

State of Arkansas

Department of Finance and Administration



Withholding Tax

Employer's Instructions

Effective 03/01/2020

Department of Finance and Administration
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Little Rock, AR 72203-9941
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www.dfa.arkansas.gov

INTRODUCTION

This publication explains your tax responsibilities as an employer. It explains the requirements for withholding, depositing, reporting, paying and correcting Withholding taxes. The publication explains the tax forms you must complete, the forms you must give your employees, the forms your employees must give you and those you must return to the State of Arkansas.

CALENDAR

By January 31

Furnish Forms 1099 and W-2. Furnish each employee a completed Form W-2, Wage and Tax Statement; furnish each other payee a completed Form 1099.

File Form AR941A. File AR941, Employers Annual Report for Income Tax Withheld and pay any tax due for the previous calendar year.

By February 28

File Form AR3MAR. File AR3MAR, Employers Annual Reconciliation of Income Tax Withheld and pay any tax due for the previous calendar year.

File Form AR3PAR. File AR3PAR, Pension and Annuity Reconciliation of Income Tax Withheld for the previous calendar year.

File paper forms W-2 and ARW3. File Copy 1- For State, City or Local Tax Department of all paper Forms W-2 with Form ARW3, Transmittal of Wage and Tax Statements to the Arkansas Withholding Tax Section.

File paper forms 1099 and 1096. File Copy 1- For State Tax Department of all paper Forms 1099 with a photocopy of Federal Form 1096, Annual Summary and Transmittal of U.S. Information returns.

File electronic forms W-2 and 1099. File electronic Forms W-2 and 1099 either by magnetic media, W-2 submission website or ATAP.

File paper forms AR-3Q-TEX and AR-TX. File AR-3Q-TEX (Annual Reconciliation of Texarkana Exempt Wages) and State copy of the AR-TX (Wage exemption).

By March 15

Furnish Forms AR1099PT. Furnish each nonresident member of a pass through entity a completed AR1099PT by the 15th day of the third month following the end of the pass through entity's tax year.

By April 15

File Form AR941PT. File AR941PT, Pass Through Entity Report for Income Tax Withheld along with electronic media showing to whom the distribution was paid.

Reminders

Electronic Filing and Payment

ATAP. You may access the Arkansas Taxpayer Access Point (ATAP), www.atap.arkansas.gov, for online registration, filing, payment, and for options to manage your Withholding Tax account(s).

Due Dates

If a due date falls on a Saturday, Sunday or a legal holiday, the return shall be considered timely filed if it is postmarked on the next succeeding business day which is not a Saturday, Sunday or legal holiday.

Hiring New Employees

Eligibility for Employment. You must verify that each new employee is legally eligible to work in the United States. This will include completing the U. S. Citizenship and Immigration Services form I-9, Employment Eligibility Verification. Contact the USCIS at 1-800-375-5283, or visit the USCIS website at www.uscis.gov for further information.

New Hire Reporting. You are required to report any new employee to a designated state new hire registry. Visit the Arkansas

Department of Workforce Services' website at www.dws.arkansas.gov.

AR4EC Request. Ask each new employee to complete form AR4EC, Employee Withholding Exemption Certificate.

EMPLOYER RESPONSIBILITIES

Employer's Liability. Employers are responsible for ensuring tax returns are filed and payments are made, even if the employer retains a third party to perform these functions.

Employer Identification Number (EIN). If you are required to report employment taxes or give tax statements to employees, you need an Employer Identification Number (EIN). The EIN is a nine-digit number assigned to you by the Internal Revenue Service. If you do not have an EIN, you may apply for one online. Go to www.irs.gov and click on the Apply for an Employer Identification Number (EIN) online link. You may also apply for an EIN by calling 1-800-829-4933. You should only have one EIN. If you have more than one, contact the IRS at 1-800-829-4933. If you took over another employer's business, do not use that employer's EIN. When the employer does not have an EIN, a temporary identification number will be assigned.

Registration. All employers or other withholding agents are required to register with the Withholding Tax Section by filing form AR-1R (Combined Business Tax Registration) and mailing to:

Combined Registration
P O Box 8123
Little Rock, AR 72203

There are three (3) types of Withholding Tax accounts.

