



ARKANSAS

STARTING A NEW BUSINESS

An Educational Brochure for Arkansas Taxpayers



Department of Finance and Administration
P. O. Box 1272
Little Rock, AR 72203

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- This information was produced to give new business owners a general overview of the different areas of taxation required by the State of Arkansas. Please note that this brochure was produced as a guide, and it is not the final word on Arkansas law.

SALES & USE TAX

Vendors located and operating in Arkansas must register under the Gross Receipts Tax Law if the vendor sells property or services subject to sales tax. Sales tax is levied on sales of tangible personal property and various types of services performed within Arkansas. A completed application for a sales tax permit and a fifty dollar (\$50) non-refundable fee is required to register new businesses. It will take approximately eight to ten working days to process the application. The permit will be mailed to the address listed on the application.

The application form, "Application for Arkansas Business Permit," is available online at: <http://www.dfa.arkansas.gov/offices/exciseTax/salesanduse/Pages/Forms.aspx>.

The sales tax report, Form ET-1, is due on the 20th day of the month following the tax period. Sales tax reports will be mailed to new businesses. Sales tax reports may also be filed online. For additional information about registering and filing online, please go to the following webpage: <https://atap.arkansas.gov/>. Use this webpage monthly to file the Sales and Use Tax Report. Payment will be drafted from the bank account indicated when the online filing was initiated.

In addition to the six percent state sales tax, any applicable city and county sales taxes should also be collected and remitted. A listing of all city and county sales tax is available on the webpage, http://www.arkansas.gov/dfa/excise_tax_v2/st_zip.html.

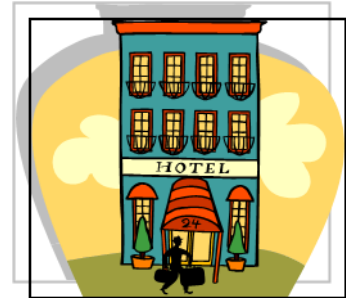
There are other taxes to be collected and remitted. There are short-term and long-term rental tax, vehicle rental tax, aviation tax, and tourism tax. Some examples of the additional filing requirements and additional tax to be collected are listed below:

1. **Alcoholic beverages.** A supplemental mixed drink tax of 10 percent is imposed on the sale of alcoholic beverages (excluding beer) at restaurants. Also, an additional four percent tax is due on the sale of all mixed drinks (except beer and wine) sold for "on-premises" consumption. There is a three percent "off premises" tax on retail sales of liquor and wine. There is an additional one percent tax due on the retail sale of beer for off premise consumption. Additional documents must also be filed with the Alcohol Beverage Control Division. Phone numbers and web page addresses are provided at the end of this publication.
2. **Cigarettes.** If the business sells cigarettes, additional documents must also be filed with the Tobacco Control Board. Phone numbers and web page addresses are provided at the end of this publication.
3. **Additional tax is collected on a rental vehicle.** The following example lists sales and rental tax that is collected for a rental vehicle in Little Rock, Arkansas.

6.00%	State Sales (Gross Receipts) Tax
10.00%	State Rental Vehicle Tax
1.00%	Pulaski County Sales (Gross Receipts) Tax
1.00%	Pulaski County Rental Vehicle Tax
.50%	Little Rock Sales (Gross Receipts) Tax

.50% Little Rock Rental Vehicle Tax
19.00% Total tax on Rental Vehicle

4. **Sales tax also applies to the service of furnishing rooms by hotels, apartment hotels, lodging houses, tourist camps, or courts to transient guests who rent on less than a month-to-month basis.** An additional two percent tourism tax applies to these lodging services as well as to the admission price to tourist attractions, watercraft rental, boat motors and related marine equipment, life jackets and cushions, water skis, and oars or paddles.



A business making sales of tangible personal property from outside Arkansas by means of sales persons, solicitors, distributors, agents, or by taking orders for sales of the same must register under the Compensating Use Tax Law.

If a business purchases items from outside of Arkansas for use, storage, distribution, or consumption within State boundaries and the Arkansas use tax is not collected by the seller, the business must register under the Compensating Use Tax Law and remit the use tax directly to the State.

