

Subject 209

Nontaxable Income

Income that is not taxable by the State of Arkansas includes:

- 1) Child support payments;
- 2) Welfare benefits;
- 3) Life insurance proceeds that are received in a lump sum because of the death of an individual;
- 4) Tax exempt interest;
- 5) Accident and health insurance proceeds;
- 6) Gifts and inheritances;
- 7) Cash rebate on the purchase of cars and other items;
- 8) Social Security and Railroad Retirements benefits;
- 9) Scholarships, grants and fellowships (if certain qualifications are met); and
- 10) U.S. Military Pension. This income will no longer be taxable beginning with tax year 2018.