- Withholding Wage
- Withholding Pension
- Withholding Pass Through

Each account will be given a different account ID. Use the correct account ID for each account. Maintain a copy of the registration for your file. Once the registration has processed

and an Account ID has been assigned, preprinted payment vouchers will be mailed to the employer or withholding agent. New payment vouchers will be sent each year.

Withholding and Remittance. There are two filing statuses of withholding wage filers. They are monthly and annual. Monthly filers must file form AR941M (Employer's Monthly Payment voucher) and send remittance for Arkansas tax withheld for the month. The form is due on or before the 15th day following the reporting period. **All new registrations are classified as "monthly filers" and will report accordingly until notified by the Commissioner of Revenue of any change in classification.** A zero payment voucher is required for any month that no taxes are withheld.

Reclassification of Filing Status. The Withholding Tax Section will reclassify accounts to an annual filing status (once an account has established a filing history) if the tax deposits are less than \$1,000.00 in a reported period. Annual filers must file form AR941A (Employer's Annual Withholding Report) and send remittance on or before January 31 following the close of the reporting year. A zero payment voucher is required for any annual filer where no taxes were withheld.

Mail forms AR941M and AR941A to:

Withholding Tax Branch
P.O. Box 9941
Little Rock, AR 72203-9941

Annual Requirements. At the end of the year, employers should furnish each employee a form W-2 and also remind employees to submit a new AR4EC if they need to change their withholding exemptions or dependents. Payments that are sent in during the year on form AR941M should be reconciled with W-2 forms. File the Employer's Annual Reconciliation of Income Tax Withheld (Form AR3MAR) and the state copy of form W-2 along with the ARW3 (Transmittal of Tax and Wage Statements) on or before February 28 or within 30 days after termination of the business. For additional annual requirements and due dates please note the 'Calendar' section on page two.

Change of Address. To notify the Withholding Tax Section of a mailing address change, or business location, file form AR-40 (Combined Registration Change form).

Termination of liability. To close your Withholding Tax account file form AR-20 (Sale or Closure of Business). If you obtain a new EIN, please close the old account and complete a new AR-1R.

EMPLOYERS REQUIREMENT

“Employer” is defined as a person doing business in or deriving income from sources within the State of Arkansas, who has control of the payment of wages to an individual for services performed. An employer is also a person who is the officer agent of the person having control of the payment of wages. The word “person” means individuals, fiduciaries, corporations, partnerships, limited liability companies, associations, the state and its political subdivisions, and the federal government and its agencies and instrumentalities.

An employer is required to withhold tax from wages of employees who work within the State of Arkansas. An employer is not required to withhold Arkansas tax from the wages of any employee who does not work within the state of Arkansas. However, the employee’s wages are still taxable.

EMPLOYEES

“Employee” as defined means any individual who performs or performed services for an employer defined herein and as a result is paid wages.

Employees are further defined as all individuals who perform services subject to the will and control of an employer, both as to what will be done and how it will be done. It does not matter if the employer permits the employee considerable discretion and freedom of action, as long as the employer has the legal right to control both the method and result of the service. While not always applicable, one of

the usual characteristics of an employee is that the employer furnishes tools and a place to work. In general, persons who are in business for themselves (self-employed) are not employees.

Employers must verify that each new employee is legally eligible to work in the United States. You must ask each employee to show you his or her social security card. Record the employee’s name and Social Security Number (SSN) from Social Security Cards. If the employee’s name is not correct as shown on the card, have the employee request a new card from the Social Security Administration. Have all employees complete Form AR4EC (Employee’s Withholding Exemption Certificate) and maintain in your files.

TAXABLE WAGES

The word “wages” as defined means payment in cash or other form for services performed by an employee for an employer. The word “wages” includes all types of employee compensation such as salaries, fees, bonuses, and commissions, whether paid in cash or other compensation. When wages are paid in property other than money, such as stocks, bonds, merchandise, room, board, house rent, or other considerations for services passed to the employee, the employer shall withhold on the fair market value of such property.

