

DFA Arkansas Department of Finance and Administration



Mike Beebe, Governor	Arkansas Department of Finance & Administration (DFA) Revenue Division	Richard A. Weiss, Director Tim Leathers, Deputy Director/Commissioner of Revenue
<i>Arkansas State Revenue Tax Quarterly Newsletter, Volume XX, No. 1</i>	ARKANSAS DFA HOMEPAGE	January, February, and March 2014

Included in this issue	Page
Common Terms Used While Preparing an Arkansas Income Tax Return	1-2
Effective January 1, 2014	2-3
Reduction in Federal Tax Return Photocopy Fee, DFA Revenue Personnel Changes, & Helpful Webpage Links	3
ARSTAR Auto Renewal, Arkansas Taxpayer Access Point (ATAP), Helpful DFA Revenue Room Numbers, DFA Revenue Blood Drive, & Reporting Suspicious Tax Activities	4
Direct Deposit Now Available on Paper Returns, Upcoming Local Sales and Use Tax Updates, & Office of Child Support Enforcement (OCSE) MyWorkers Website	5
Calendar of Due Dates, Credit Card Payment Information, Arkansas Excise and Income Tax Due Date Calendar for 2014, & Suggestions Corner	6
Contact Info, Rule Sign-Up, Upcoming State Observed Holidays, & Newsletter Sign-Up	7

taxpayer can have only one domicile. A taxpayer's domicile does not change until he or she moves to a new location which he or she intends to make his or her permanent home. If a taxpayer moves to a new location but only intends to stay there for a limited time (no matter how long), the domicile does not change. This also applies if the taxpayer is working in a foreign country.

Full Year Resident

A taxpayer is a full year resident if he or she lived in Arkansas all of tax year 2013, or if the taxpayer maintained a domicile or home of record in Arkansas during the tax year.

Gross Income

Gross income is any and all income (before deductions) other than the kinds of income specifically described as exempt from income tax on pages 11 and 12 on the Arkansas 2013 Individual Income Tax Forms & Instructions Booklet which is located at the following link for more information: [AR1000F & AR1000NR Instructions](#).

The following kinds of income are exempt from tax:

1. Money you received from a life insurance policy because of the death of the person who was insured

Note: *You must include as taxable income any interest payments made to you from the insurer (the insurance company that issued the policy).*

2. Money you received from life insurance, an endowment, or a private annuity contract for which you paid the premiums is allowed cost recovery pursuant to Internal Revenue Code (IRC) §72.
3. Amounts you received as child support payments.

OFFICE OF INCOME TAX ADMINISTRATION

Common Terms Used while preparing an Arkansas Income Tax Return

During this time of year, certain language is used when completing income tax returns. In the following sentences, commonly used terms while preparing an Arkansas income tax return will be explained:

Domicile

This is the place you intend to have as your permanent home and the place you intend to return to whenever you are away. A

Arkansas State Revenue Tax Quarterly

4. Gifts, inheritances, bequests, or devises.
5. Scholarships, grants, and fellowships are taxed pursuant to IRC §117. Stipends are taxed in their entirety.
6. Interest you received from direct United States (U.S.) obligations, its possessions, the state of Arkansas, or any political subdivision of the state of Arkansas. **Obligations include bonds and other evidence of debt issued pursuant to a government unit's borrowing power. (Interest received on tax refunds is not exempt income, because it did not result from a debt issued by the U.S., the State of Arkansas, or any political subdivision of the State of Arkansas). Interest from government securities paid to individuals through a mutual fund is exempt from tax.**
7. Social Security benefits, VA benefits, Workers' Compensation, Unemployed Compensation, Railroad Retirement benefits, and related supplemental benefits.
8. The rental value of a home or the housing allowance paid to a duly ordained or licensed minister of a recognized church is exempt to the extent that it was used to rent or provide a home. The rental value of a home furnished to a minister includes utilities furnished to the minister as part of compensation. The housing allowance paid to a minister includes an allowance for utilities paid to the minister as part of compensation to the extent it was used to furnish utilities in the home.
9. Disability income. MAY BE EXEMPT from tax pursuant to Internal Revenue Code §104.
10. The first \$9,000 of U.S. military compensation.
11. If you received income from an employer sponsored retirement plan, including disability retirement, that is not exempt under IRC §104, the first \$6,000 is exempt from tax. **For tax years 2003 and later, if you contributed after-tax dollars to your plan, you are allowed to recover your cost (investment) in your retirement plan in accordance with IRC §72. Then the first \$6,000 of the balance is exempt from tax. (If you received income from military retirement, you may adjust your figures if the payment included survivor's benefit payments. The amount of adjustment must be listed on the income statement, and supporting documentation must be submitted with the return.**

