal Revenue Service Revenue Agent's Report (RAR) be reported to Arkansas?

ACA 26-18-306(b) requires the RAR be reported to Arkansas within one hundred eighty (180) days from the receipt of the notice and demand for payment from the Internal Revenue Service. The RAR must be reported on an Arkansas form AR1100CT and check the Amended return box on the form for tax years 2010 and after. Use form AR1100CTX if amending tax years 2009 and prior.

9. What are the requirements to file an Arkansas consolidated income tax return?

ACA 26-51-805 establishes which corporations are eligible to be a member of an Arkansas consolidated group. The following is a brief summary of those requirements:

1. All federal eligible members must be a part of the federal consolidated income tax return.
2. Only those federal eligible members with income sources within Arkansas may be part of Arkansas consolidated group.
3. All of the Arkansas eligible members must consent to and join in the filing of Arkansas consolidated return prior to the last day for filing a return.
4. Once election to file an Arkansas consolidated return is made, all Arkansas eligible members must continue to file as part of the Arkansas consolidated group.

Each entity in the Arkansas consolidated group must separately compute its taxable income or loss on a separate form AR1100CT and consolidate the total taxable income or loss from each entity on a group return, form AR1100CT.

10. Has Arkansas adopted the new federal depreciation rules?

Arkansas did not adopt the bonus depreciation provisions contained the IRS Code 168(k). Arkansas adopted Sections 167, 168(a)-(j), 179 and 179A of the IRS Code of 1986 as in effect on January 1, 2015 for property purchased in tax years beginning on or after January 1, 2014. The Section 179 expense election is \$133,000 for tax years beginning on or after January 1, 2009. The Section 179 expense election is \$134,000 for tax years beginning on or after January 1, 2010. For tax years beginning on or after January 1, 2011 the Section 179 expense election will be \$25,000. No bonus depreciation is allowed for Arkansas income tax purposes.

11. When should the AR1100REC form be attached to the Arkansas corporate return?

The AR1100REC form is required to be filed with form AR1100CT when there is a difference between Interest Income, the Taxes Deduction and/or the Depreciation Deduction reported on the federal return versus the Arkansas return.

12. Are corporations allowed to deduct Arkansas income tax on its Arkansas return?

No. ACA 26-51-416 does not allow Arkansas or federal income tax or taxes that increase the value of assessed property to be taken as a deduction.

13. Is a net operating loss (NOL) carry-back allowed on the Arkansas return?

No. ACA 26-51-427 states a loss that occurred in an income year beginning on or after January 1, 1987, must be carried-forward over the next succeeding tax years for a total period of five (5) years or until the NOL is exhausted or absorbed, whichever occurs earlier. A tax year loss must be adjusted by all non-taxable income in arriving at an established NOL available for the five (5) year carry-forward provision.

14. Is the Domestic Production Activities Deduction allowed on the Arkansas corporation income tax return?

No. Arkansas has not adopted IRC 199; therefore, the Domestic Production Activities Deduction is not allowed on the Arkansas return.

15. When are Arkansas "C" corporation estimated income tax payments due?

ACA 26-51-913 amended the due date for Arkansas "C" corporation estimated income tax payments for tax years beginning on or after January 1, 2003, as follows:

1. First installment, Voucher 1, is due on or before the 15th day of the fourth month of the tax year.
2. Second installment, Voucher 2, is due on or before the 15th day of the sixth month of the tax year.
3. Third installment, Voucher 3, is due on or before the 15th day of the ninth month of the tax year.
4. Fourth installment, Voucher 4, is due on or before the 15th day of the twelfth month of the tax year.

16. Why are certain corporations required to pay its estimated quarterly income tax payments through the Electronic Funds Transfer (EFT) method?

ACA 26-19-106 requires any corporation with an estimated quarterly income tax liability equal to or greater than twenty thousand dollars (\$20,000) to pay its estimated quarterly income tax due by the EFT method. Corporation Income tax Section will determine which corporations will be required to remit its estimated quarterly income tax payments through the EFT method. This determination will be based on the corporation's average quarterly tax liability for its prior tax year.

17. May a corporation voluntarily pay its estimated quarterly income tax payments and extension payments through the Electronic Funds Transfer (EFT) method?

A corporation may voluntarily participate in the EFT payment method upon completion and acceptance of an Authorization Agreement, Form EFT-1. The corporation must remit all of its estimated quarterly income tax payments by the EFT method for a least one tax year. Estimate and extension payments may also be made on the ATAP website, www.atap.arkansas.gov.

All payments may be made through EFT, ATAP, check or visiting our office in person at 1816 W. 7th Street, Room 2250, Little Rock, AR. The taxpayer must be able to verify their payment account in order to make a payment. Corporation Income Tax does not accept credit cards or wire transfers for payments.

18. Will the corporation be penalized if it does not remit its estimated quarterly income tax payment through the EFT method?

Yes. ACA 26-19-107 authorizes the assessment of a five percent (5%) penalty based on the amount of taxes due. This penalty is in addition to any other penalty authorized in ACA 26-18-208. The penalties stated above will apply to those corporations required to pay or those who volunteered to pay the estimated quarterly income tax payments through the EFT method. Failure to transmit the requested information or have adequate funds available for the EFT in the required time frame will also subject the corporation to the penalties referenced above.

19. May a tax due balance reflected on an Arkansas return be transmitted through the EFT payment method?

No. At the present time, only estimated quarterly income tax payments and extension payments are permitted to be made through the EFT payment method. Return payments must be made by check or through ATAP at www.atap.arkansas.gov.

20. Will Arkansas fax corporation income tax forms?

No. Arkansas "C" corporation income tax forms may be obtained by calling our office at (501) 682-4775, downloading from the internet at www.dfa.arkansas.gov/, or a written request to Corporation Income Tax Section, P O Box 919, Little Rock, AR 72203-0919.

21. Who do we contact regarding Arkansas withholding tax?

Arkansas Withholding Tax Section, P O Box 8055, or for payments P O Box 9941, Little Rock, AR 72203, telephone (501) 682-7290

22. Who do we contact regarding Arkansas corporation franchise tax, to file Articles of Incorporation, or to dissolve a corporation?

Arkansas Secretary of State, State Capitol Building, Attention Corporation Division, Little Rock, AR 72201, telephone number (501) 682-3409. The website can be found at www.sos.arkansas.gov/.

23. Who do we contact regarding Arkansas Sales or Use Tax?

Arkansas Sales & Use Tax Section, P O Box 1272, Little Rock, AR 72203-1272, telephone number (501) 682-7104.