If there is any change in the type of ownership, e.g., from a sole proprietorship to a LLC, a sole proprietorship to a corporation, or a change from a partnership to a corporation, the business must apply for a new sales tax permit.

For the rules and regulations for Sales and Use Tax collected and remitted in Arkansas, please review the DFA Revenue Rules webpage on the following link: <http://www.dfa.arkansas.gov/offices/policyAndLegal/Pages/revenueRules.aspx>.

For additional information, contact the Sales & Use Tax Section at the address below or access its website for forms and instructions.

Department of Finance and Administration
Sales and Use Tax Section
P. O. Box 1272
Little Rock, AR 72203-1272
Phone: (501) 682-7104 Fax: (501) 682-7904
<http://www.dfa.arkansas.gov/offices/exciseTax/salesanduse/Pages/default.aspx>

INCOME TAX WITHHOLDING

Employers are required to withhold tax from wages of employees who work within the State of Arkansas. An employer or withholding agent is required to register by completing a registration packet from the Arkansas Withholding Tax Section upon hiring the first employee. The packet contains:

- ❖ Withholding Registration (Form AR4ER)
- ❖ Withholding Chart and Instructions
- ❖ Arkansas Employee's Withholding Exemption Certificate (Form AR4EC)

The above information is also available on the Withholding Tax webpage, <http://www.dfa.arkansas.gov/offices/incomeTax/withholding/Pages/withholdingForms.aspx>.

Employers are required to remit monthly the full amount withheld from the wages of all employees. Payments are due on the 15th of the following month. Payments can be made by mail using the 941M form. Payment also can be made by phone and on the internet at <http://portal.arkansas.gov/business/Pages/businessTaxCenter.aspx>. The Federal Employer Identification Number (EIN) is used to report and remit withholding taxes. Additional information on applying for a Federal EIN is located on the next page.

Each year, some smaller businesses which remit taxes of \$1,000 per year or less are reclassified as annual filers for the succeeding year. Notices are mailed to taxpayers when this occurs.

The Annual Reconciliation (Form AR3MAR) and W-2 forms are filed by the 28th of February of the following year, along with the 1099 forms. W-2s can be uploaded electronically. To register for the electronic uploading process, please go to the webpage: <https://www.ark.org/w2ffv/app/login.html>.

For additional information, contact the Income Tax Withholding Section at the address below or access its website for forms and instructions:

Department of Finance and Administration
Withholding Tax Unit
P. O. Box 9941
Little Rock, AR 72203-9941
Phone: (501) 682-7290 Fax: (501) 683-1036
<http://www.dfa.arkansas.gov/offices/incomeTax/withholding/Pages/default.aspx>

FEDERAL Employer Identification Number:

A Federal Employer Identification Number (EIN), also known as a Federal Tax Identification Number, is a nine-digit number that the Internal Revenue Service (IRS) assigns to business entities. Taxpayers that give tax statements to employees are required to have an EIN. Taxpayers can apply for an EIN with the IRS using the Federal Form SS-4 by:

1. Telephone: Call the Toll-Free EIN number, 1-800-829-4933, Monday-Friday, 7:00 am – 10:00 pm to receive an EIN immediately.
2. Fax: Fax the completed Form SS-4 to (859) 669-5760 to receive an EIN within four business days. The fax number is available 24 hours a day, seven days a week.
3. Mail: Complete Form SS-4, date and mail it to: Internal Revenue Service, Attn: EIN Operation, Cincinnati, OH 45999. The EIN will be mailed within four to six weeks.
4. Internet-EIN: Form SS-4 Internet-EIN (I-EIN) application opens another avenue for customers to apply for and obtain an EIN. Click on this link to go to the page within the IRS website to apply for the EIN:
<https://sa1.www4.irs.gov/modiein/individual/index.jsp>

MISCELLANEOUS TAX

The Miscellaneous Tax Section handles various areas of taxation for the Department of Finance and Administration:

Timber Processing	Beef, Wheat, Rice, and Soybean Promotions
Severance Tax on Natural Resources	Swine Pseudo Rabies Eradication
Cigarettes	Merchandise Vending
Tobacco Products	Beauty Pageant Registration Fees
Cigarette Paper	Bromine and Museum Fund
Imported Wine	Waste Tire Fee
Domestic Wine	Corn and Grain Sorghum
Liquor and Beer	Catfish Fee Assessment
Amusements	Construction Permit Surcharges
Real Property Transfers	Brucellosis Assessment
Soft Drinks	Bingo and Raffle

The DFA website has many forms available online. Please click on this link: <http://www.dfa.arkansas.gov/offices/exciseTax/MiscTax/Pages/FormsandInstructions.aspx>.

