What's New for 2025

The column order has been switched to more align with various income tax forms. **The first column (a) now represents the total amounts reported to Arkansas resident members, while the second column (b) represents the apportioned/allocated amounts sourced to Arkansas.** For more information, see Part III.

Schedule AR K-1FE uses two columns to distinguish between resident and nonresident reporting requirements.

- **Column (a) – Resident Total:** For Arkansas residents. Enter the full distributive share of each item, including amounts from other states.
- **Column (b) – Arkansas Source:** For non-residents and part-year residents. Enter only the portion allocated or apportioned to Arkansas.

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GENERAL INSTRUCTIONS FOR AR K-1FE

Use this form to report the beneficiary's share of income, deductions, credits, etc. from an estate or trust. Attach this form to your AR1002F or AR1002NR. Generally, you must report items shown on your Arkansas Schedule K-1FE the same way that the estate or trust treated the items on its return.

PART I

Complete Arkansas Schedule AR K-1FE for each estate or trust.

ITEM A
Enter the identification number of the estate or trust.

ITEM B
Enter the name and address of the estate or trust.

PART II

Complete Arkansas Schedule AR K-1FE for each beneficiary.

ITEM C
Enter the identification number of the beneficiary.

ITEM D
Enter the name and address of the beneficiary.

ITEM E
Check the box "Yes" indicating the beneficiary is an Arkansas resident. Otherwise, check "No" and provide state of legal residence. **Do not leave blank.**

ITEM F
If applicable, enter the beneficiary's percentage of allocated income for the tax year.

PART III

A beneficiary who is a resident of Arkansas must report income from sources within and outside Arkansas. Nonresidents only report their Arkansas allocated share of income. The AR K-1FE has two columns for most boxes in Part III. The first column is income allocated and apportioned to Arkansas. This column should be completed by both resident and nonresident beneficiaries. The second column should be completed by resident beneficiaries only. The column should include the residents share of income (loss) from all sources, including income (loss) earned from other states.

For example, a nonresident trust has $100,000.00 of business income, $30,000.00 of which is allocated and apportioned to Arkansas. The trust has a nonresident and resident beneficiary each receiving 50% of income (loss). On AR K-1FE, the trust would report $15,000.00 in column 1, box 3a, for both the nonresident and resident beneficiary. The trust would report $50,000.00 income from all sources, in column 2, box 3b, for the resident beneficiary.

The instructions for each line pertain to the first column with the understanding that Arkansas residents will complete both columns and report income from all sources on an Arkansas basis in the second column.

Box 1b. Interest income
Enter the beneficiary's share of interest income allocated and apportioned to Arkansas.

Box 2b. Ordinary dividends
Enter the beneficiary's share of ordinary dividends allocated and apportioned to Arkansas.

Box 3b. Business income
Enter the beneficiary's share of business income (loss) allocated and apportioned to Arkansas. Business income is your share of the income (loss) from the trade or business activites of the estate or trust.

Box 4b. Rents, royalties, partnerships, S Corps, estates and trusts, etc.
Enter the beneficiary's share of rent, royalties, partnerships, S Corps, estates and trusts allocated and apportioned to Arkansas. If the estate or trust had more than one rental real estate activity, or income from multiple pass-through entities, attach a statement identifying the income or loss from each activity.

Box 5b. Farm income
Enter the beneficiary's share of farm income (loss) allocated and apportioned to Arkansas.

Box 6b. Net short-term capital gain (loss)
Enter the beneficiary's share of net short-term capital gain (loss) allocated and apportioned to Arkansas. Enter the share of net-short term capital gain on Form AR1002F/AR1002NR Schedule A, line 11. Do not enter a loss in box 6a.

Box 7b. Net long-term capital gain (loss)
Enter the beneficiary's share of net long-term capital gain (loss) allocated and apportioned to Arkansas. Long-term capital gain distributed to beneficiaries are 100% exempt , only to be claimed once on the FIT return. Enter the share of net long-term capital gain on Form AR1002F/AR1002NR, Schedule A, line 3. Do not enter a loss in box 7a.

Box 8b. Unrecaptured Section 1250 gain
Enter the beneficiary's share of unrecaptured section 1250 gain allocated and apportioned to Arkansas. There are three types of unrecaptured section 1250 gain. Report your share of this unrecaptured gain on the Unrecaptured Section 1250 Gain Worksheet, line 18b in the instructions for federal Schedule D.

Box 9b. Net Section 1231 gain (loss)
Enter the beneficiary's share of net section 1231 gain (loss) allocated and apportioned to Arkansas.

Box 10b. Other income (loss)
Enter the beneficiary's share of other income (loss) allocated and apportioned to Arkansas. If the beneficiary had other income (loss) not included in boxes 1 through 9, enter the total and attach a statement to specify other income (loss).

Box 11b. Depreciation
Enter the beneficiary's share of depreciation allocated and apportioned to Arkansas not reported elsewhere. Attach a statement.

Box 12b. Other deductions
Enter the beneficiary's share of other deductions allocated and apportioned to Arkansas. Attach a statement specifying each deduction.

Box 13b. Other information
Enter the beneficiary's share of other information allocated and apportioned to Arkansas.

Box 14b. Credits
Enter the beneficiary's share of credits allocated and apportioned to Arkansas.

Box 15b. Tax-exempt income and nondeductible expenses
Enter the beneficiary's share of tax-exempt income and nondeductible expenses allocated and apportioned to Arkansas.

Box 16b. Distributions
Enter the beneficiary's share of distributions allocated and apportioned to Arkansas.

Box 17b. Arkansas withholding and other payments
If tax was withheld or other payments made on behalf of the beneficiary, enter the amount here.

NOTE: Arkansas has adopted IRC Section 179 in its entirety as in effect on January 1, 2022

If a trust has an ownership interest in a business entity subject to a pass-through entity tax or PET tax in Arkansas or other states, the income should not be included on the AR K1 FE form unless there are guaranteed payments from a partnership.