12. If you received a traditional IRA distribution after reaching the age of fifty-nine and one-half (59 1/2), the first \$6,000 is exempt from tax. **Your traditional IRA distribution may be adjusted for nondeductible IRA contributions, if any, by completing [Federal Form 8606](#) and attaching it to your Arkansas return. Premature distributions made on account of the participant's death or disability also qualify for the exemption.** All other premature distributions or early withdrawals including, but not limited to, those taken for medical expenses, higher education expenses or a first-time home purchase do not qualify for the exemption.

A surviving spouse qualifies for the exemption; however he/she is limited to a single \$6,000 exemption.

NOTE: The total exemptions from all plans described above under number 11 and 12 cannot exceed \$6,000 per taxpayer, not including recovery of cost.

NOTE: Exception: The \$6,000 exemption on retirement income and the \$9,000 exemption on military income as described above under number 10, 11, and 12 are included in gross income.

OFFICE OF EXCISE TAX ADMINISTRATION

Effective January 1, 2014

During the 2013 Regular Legislative Session, a number of acts affecting Arkansas revenue were enacted.

The following information lists new sales tax acts:

Act 623: Requires retailers selling prepaid wireless telecommunication services to collect a sixty-five cent (\$.65) E-911 fee from the consumer. Retailers will collect the fee at the time of the sale and remit the fee to DFA.

Act 1441: Exempts utilities used for qualifying agricultural structures and qualifying aquaculture and horticulture equipment. Aquaculture means the active cultivation of domesticated fish. Horticulture means the initial production of fruits, vegetables, tree nuts, trees, shrubs, vines, and florist stock unless the cultivation of these items are at a retail or wholesale facility from which the items are sold. A qualifying agricultural structure means a poultry or livestock facility used for commercial production; a cattle or dairy facility; and a greenhouse used for commercial production. Utilities eligible for

Arkansas State Revenue Tax Quarterly

the exemption are electricity; liquefied petroleum gas; and natural gas. The utilities eligible for the exemption must be separately metered from a utility used for any other purpose. Eligible purchasers will need to obtain a certificate from the Sales Tax Section to provide to the utilities in order to claim the exemption.

The following link includes Form ET-1441 A, Agricultural, Aquaculture, and Horticulture Utility Exemption Application and Instructions: [Form ET-1441 A, Agricultural, Aquaculture, and Horticulture Utility Exemption Application and Instructions.](#)

Internal Revenue Service (IRS)

Reduction in Federal Tax Return Photocopy Fee

Due to improved technology and program efficiency, the IRS has reduced the tax return photocopy fee from \$57.00 per copy to \$50.00, effective Oct. 1, 2013.

The photocopy requests are normally processed within 75 days. Please note that tax return transcripts often suffice in place of return copies, and transcripts are available for free.

To view the request for copy of tax return form, go to the following link: [Form 4506](#). Please refer to the [IRS](#) webpage for more information on reduction in federal tax return photocopy fees.

DFA Revenue Personnel Changes

As of November 1, 2013, Mr. Walter Anger, former Office of Field Audit Administrator, replaced Mr. David Foster in the position of Assistant Commissioner of Operations and Administration. Mr. Foster retired as October 31, 2013. Ms. Deanna Munds-Smith has been announced as the current Office of Field Audit Administrator.