For additional information, contact the Miscellaneous Tax Section at the address below or access its website for additional forms:

Department of Finance and Administration
Miscellaneous Tax Section
P. O. Box 896
Little Rock, AR 72203-0896
Phone: (501) 682-7187 Fax: (501) 682-1103
<http://www.dfa.arkansas.gov/offices/exciseTax/MiscTax/Pages/default.aspx>

INDIVIDUAL ESTIMATED TAX

Every taxpayer subject to the Income Tax Act of 1987, as amended, shall make and file with the Department of Finance and Administration a declaration of the estimated tax for the income year if the taxpayer can reasonably expect their estimated tax to be more than \$1,000. Estimated taxes are paid in quarterly installments. Payment due dates for estimated taxes are April 15, June 15, September 15, and January 15.

An exception is granted to individuals whose income from farming for the income year can reasonably be expected to amount to at least 2/3 of the total gross income from all sources for the income year. These individuals may file and pay estimated tax on the 15th day of the 2nd month after the close of the income year. In lieu of filing any declaration, the income tax return and payment in full of the tax due may be made on the 15th day of the 3rd month after the close of the income year.

Other exceptions for not imposing underestimated penalty are the following: (a) no penalty shall be levied if it is determined that by reasons of casualty, disaster, or other unusual circumstances that the penalty would be against equity and good conscience, (b) taxpayer retired after reaching 62 years of age, (c) taxpayer became disabled in the year which the estimated tax payment was required to be made on in the tax year preceding such tax year, (d) the prior tax year had no tax liability due, or (e) the underpayment was due to reasonable cause and not to willful neglect.

To avoid penalties for underestimating a tax liability, taxpayers must pay at least 90 percent of the current year's tax liability or 100 percent of the previous tax year's liability.

When filing for an extension of time, an additional estimated payment may be paid with the extension. This payment does not affect the underestimated penalty, but it does stop interest from accruing. The state extension form (AR1055) is not automatic and is valid for up to 180 days. The form, AR1055, will be returned indicating whether it was approved or denied. The Federal Extension Form 4868 is honored by the Department of Finance and Administration as a valid state extension. The extended due date is the 15th day of October for calendar year filers. The box on the front page of the Arkansas tax return should be checked to indicate a federal extension Form 4868 has been filed.

A change was made to Arkansas law to increase the Section 179 expense election to \$133,000 for years beginning in 2009. Therefore, Arkansas income tax returns must be filed using depreciation and expensing of property provisions found in Sections 167, 168 (a) through (j), 179A and Section 179 of Internal Revenue Code of 1986, as in effect on January 1, 2009. Bonus depreciation is not allowed for Arkansas income tax purposes.

Arkansas did not adopt the depreciation provisions contained in the American Recovery and Reinvestment Act of 2009.

The following table shows the tax rates effective for the tax year 2008 only, and is based on an individual's net taxable income.

Arkansas Individual Income Tax Rates

For A Net Taxable Income of	=	State Tax Will Be
\$ 0 TO \$ 3,799	=	1.0%
\$3,800 TO \$ 7,599	=	2.5% minus \$56.99
\$7,600 TO \$11,399	=	3.5% minus \$132.98
\$11,400 TO \$18,999	=	4.5% minus \$246.97
\$19,000 TO \$31,699	=	6.0% minus \$531.95
\$31,700 or more	=	7.0% minus \$848.94

For additional information, contact the Estimated Tax Section at the address below or access its website for forms and instructions:

Department of Finance and Administration
Estimated Tax Unit
P. O. Box 3628
Little Rock, AR 72203-3628
Phone: (501) 682-7272 Fax: (501) 682-7692
<http://www.dfa.arkansas.gov/offices/incomeTax/individual/Pages/forms.aspx>