Vacation allowances, sick leave pay, back pay, and retroactive wage increases shall be taxed as ordinary wages.

Tips or gratuities received by an employee from a customer amounting to \$20.00 or more in a month must be reported to the employer on a monthly basis. Such tips are considered wages and subject to State income tax withholding.

The tax on nonresident employees will be deducted and withheld on all wages paid to nonresident employees for services performed in Arkansas. Accordingly, if a nonresident employee performs services partly within and partly without the State, only wages for services performed within the State are subject to withholding. The amount of wages attributable to services within the State is the portion of the

total wages which the total number of working days employed within the State bears to the total number of working days employed both within and without the State, exclusive of non-working days, such as Saturdays, Sundays, holidays, days of absence because of illness or personal injury, vacation or leave with or without pay. However, the Arkansas portion of the earnings of salespeople or other employees whose compensation depends directly on the volume of sales is that portion of the compensation received which the volume of sales negotiated by the employee within the State bears to the volume of sales negotiated by the employee both within and without the State. The portion of wages allocable to Arkansas may be determined by the employer on the basis of the preceding year's experience. However, if the employee reasonably expects that the preceding year's experience will not be applicable to the current year, the employee may furnish his employer a statement estimating the portion of wages allocable to Arkansas or the employer himself may make such estimate and may then withhold on the basis thereof. Where withholding is based on an estimate of the Arkansas wages, the employer must, prior to the close of the year, actually compute the Arkansas wages, and if the amount withheld is insufficient, the employer must then withhold additional tax prior to the close of the year so that the proper amount will be withheld for the year.

Supplemental Wages. If bonuses, commissions, or overtime wages are paid at the same time as regular wages, the income tax withheld shall be determined by the following method. Deduct 6.9% of the bonus or commission for state income tax. Advise your employees that the 6.9% deduction could in some cases be over-withholding. The over-withholding cannot be recovered until the employee files the Arkansas income tax return.

Vacation Pay. Vacation pay received for the time of absence is subject to withholding as though it were regular pay. Vacation pay received in addition to regular pay will be subject to withholding as if it were a supplemental wage payment.

EXCLUSIONS FROM WITHHOLDING

Internal Revenue Codes. The State of Arkansas has adopted the following Internal Revenue Code sections and benefits derived are therefore excluded from gross income. Amounts excluded under these code sections should not be included in an employee's wages and are not subject to withholding.

IRC Sections:

1. 112.....Combat Pay
2. 125.....Cafeteria Plans
3. 219.....Retirement Savings
4. 401K.....Cash or Deferred Arrangements
5. 403(b)....Qualified Annuity Plans
6. 408(k)....Simplified Employee Pension
7. 408(p)....Saving Incentive Match Plans
8. 457.....Deferred Compensation Plan of State and Local Governments

Agricultural Labor. Agricultural labor is exempt from withholding, except for an agricultural employer who pays wages to four (4) or more employees during any reporting period. Agricultural employers are required to withhold Arkansas income taxes for that reporting period. Employers who pay wages for agricultural labor to three (3) or fewer employees during any reporting period will have the option to withhold Arkansas income taxes for each reporting period.

Interstate Commerce. Interstate rail and motor carrier employers are only required to withhold Arkansas income tax from their employees who are Arkansas residents. Withholding is also required from employees who are not Arkansas residents but who perform all their regularly assigned duties in Arkansas. Interstate air carrier employers are required to withhold Arkansas income tax from workers who have 50 percent or more of their total scheduled flight time in Arkansas.

Texarkana Residents. Ark. Code Ann. § 26-52-604 provides for a border city exemption for residents of Texarkana, Arkansas and Texarkana, Texas. An Arkansas resident whose permanent residence is within the city limits of Texarkana, AR is exempt from Arkansas Individual Income Tax. All income received is exempt while the taxpayer is a

resident of Texarkana, AR. Taxpayers living on rural routes or in surrounding towns of Texarkana do not qualify for the exemption. Texas residents who reside within the city limits of Texarkana, TX are exempt from Arkansas Individual Income Tax on wages earned in Texarkana, AR. This is the only income that is exempt. Income received from any other sources in Arkansas is fully taxable. The employer must furnish qualifying employees with Form AR-TX (Wage exemption). This form must be attached to the taxpayer's Arkansas Individual Income Tax return in order to receive the exemption. Employees who qualify for the Texarkana Border City Exemption should file AR-TX-4EC (Texarkana Employee's Withholding Exemption Certificate) with their employer. Employers are required to file AR-3Q-TEX (Annual Reconciliation of Texarkana Employee's Exempt Wages) by February 28th along with the State copy of the AR-TX form. To request form AR-TX please email the Account ID, EIN, name and address of the business to Withholding@dfa.arkansas.gov.