HELPFUL WEBPAGE LINKS

[ARKANSAS INCOME TAX REFUND INQUIRY](#)

[INDIVIDUAL INCOME TAX ACCOUNT CHANGE FORM](#)

[INDIVIDUAL INCOME TAX E-FILE](#)

[E-FILE ONLINE PROVIDERS](#)

[INDIVIDUAL INCOME TAX FILING INFORMATION AND FORMS WEBPAGE](#)

[REQUEST FOR COPY OF ARKANSAS TAX RETURNS](#)

[ELECTRONIC FILING PAYMENT OPTIONS INFORMATION](#)

[INDIVIDUAL INCOME TAX PENALTY WAIVER REQUEST](#)

[OFFERS IN COMPROMISE \(OIC\) FORMS](#)

[POWER OF ATTORNEY \(POA\) FORM](#)

[CORPORATION INCOME TAX FORMS](#)

[IRS--WHERE'S MY REFUND LINK](#)

[LOCAL TAX LOOKUP TOOLS](#)

[BUSINESS CLOSURE NOTIFICATION LIST](#)

[GENERAL REVENUE REPORT FOR NOVEMBER \(FY 2014\)](#)

[CREDIT CARD PAYMENT INFORMATION](#)

[LIST OF ARKANSAS DFA REVENUE OFFICES & PHONE NUMBERS](#)

[PULASKI COUNTY ASSESSOR'S OFFICE](#)

[ARKANSAS SECRETARY OF STATE'S OFFICE HOMEPAGE](#)

[ARKANSAS CHILD SUPPORT HOMEPAGE](#)

[ARKANSAS DEPARTMENT OF WORKFORCE SERVICES HOMEPAGE](#)

[FEDERAL EMPLOYER IDENTIFICATION NUMBER APPLICATION](#)

[MOTOR FUEL TAX](#)

[SMALL BUSINESS CORPORATE \(SUB-S\) REPORTING FORMS](#)

[SALE OR CLOSURE OF BUSINESS FORM](#)

[TAX CREDITS AND SPECIAL REFUNDS](#)

[NOTICE OF TRANSFER OF OWNERSHIP OF A MOTOR VEHICLE](#)

[CERTIFICATE OF TITLE WITH BENEFICIARY](#)

[COMPOSITE FILING AND WITHHOLDING FOR PASS THROUGH ENTITIES FORMS AND GENERAL INFORMATION](#)

[STATE TAX RATES](#)

Arkansas State Revenue Tax Quarterly

OFFICE OF MOTOR VEHICLE ADMINISTRATION



To renew your vehicle registration, change your address on your vehicle registration, or receive vehicle registration renewals by email, please go to the following link: [ARSTAR](#).

For more information on registration renewal, please contact the Office of Motor Vehicle Administration at 501-682-4692 or email at MVInformation@dfa.arkansas.gov.

HELPFUL DFA REVENUE ROOM NUMBERS

Room 1310	Central Audit District
Room 1360	Collections
Room 1380	Withholding Section
Room 1450	Audit Coordination
Room 2240	Miscellaneous Tax
Room 2250	Corporation Income Tax
Room 2350	Motor Fuel Tax
Room 2360	Hearings and Appeals
Room 2380	Revenue Legal Counsel
Room 2370	Tax Credits/Special Refunds
Room 2460	Problem Resolution & Tax Information Office

DFA REVENUE



**American
Red Cross**

DFA/Revenue Division is sponsoring an American Red Cross Blood Drive on Wednesday, February 19, 2014, from 9:00 a.m. to 1:00 p.m., in

Room 2020 in the Ragland Building.

For more information concerning the American Red Cross Blood Drive on February 19th and how to set up an appointment to donate, please go to the following link: [February 2014 American Red Cross Blood Drive](#).

ATAP

Arkansas Taxpayer Access Point

ATAP is a **FREE** web-based service that gives taxpayers or their designated representative online access to their tax accounts and offers the following services:

- ❖ Make a payment.
- ❖ Register a business.
- ❖ File a return on-line (except individual income tax).
- ❖ File a return using XML return upload.
- ❖ Change a name on an account.
- ❖ Change an address on an account.
- ❖ Amend a return.
- ❖ Store banking information for use during payment submission.

- ❖ View tax period financial information (tax penalty, interest, credits, balance, & etc.).

- ❖ View payments received.
- ❖ View recent account activity.
- ❖ View correspondence from the department.

The information for this article was cited from the following webpage: [ATAP Information](#).