PARTNERSHIPS AND LLC's

Every partnership doing business in Arkansas or having income from Arkansas source, regardless of the amount, must file an Arkansas Partnership Income Tax Return. An Arkansas Partnership Return of Income (Form AR1050) is required, but federal schedules (including K-1s) are acceptable to support income and expenses. Limited liability companies (LLCs) with two or more members are treated as partnerships for income tax purposes. Single member LLCs are considered disregarded entities and should not file a partnership return. The individual member should report the single member LLC's income and deductions on a Federal Schedule C included with their individual income tax return.

All resident and non-resident partners, including corporations, must report and pay taxes on any income derived from an Arkansas partnership. Composite filing for nonresident partners is accepted after an agreement letter has been signed requesting composite filing.

Act 965 of 2003 adopted the federal "check the box" regulations and requires partnerships and LLCs to file in the same manner in which the entity files and pays federal income tax. A taxpayer must calculate its Arkansas income tax liability using the same accounting method for Arkansas income tax purposes as used for federal income tax purposes (Ark. Code Ann. § 26-51-401).

Partnership tax returns (Form 1050) are due on the 15th of the fourth month after the end of the year. For calendar-year filers, the returns are due on April 15 of the following year. A taxpayer must calculate its Arkansas income tax liability using the same income year for Arkansas income tax purposes as used for federal income tax purposes (Ark. Code Ann. § 26-51-402).

The federal extension forms, "Application for Automatic Extension of Time to File U.S. Return for a Partnership, REMIC, or for Certain Trusts" (Form 8736) and "Application for Additional Extension of Time to file U.S. Return for a Partnership, REMIC, or for Certain Trusts" (Form 8800), will be honored as valid state extensions. If a federal extension form was not filed, the Partnership or LLC should file an Arkansas Extension Form AR1055. The AR1055 will be returned indicating whether the extension was approved or denied.

A change was made to Arkansas law to increase the Section 179 expense election to \$133,000 for years beginning in 2009. Therefore, Arkansas income tax returns must be filed using depreciation and expensing of property provisions found in Sections 167, 168 (a) through (j), 179A and Section 179 of the Internal Revenue Code of 1986, as in effect on January 1, 2009. Bonus depreciation is not allowed for Arkansas income tax purposes.

Arkansas did not adopt the depreciation provisions contained in the American Recovery and Reinvestment Act of 2009.

Act 1982 of the 2005 Regular Session amended Arkansas law by providing for the withholding of income tax by pass-through entities on non-resident taxpayers. This act

became effective for tax years beginning on or after January 1, 2006. Rule 2006-3, Income Tax Rule Withholding of Nonresident Members of pass-through entities was promulgated by the Department of Finance and Administration. This rule was necessary to properly administer the withholding provisions of Act 1982 which are codified at Ark. Code Ann §26-51-616(e). This rule can be found online on the DFA webpage:
<http://www.dfa.arkansas.gov/offices/policyAndLegal/Pages/revenueRules.aspx>.

A pass-through entity that makes a distribution to a non-resident member is required to deduct and withhold Arkansas income tax from distributions of taxable income being made with respect to Arkansas source income. The entity will remit withholding tax for the member on form AR941PT, and the member is not required to file an Arkansas individual income tax return. If the entity withholds on the distributions, the entity must register with the Withholding Section, using form AR4ER, even if the entity is already registered for income tax withholding to remit payroll tax withholding.

If a member “opts out” by signing the form AR4PT, part C, the entity will not withhold Arkansas income tax from distributions of taxable income, and the member can do one of the following:

- Elect to be included in the entity’s composite return; or
- File an Arkansas nonresident individual tax return.

The entity will have additional filing requirements to report to the Department of Finance and Administration listing the members that filed the AR4PT with the entity.