Military Personnel. Armed services of the United States are not liable for or required to pay any income tax on their service pay or allowances. Military Pay Exemption (Act 1408 of 2013) created a 100% exemption from income tax for service pay or allowances received by an active duty member of the armed forces for tax years beginning on or after January 1, 2014. Active duty includes all members of the armed forces, including the National Guard and Reserve Units.

Form ARW-4MS Military Spouse. The Military Spouses Residency Relief Act allows Service members spouse's income to be taxed in the state of domicile on personal service income and wages earned by taxpayers who reside with their military spouses. The couple must have relocated to Arkansas under military orders and share the same domicile or true home outside Arkansas where they intend to return and locate permanently. This allows for refunds of any taxes withheld on the exempt income. The military spouse should use ARW-4MS (Annual Withholding Tax Exemption Certificate for Military Spouse) to claim exemption from Arkansas Income Tax. The nonmilitary spouse must submit a new payroll

withholding form ARW-4MS to his/her employer each year to exempt future income from Arkansas Withholding Tax.

Clergy. Services performed by an ordained, commissioned, or licensed minister of a church are exempt for income tax withholding purposes.

Domestic Service. Domestic services performed in a private home, local college club, or local chapter of a college fraternity or sorority are exempt for income tax withholding purposes.

NON PAYROLL INCOME WITHHOLDING

Pensions and Annuities. Ark. Code Ann. § 26-51-918 requires withholding tax on pensions and annuities as specified in Section 3405 of the Internal Revenue Code.

Following are the rates of Withholding:

- Non Periodic payments – 3%
- Eligible Rollover Distribution – 5%

Withholding Pension filers are monthly filers and must file form AR941P (Employer's Monthly Payment voucher) and send remittance for Arkansas tax withheld for pensions or annuities for the month. The form is due on or before the 15th day following the reporting period.

Annual Requirements. At the end of the year payers should furnish each payee a form 1099-R. Remind payees to submit a new AR4P if they need to change their withholding. Payments that are sent in during the year on form AR941P should be reconciled with 1099-R. File Pension and Annuity Annual Reconciliation of Income Tax Withheld (Form AR3PAR), the state copy of form 1099-R and a photocopy of the federal form 1096 on or before February 28. For additional annual requirements and due dates please note the 'Calendar' section on page two.

Pass Through Entity. Ark. Code Ann. § 26-51-919 requires withholding tax for pass through entities on nonresident members. A nonresident member is an individual or business entity that

does not have its residential domicile or commercial domicile in Arkansas during any part of the tax year, or is a trust not organized in the State. Pass through entities shall withhold 6.9% on the share of income of the entity that is derived from or attributable to sources within the state and distributed to each nonresident member. Any pass through entity that makes a distribution to a nonresident member is required to deduct and withhold Arkansas income tax from distributions of taxable income being made with respect to Arkansas source income.

Pass through entity means:

- A corporation that is treated as an S-Corporation under the Internal Revenue Code;
- A general partnership;
- A limited partnership;
- A limited liability partnership;
- A trust;
- A limited liability company;
- A pass through entity does not include any entity that is taxed as a corporation or is a disregarded entity for federal income tax purposes.

Nonresident Member means:

- A shareholder of an S-Corporation;
- A partner in a general partnership;
- A partner in a limited partnership;
- A partner in a limited liability partnership;
- A member of a limited liability company;
- A beneficiary of a trust.