To sign up on ATAP, please go to: [ATAP Homepage](#).

OFFICE OF FIELD AUDIT ADMINISTRATION

Reporting Suspicious Tax Activities

To report suspicious tax activities, please go to the following webpage: [Reporting Suspicious Tax Activities](#).

For more information on reporting suspicious activity, please contact the Office of Field Audit by phone at 501-682-4616 or email at fieldAudit@dfa.arkansas.gov.

Arkansas State Revenue Tax Quarterly

OFFICE OF INCOME TAX ADMINISTRATION

Direct Deposit Now Available on Paper Returns

For the first time, taxpayers who file income tax returns on paper will be allowed to receive their refunds by direct deposit for tax year 2013. The direct deposit box on Line 48 must be checked and a completed ARDD, AR Direct Deposit Form, must be attached to the income tax return in order to receive the refund by direct deposit.

Attach the ARDD Form to the AR1000F/AR1000NR as the third page of your tax return. If you are filing Form AR1000S, attach it as the second page of your return.

If the refund is unable to be direct deposited because the taxpayer enters an account or routing number incorrectly, institutional refusal, closed accounts, bank mergers, and etc., a paper check will be generated and mailed to the address on the income tax return.

While the State of Arkansas ordinarily processes a request for direct deposit, it reserves the right to issue a paper check and does not guarantee a specific date for deposit of the refund into the taxpayer's account. The State of Arkansas is not responsible for the misapplication of a direct deposit that results from error, negligence or malfeasance on the part of the taxpayer, the provider or preparer, financial institution or any of the agents.

To view a copy of Form ARDD, please go to the following link where information for this article was cited from: [Form ARDD](#).

OFFICE OF CHILD SUPPORT ENFORCEMENT (OCSE)

OCSE MyWorkers Website



Important: Upcoming Local Sales & Use Tax Changes in Arkansas Counties & Towns

Updates to Local Sales and Use Taxes
Please call 501-682-7104 for Periodic
Updates or click on the following link:
[Local Sales and Use Tax Updates](#)

Name	Code	Effective Date	%	Recent Action
Barling	65-04	1/01/14	0.00	Rescinded
Blytheville	47-05	1/01/14	1.00	Decreased
Crossett	02-01	1/01/14	2.25	Increased
Huntsville	44-01	1/01/14	2.00	Increased
Mountain Home	03-01	1/01/14	1.00	Annexation
Paris	42-06	1/01/14	1.50	Increased
Portland	02-06	1/01/14	1.00	Enacted
Vilonia	23-04	1/01/14	2.50	Increased
Lawrence County	38-00	01/01/14	2.00	Increased
Nevada County	50-00	1/01/14	2.00	Increased

Calendar of Due Dates

Through April 15th

January

1/13/14—Sales Tax (1st monthly prepayment).
1/13/14—Employee monthly withholding tax, for prior month (EFT filers only).
1/15/14—4th Qtr individual estimated income tax (Based on calendar year filer).
1/15/14—Employee monthly withholding tax, for prior month. Miscellaneous Tax (Except Severance Taxes).
1/21/14—Dyed Diesel—Motor Fuel Tax. Sales & Use Tax.
1/24/14—Sales Tax (2nd monthly prepayment).
1/27/14—Motor Fuel Tax (Except IFTA). Severance Tax.
1/31/14—Employee withholding tax report for prior year (Annual filers only) IFTA.

February

02/12/14—Sales Tax (1st monthly prepayment).
02/14/14—Employee monthly withholding tax, for prior month (EFT filers only).
02/18/14—Employee monthly withholding tax, for prior month. Miscellaneous Tax (Except Severance Taxes).
02/20/14—Dyed Diesel—Motor Fuel Tax. Sales & Use Tax.
02/24/14—Sales Tax (2nd monthly prepayment).
02/25/14—Motor Fuel Tax (Except IFTA). Severance Tax.
02/28/14—Employer's annual reconciliation of income tax withhold (Including W-2's & 1099's).