For additional information, contact the Partnership Tax Section at the address below or access its website:

Department of Finance and Administration
Partnership Tax Unit
P. O. Box 3628
Little Rock, AR 72203-3628
Phone: (501) 682-1100 Fax: (501) 682-7692
<http://www.dfa.arkansas.gov/offices/incomeTax/lc/Pages/default.aspx>

SUBCHAPTER S CORPORATIONS (Small Businesses)

A corporation may elect Subchapter S treatment for Arkansas income tax purposes only if it has elected Subchapter S treatment for federal income tax purposes for the same tax year. The following conditions must be met to be recognized as an Arkansas Subchapter S Corporation:

1. The business must be registered with the Arkansas Secretary of State.
2. The business must elect Subchapter S treatment for federal income tax purposes by filing an Election by Small Business (Form 2553) with the IRS.
3. The business must file an Election by Small Business (Form AR1103) with the State of Arkansas during the first 75 days of the taxable year and attach a copy of the federal Notice of Acceptance as an S Corporation.

NOTE: Submitting an election to the IRS does not automatically allow filing as a small business corporation for Arkansas purposes. If the Arkansas Election by Small Business (Form AR1103) is filed prior to receipt of the federal Notice of Acceptance as an S Corporation, a copy of the federal Notice of Acceptance form must be sent to Arkansas upon receipt from the Internal Revenue Service.

The income tax return for a Subchapter S Corporation (Form AR1100S) is due on or before the 15th day of the third month following the close of a corporation's tax year. The return is filed with the Department of Finance and Administration's Corporation Income Tax Section.

The federal extension form, "Application for Automatic Extension of Time to File Corporation Income Tax Return" (Form 7004), will be honored as a valid state extension. An Arkansas extension request, Form AR1155, may be filed for one of the two scenarios listed below:

1. The corporation has filed a federal extension, Form 7004, and desires to request an additional sixty (60) day Arkansas extension to file the Arkansas corporation income tax return from the federal extended return due date, or
2. The corporation did not file a federal extension, Form 7004, and desires to request a one hundred eighty (180) day Arkansas extension to file the Arkansas corporation income tax return from the original due date of the Arkansas return.

A copy of the AR1155 will be returned indicating whether the extension was approved or denied.

A taxpayer must calculate its Arkansas income tax liability using the same income year for Arkansas income tax purposes as used for federal income tax purposes (Ark. Code Ann. § 26-51-402). A taxpayer must calculate its Arkansas income tax liability using the same accounting method for Arkansas income tax purposes as used for federal income tax purposes (Ark. Code Ann. § 26-51-401).

Arkansas did not adopt the depreciation provisions contained in the Job Creation Workers Act of 2002 and the Jobs and Growth Tax Relief Reconciliation Act of 2003. A change was made to Arkansas law to increase the Section 179 expense election to \$112,000 for tax years beginning in 2007, and \$115,000 for tax years beginning in 2008. Therefore, Arkansas income tax returns must be filed using depreciation and expensing of property provisions found in Sections 167, 168, 179A of the Internal Revenue Code of 1986, as in effect on January 1, 1999, and Section 179 of the Internal Revenue Code of 1986, as in effect on January 1, 2007. ACT 372 of the 2009 Regular Session adopted Sections 167, 168 (a)-(j), 179, and 179A of the Internal Revenue Code of 1986, as in effect on January 1, 2009, for property purchased in tax years beginning on or after January 1, 2009. The Section 179 expense election will be increased to \$133,000 for tax years beginning on or after January 1, 2009. Bonus depreciation is not allowed for Arkansas income tax purposes.

Act 1982 of the 2005 Regular Session amended Arkansas law by providing for the withholding of income tax by pass-through entities on non-resident taxpayers. This act became effective for tax years beginning on or after January 1, 2006. Rule 2006-3, Income Tax Rule Withholding of Nonresident Members of pass-through entities was promulgated by the Department of Finance and Administration. This rule was necessary to properly administer the withholding provisions of Act 1982 which are codified at Ark. Code Ann §26-51-616(e). This rule can be found online on the DFA webpage:
<http://www.dfa.arkansas.gov/offices/policyAndLegal/Pages/revenueRules.aspx>.

A pass-through entity that makes a distribution to a non-resident member is required to deduct and withhold Arkansas income tax from distributions of taxable income being made with respect to Arkansas source income. The entity will remit withholding tax for the member on form AR941PT, and the member is not required to file an Arkansas individual income tax return. If the entity withholds on the distributions, the entity must register with the Withholding Section, using form AR4ER, even if the entity is already registered for income tax withholding to remit payroll tax withholding.

