

## 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 (Railroad Retirement Benefits exempt from income tax include tier I, tier II, vested dual benefits (VDB), and supplemental annuity payments reported on Form(s) RRB-1099-R and/or RRB-1099. Private pensions reported on form 1099-R from railroad companies are not considered exempt Railroad Retirement Benefits);
- 9) Scholarships, grants and fellowships (if certain qualifications are met); and
- 10) U.S. Military Active Duty/Reserve Pay and Pension Income.