

## 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 of 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**.

**NOTE: The AR4EC is the form you supply your employer, so they know to issue you an AR-TX form. This is not the form you send with your return.**