If a member “opts out” by signing the form AR4PT, part C, the entity will not withhold Arkansas income tax from distributions of taxable income, and the member can do one of the following:

- Elect to be included in the entity’s composite return; or
- File an Arkansas nonresident individual tax return.

The entity will have additional filing requirements to report to the Department of Finance and Administration listing the members that filed the AR4PT with the entity.

For additional information, contact the Subchapter S Corporation Section at the address below or access its website:

Department of Finance and Administration
Subchapter S Corporation Group
P. O. Box 919
Little Rock, AR 72203-0919
Phone: (501) 682-4775 Fax: (501) 682-7114
<http://www.dfa.arkansas.gov/offices/incomeTax/subS/Pages/default.aspx>

CORPORATION INCOME TAX

Every corporation organized or registered under the laws of this state, or having income from Arkansas sources as defined in Ark. Code Ann. § 26-51-101 et seq. (with an exception granted to corporations under Ark. Code Ann. § 26-51-303, exempt organizations that have notified DFA of its exempt status, and Ark. Code Ann. § 26-57-602, insurance companies which pay Arkansas Premium Tax) must file an income tax return.

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.

The Corporation Income Tax return (Form AR1100CT) is due on or before the 15th day of the third month following the close of a corporation's tax year. The return is filed with the Department of Finance and Administration's Corporation Income Tax Section. The mailing address is at the end of this tax section.

The federal extension, form, "Application for Automatic Extension of Time to File Corporation Income Tax Return" (Form 7004), will be honored as a valid state extension. An Arkansas extension request, Form AR1155, may be filed for one of the two scenarios listed below:

1. The corporation has filed a federal extension, Form 7004, and desires to request an additional sixty (60) day Arkansas extension to file the Arkansas corporation income tax return from the federal extended return due date, or
2. The corporation did not file a federal extension, Form 7004, and desires to request a one hundred eighty (180) day Arkansas extension to file the Arkansas corporation income tax return from the original due date of the Arkansas return.

A copy of the AR1155 will be returned indicating whether the extension was approved or denied.

A corporation must calculate its Arkansas income tax liability using the same income year for Arkansas income tax purposes as used for Federal income tax purposes (Ark. Code Ann. § 26-51-402). A corporation must calculate its Arkansas income tax liability using the same accounting method for Arkansas income tax purposes as used for federal income tax purposes (Ark. Code Ann. § 26-51-401).

Arkansas did not adopt the depreciation provisions contained in the Job Creation Workers Act of 2002 and the Jobs and Growth Tax Relief Reconciliation Act of 2003. A change was made to Arkansas law to increase the Section 179 expense election to \$112,000 for tax years beginning in 2007, and \$115,000 for tax years beginning in 2008. Therefore, Arkansas income tax returns must be filed using depreciation and expensing of property provisions found in Sections 167, 168, 179A of the Internal Revenue Code of

1986, as in effect on January 1, 1999, and Section 179 of the Internal Revenue Code of 1986, as in effect on January 1, 2007. ACT 372 of the 2009 Regular Session adopted Sections 167, 168 (a)-(j), 179, and 179A of the Internal Revenue Code of 1986, as in effect on January 1, 2009, for property purchased in tax years beginning on or after January 1, 2009. The Section 179 expense election will be increased to \$133,000 for tax years beginning on or after January 1, 2009. Bonus depreciation is not allowed for Arkansas income tax purposes.

Any corporation 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 his net income as provided in Ark. Code Ann. § 26-51-701 through § 26-51-723. A financial institution with business activity which is taxable both within and without this state shall allocate and apportion its net income in accordance with Ark. Code Ann. § 26-51-1401 through § 26-51-1405.