Withholding and Remittance. Pass through entities are required to register with the Withholding Tax Section by completing Form AR-1R (Combined Business Tax Registration) and mailing to Combined Registration, P O Box 8123, Little Rock, AR 72203. An account ID will be established for the pass through entity separate from any other Withholding account. Pass through entities shall file annually with the return (AR941PT) and payment is due on or before February 28th following the close of the pass through entity's tax year. An automatic extension is granted to April 15 following the close of the pass through entity's tax year to a pass through entity that lacks adequate

information to file Form AR941PT by the February 28 due date. Any requests for an extension beyond April 15 must be made in writing prior to April 15.

Pass through entities are required to file by magnetic media (CD) that should be labeled "AR941PT", include the name, EIN and the number of records contained on the CD and include the following information:

- to whom the distribution was paid
- the nonresident member's address
- social security number or employer identification number
- amount of taxable income distributed
- amount of income tax withheld and paid

PAYROLL PERIOD

The "payroll period" as defined means a period for which the employer makes payment of wages to the employee.

If an employee has a regular payroll period, the tax should be withheld on the basis of that period even if your employee does not work the full period.

If an employee has no specific payroll period, the tax to be withheld must be determined as if the employee were paid on a daily payroll period. This method requires a determination of the number of working days in the period covered by the wage payment. If the wages are unrelated to a specific length of time, such as commissions, the number of days in the payroll period must be counted from the date of payment to the latest of these three events:

- (1.) The last payment of wages made during the calendar year.
- (2.) The date employment began, if during the same calendar year, or
- (3.) January 1 of the same year.

COMPUTING WITHHOLDING TAX

There are two methods for computing Arkansas withholding tax. Withholding Tax can be

computed using the tax tables or tax can be computed using the withholding tax formula, both of which are provided in this publication. The tables include tax amounts for daily, weekly, biweekly, semi-monthly and monthly.

Employee Withholding Certificate. The Employee Withholding Exemption Certificate (Form AR4EC) is used to determine how much income tax to withhold from employee's wages. The Employee Special Withholding Exemption Certificate (Form AR4ECSP) is used to exempt withholding from employee's wages. You should have a Form AR4EC or AR4ECSP showing the number of exemptions claimed by each employee. Ask all new employees to give you a signed Form AR4EC or AR4ECSP when they start work. Once filed with the employer, Form AR4EC or AR4ECSP remain in effect until the employee gives you a new one. Begin withholding no later than the start of the first payroll period after the receiving the new exemption certificate.

Where an employee holds two jobs at the same time and claims all of the employees withholding exemptions and dependents on one employee's exemption certificate, the employee should claim no exemptions or dependents on any other exemption certificate.

Filing Status. Each year the Withholding Tax Section will determine whether an employer will be a monthly filer, annual filer or an Electronic Funds Transfer (EFT) filer. All new registrations are classified as "monthly filers" and will report accordingly until notified by the Commissioner of Revenue of any change in classification.

MONTHLY FILERS

For monthly filers, Arkansas income tax withheld on payments made during a calendar month must be received on or before the 15th day of the following month. If classified as a monthly filer, every employer who is required to withhold Arkansas income tax from an employee's wages must file Form AR941M, Monthly Withholding Payment Voucher and remit tax withheld.

Preprinted payment vouchers are mailed by the Withholding Tax Section to employers once a

year or after the registration process is complete. Employers may also visit www.atap.arkansas.gov for online filing of returns or payments. The AR3MAR will be mailed separately from the payment vouchers towards the end of the tax year.

Failure to receive preprinted vouchers does not relieve the employer from the obligation of filing a timely monthly payment.

A zero payment voucher is required for any month that no taxes are withheld.

ANNUAL FILERS

For annual filers, Arkansas income tax withheld on payments made during a calendar year must be received by January 31 of the following year. An employer is an annual filer for a calendar year if the total Arkansas income tax withheld is under \$1,000.00 and has been previously notified by the Commissioner of Revenue of the change in classification. Annual filers must file a return and payment voucher for any year that no taxes are withheld.

ELECTRONIC FUNDS TRANSFER

The State of Arkansas requires employers who average \$20,000.00 or more in Arkansas Withholding Tax each month to file electronically.

