

Subject 505

Other State Tax Credit

Arkansas allows a credit for taxes paid to another state if the amount of income you are required to report to Arkansas as Arkansas income is also being taxed by the other state.

This credit is available to full-year residents and part-year residents. Nonresidents of Arkansas are not allowed this credit.

You must attach a complete signed copy of the other state's tax return to verify the tax liability due the other state. The amount withheld on your W-2 form for the other state **is not** the amount of credit you can take.

This credit cannot exceed the Arkansas income tax on the same income and cannot exceed the total tax you owe Arkansas.

The State of Mississippi enacted a special tax that applies exclusively to gambling winnings. This tax is separate and distinct from Mississippi's income tax. As such, an Arkansas taxpayer cannot claim a credit against their Arkansas income tax liability for payment of the gambling winnings tax to the State of Mississippi.

Complete the form **AR1000TC** and attach it to your return, along with a copy of the Other State signed tax return.