Every domestic and foreign corporation doing business with Arkansas shall pay a graduated income tax on its entire Arkansas net taxable income based on the following tax rate:

Taxable Income	Tax % Rate
On the first \$3,000 or any part thereof	1.0%
On the second \$3,000 or any part thereof	2.0%
On the next \$5,000 or any part thereof	3.0%
On the next \$14,000 or any part thereof	5.0%
On the next \$75,000 or any part thereof	6.0%
On income over \$100,000	6.5%

Corporation Estimated Tax Payments:

Every corporation who can reasonably expect to owe an Arkansas income tax in excess of \$1,000 must make a declaration and timely pay the estimated tax in equal quarterly installments. Those corporations 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 15th day of the 2nd month after the close of the tax year or in lieu of filing any declaration, may file an income tax return and pay the tax on or before the 15th day of the 3rd month after the close of the tax year.

To avoid an underestimate penalty, a corporation required to make quarterly payments must remit an estimated amount equal to or greater than ninety percent (90%) of the actual tax liability for the current tax year, or one hundred percent (100%) of the corporation’s prior year’s tax liability. The quarterly payments are due as follows:

Payment #	Due date
1	15 th day of the 4 th month of tax year
2	15 th day of the 6 th month of tax year
3	15 th day of the 9 th month of tax year
4	15 th day of the 12 th month of tax year

A corporation which has an estimated quarterly state income tax liability equal to or greater than twenty thousand dollars (\$20,000) must pay its estimated quarterly state income tax liability by Electronic Funds Transfer (EFT). The EFT remittance must be made no later than the day before each quarterly due date.

A corporation may also remit its Corporation Extension Income Tax Payment, Voucher 5, through the EFT program.

For additional information, contact the Corporation Income Tax Section at the address below or access its website for forms and instructions:

Department of Finance and Administration
Corporation Income Tax Section
P. O. Box 919
Little Rock, AR 72203-0919
Phone: (501) 682-4775 Fax: (501) 682-7114
<http://www.dfa.arkansas.gov/offices/incomeTax/corporation/Pages/default.aspx>

MOTOR FUEL TAX

Any company requesting a Gasoline Distributor or Diesel Supplier license in Arkansas must contact the Motor Fuel Tax Section to obtain the proper application and bond forms. No sale of gasoline or diesel fuel is permitted in Arkansas without the appropriate license. For additional information, please refer to the contact information listed below.

MOTOR CARRIER FUEL TAX

Arkansas is a member of the *International Fuel Tax Association (IFTA)*. The International Fuel Tax Agreement (IFTA) is a fuel tax reciprocity agreement among the 48 continental states of the United States and the 10 Provinces of Canada which provides a payment of motor fuel taxes on the basis of consumption of motor fuels used in the propulsion of motor vehicles.

The advantage of IFTA to both the jurisdictions and the motor carriers is a motor carrier is only required to obtain a single fuel tax license and vehicle credentials from their base jurisdiction which allows them to travel into all IFTA jurisdictions without further fuel registration. A quarterly tax return is filed with the base jurisdiction and this tax return contains detailed information about vehicle operations within each IFTA jurisdiction.

An online reporting system is available to IFTA carriers in order to accommodate their various account needs. The online reporting system allows the carriers to do the following:

- Update their account information
- Renew their IFTA annual decals
- Order additional or replacement IFTA decals
- Reprint their IFTA license
- Calculate and file their quarterly IFTA tax returns online
- Pay their IFTA taxes online by credit card or E-Check

Carriers can access the online system at the following website: <http://www.ar-tax.org/>.

For additional information, contact the Motor Fuel Tax Section at the address below or access its website for forms and instructions:

Department of Finance and Administration
Motor Fuel Tax Section
P. O. Box 1752
Little Rock, AR 72203-1752
Phone: (501) 682-4800 Fax: (501) 682-5599
<http://www.dfa.arkansas.gov/offices/exciseTax/MotorFuelTax/Pages/Forms.aspx>

ELECTRONIC FUNDS TRANSFER

Ark. Code Ann. § 26-19-106 requires a corporation with an estimated quarterly income tax liability equal to or greater than \$20,000 to pay its estimated quarterly income tax due by the Electronic Funds Transfer (EFT) method. Also, a business with an estimated monthly excise tax or income tax withholding liability of \$20,000 or more must pay by EFT (Ark. Code Ann. § 26-19-105). In September or October of each year, the EFT requirements for the following year are set. The determination will be based on the business' average tax liability for its prior tax year.

