

Subject 302

Border City Exemption (Texarkana – Arkansas and Texas)

If you were a resident of Texarkana, Arkansas, the income you earned is exempt from Arkansas income tax.

If you were a resident of Texarkana, Texas, the income you earned **working in the city of Texarkana, Arkansas** is exempt from Arkansas Income Tax. Any other income you earned from Arkansas sources is taxable to Arkansas.

To claim this exemption, you must meet the following conditions:

- 1) You must file using your street address within the city limits in either Texarkana, Arkansas or Texarkana, Texas. If you use a Post Office Box or Rural Route this exemption will be disallowed.
- 2) If you are claiming an exemption for income from a W-2 form, you must attach the W-2 and the Form **AR-TX** supplied by your employer. The **AR-TX** is not required for non-wage income such as interest, dividends, Schedule C, Schedule F, Schedule E, or retirement. Additional information may be required for verification if an adjustment for these types of income is allowed.
- 3) You must file an Arkansas return and report your total income from all sources. You may claim the exemption for eligible income as an adjustment on Form **AR1000ADJ**.