March

03/12/14—Sales Tax (1st monthly prepayment).
03/14/14—Employee monthly withholding tax, for prior month (EFT filers only).
03/15/14—Ark income tax returns ("C" or "S" corporation, check the box partnership, LLC) (Based on calendar year filers; return due date 2 ½ months after end of tax year) Miscellaneous Tax (Except Severance Taxes).
03/17/14—Employee monthly withholding tax, for prior month.
03/20/14—Dyed Diesel—Motor Fuel Tax. Sales & Use Tax.
03/24/14—Sales Tax (2nd monthly prepayment).
03/25/14—Motor Fuel Tax (Except IFTA).
03/25/14—Severance Tax.

04/14/14—Sales Tax (1st monthly prepayment).
04/14/14—Employee monthly withholding tax, for prior month (EFT filers only).

04/15/14—1st Qtr estimated income tax (Based on calendar year filer) (EFT filers only).

04/15/14—Miscellaneous Tax (Except Severance Taxes).
04/15/14—Employee monthly withholding tax, for prior month.
04/15/14—Ark income tax returns (partnership, LLC, individual). (Based on calendar year filers; return due date 3 ½ months after end of tax year). Extension Payment Voucher 5 (individual income tax). 1st Qtr estimated income tax (Based on calendar year filer).

OFFICE OF INCOME TAX ADMINISTRATION

Credit Card Payment Information

Credit card payments may be made over the telephone for individual income tax debts by calling 1-800-2PAY-TAX (1-800-272-9829) or over the Internet by visiting www.officialpayments.com and clicking the "Payment Center Link".

If you need more information on making credit card payments, a link is provided in the **Webpage Link Section** of the *Arkansas State Revenue Tax Quarterly Newsletter* in every issue.

Arkansas Excise and Income Tax Due Date Calendar for 2014

The 2014 Arkansas Excise & Income Tax Due Date Calendar is available at the following link: [2014 Arkansas Excise & Income Tax Due Date Calendar](#).

Suggestions Corner

If you have any suggestions about items to be included on any future newsletters, please email your suggestions to Monica.Carmichael@dfa.arkansas.gov.

Contact Info

Corporate Income Tax	501-682-4775
Taxpayer Assistance for Individual Income Tax	501-682-1110 800-882-9275
Sales and Use Tax (Tax Inquiries)	501-682-7104
Motor Fuel Tax	501-682-4880
Problem Resolution and Tax Information Office	501-682-7751
Collections	501-682-5000 501-682-4720
IRS (Taxpayer Advocate)	501-396-5978
IRS Taxpayer Assistance	800-829-1040
IRS Federal Tax Forms	800-829-3676
Revenue Legal Counsel	501-682-7030
Motor Vehicle Administration	501-682-4692
Field Audit Administration	501-682-4616
Driver Services Administration	501-682-7060
Revenue Administration	501-682-7025
Withholding Tax	501-682-7290
Miscellaneous Tax Section	501-682-7187

Upcoming State Observed Holidays

DFA Revenue offices will be closed for the following state observed holidays:

- ✚ Monday, January 20th, in observance of Dr. Martin Luther King Jr. and Robert E. Lee's Birthdays Day.
- ✚ Monday, February 17, in observance of George Washington's Birthday and Daisy Gatson Bates' Day.

DFA Rule Email Distribution List Sign-Up information

The Problem Resolution and Tax Information Office notifies all interested parties via email when the Revenue Section of DFA promulgates any rules.



To be added to the email distribution list, please email Monica Carmichael at: Monica.Carmichael@dfa.arkansas.gov.

Please state in the email that you would like to be added to the email distribution list to be notified about any changes to DFA's Revenue rules.

The rules (regulations) can be accessed at the following link: [Revenue Rules](#).



The Arkansas State Revenue Tax Quarterly is a publication of the Problem Resolution and Tax Information Office. The newsletter is produced and distributed electronically to tax professionals, businesses, and organizations operating in Arkansas.

To be added or deleted from the e-mail list, contact Monica Carmichael by email at: Monica.Carmichael@dfa.arkansas.gov, or by mail at Problem Resolution and Tax Information Office, Ledbetter Building, Room 2460, P. O. Box 1272, Little Rock, Arkansas 72203-1272.

To view previous Arkansas State Revenue Tax Quarterlies, click on the following link: [Previous Arkansas State Tax Quarterlies](#)