For additional information on Electronic Funds Transfer, contact the following:

**Corporation Income Tax
Electronic Funds Transfer
P. O. Box 919
Little Rock, AR 72203
Phone (501) 682-4785**

**Miscellaneous Tax
Electronic Funds Transfer
P. O. Box 896
Little Rock, AR 72203
Phone (501) 682-7187**

**Sales Tax
Electronic Funds Transfer
P. O. Box 3566
Little Rock, AR 72203-3566
Phone (501) 682-7105**

**Motor Fuel Tax
Electronic Funds Transfer
P. O. Box 1752
Little Rock, AR 72203-1752
Phone (501) 682-4813**

**Withholding Tax
Electronic Funds Transfer
P. O. Box 8055
Little Rock, AR 72203-8055
Phone (501) 682-7299**

OTHER IMPORTANT STATE CONTACTS

<u>Name of Agency</u>	<u>Description</u>
<p>Alcoholic Beverage Control Division 1515 W. Seventh, Suite 503 Little Rock, AR 72201 Phone: (501) 682-1105 http://www.arkansas.gov/dfa/abc_administration/abccadm_index.html</p>	<p>Mixed drink and beer permits are issued by Alcoholic Beverage Control.</p>
<p>Secretary of State State Capitol Building and Victory Building 1401 W Capitol Avenue, Suite 250 Little Rock, AR 72201-1094 Phone (501) 682-3409 http://www.sos.arkansas.gov</p>	<p>Corporations conducting business in Arkansas must file their corporate charter with the SOS. An annual franchise tax report is also filed with the Secretary of State. Online filing is available.</p>
<p>Arkansas Workers Compensation Commission 324 Spring Street Little Rock, AR 72201 Phone: (501) 682-3930 http://www.awcc.state.ar.us/</p>	<p>Provides facts about Worker's Compensation in Arkansas. Administers actions required or authorized by Arkansas workers' compensation law.</p>
<p>Arkansas Department of Workforce Services (formerly Arkansas Employment Security Department) Two Capitol Mall Little Rock, AR 72201 Phone: (501) 682-3798 http://www.arkansas.gov/esd/</p>	<p>Businesses with employees report wages and remit unemployment insurance to this department quarterly.</p> <p>Federal and State law requires that new employees must be reported to the New Hire Reporting Center. Online filing is available.</p>
<p>Arkansas Tobacco Control 101 East Capitol, Suite 401 Little Rock, AR 72201 Phone: (501) 682-9756 http://www.arkansas.gov/atcb/</p>	<p>Arkansas Tobacco Control issues specific retail, wholesale and manufacturer's permits plus cigarette vending machine permits and stamps.</p>
<p>Arkansas Department of Labor 10421 West Markham Little Rock, AR 72205 Phone: (501) 682-4500 http://www.arkansas.gov/labor/</p>	<p>Provides list of required state and federal employee notices as well as safety services, wage and hour services, and other services.</p>
<p>State of Arkansas Contractors Licensing Board 4100 Richards Road North Little Rock, AR 72117 Phone: (501) 372-4661 http://www.arkansas.gov/clb/</p>	<p>Regulates the issuance of a license for contractors and regulates the Arkansas State Contractors Bond law.</p>

OTHER IMPORTANT CONTACTS

<u>Name</u>	
Internal Revenue Service Phone: (800) 829-1040 www.irs.gov	
Department of Labor U.S. Occupational Safety and Health Administration (OSHA), Little Rock Area Office 10810 Executive Center Drive Danville Bldg, 2, Suite 220 Little Rock, Arkansas (501) 223-9114 (866) 487-9243 http://www.dol.gov/	
Arkansas Small Business and Technology Development Center University of Arkansas at Little Rock 2801 S. University / Little Rock, AR 72204 Phone: (501) 683-7700 http://asbdc.ualr.edu/	

For additional information on personal property and real estate taxes, contact the tax assessor and collector for the county in which the property and real estate are located.

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http://www.dfa.arkansas.gov/offices/policyAndLegal/Documents/starting_a_new_business.pdf. The contents of this publication may be reproduced without prior DFA approval.

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