There are three (3) types of payment:

- ATAP (Arkansas Taxpayer Access Point) To register for ATAP visit www.atap.arkansas.gov .
- Automated Clearing House (ACH) Credit. Choosing the ACH Credit option requires the employer and/or the employer's bank to have the capability of initiating ACH Credits in the CCD+TXP format. The employer must initiate the Credit by contacting the their bank, through modem, telephone, or in person, and indicate the following:
 - The amount of the tax to be paid by EFT,
 - The employer's Federal EIN,
 - The tax type code, and

- The monthly withholding tax period ending date.
- Automated Clearing House (ACH) Debit. Choosing the ACH Debit option requires the employer to contact DFA - EFT Unit at 501-682-7105 for details.

PENALTY AND INTEREST

Failure to Pay Penalty. When an employer fails to pay the amount shown as tax on any return required to be filed by any State law on or before the due date, determined with regard to any extension of time for filing, unless it is shown that the failure is due to reasonable cause and not willful neglect, there will be added to the amount of tax, five percent (5%) per month. An additional five percent (5%) will be added for each month. The penalty will not exceed thirty-five percent (35%) of the tax.

Interest. Interest will be assessed at a rate of ten percent (10%) per annum from the due date of the return for unpaid Withholding Tax.

REPORTING CORRECTIONS

Current Period Adjustments. Amounts reported incorrectly must be adjusted to arrive at your correct tax liability. To adjust a current period send a letter of explanation including the account ID, name and address of business, original filed amounts and corrected amounts. If the correction results in an overpayment you can either apply the overpayment to a current month liability or request a refund. If the correction results in an underpayment pay the tax immediately. Any underpayments are subject to penalty and interest if applicable.

PRIOR PERIOD CORRECTIONS

Prior Period Adjustments. Amounts reported incorrectly must be adjusted to arrive at your correct tax liability. To adjust a prior year period, submit form AR3MAR, AR3PAR, AR941A, and AR941PT with the correct liability

along with a letter of explanation. Check the amended portion of the return.

Personal Liability of Employer. Every employer will be personally and individually liable for amounts required to be deducted and withheld regardless of whether or not the amounts were in fact deducted and withheld, except if the employer fails to withhold the required amounts which would have been credited if paid by the employee on or before the cut off date for individual employees to file State income tax returns, and the failure to withhold was due to reasonable cause.

YEAR END REQUIREMENTS

Withholding Tax Statement for Employees. Every employer who is required to withhold State income taxes from an employee's wages must, on or before January 31 of each year, furnish each employee three (3) copies of the Federal Wage and Tax Statement (W-2) showing:

1. The name, address and Federal EIN of the employer.
2. The name, address, SSN of the employee.
3. The total amount of wages paid to the employee during the preceding year.
4. The total amount of State income tax withheld from the employee during the preceding year.

If it becomes necessary to correct a Form W-2 after it has been given to an employee, a corrected statement must be issued to the employee. Corrected statements will be clearly marked "Corrected by Employer." If a withholding statement is lost or destroyed, a duplicate copy clearly marked "Reissued by Employer" will be furnished to the employee.

Employee copies of Form W-2 that after reasonable effort cannot be delivered to employees should be transmitted to the Commissioner before the second quarter of the next calendar year, or with the employer's final return if filed earlier.

Annual Withholding Return. On or before February 28 of each year, following the close of the final month of the preceding year (or

termination of business operations), each employer who files monthly will file Form AR3MAR, Employers Annual Reconciliation Report. Payors for pensions and annuities must file AR3PAR. This return is filed separate from, and in addition to, the final or December monthly payment voucher.

Failure to file the Annual Withholding Return (AR3MAR or AR941A) will result in an estimated return being placed on the account until such return has been submitted.

The employer must submit the ARW3 (Transmittal of Wage and Tax Statements), State copy of all Form W-2's, a photocopy of Federal Form 1096 and Form 1099's for the year to the Withholding Tax Section.

The address for mailing W-2 forms and 1099 forms is:

Withholding Tax Section
P.O. Box 8055
Little Rock, AR 72203-8055

Any employer who willfully fails to furnish an annual withholding tax statement to the Commissioner or to any employee, as required by law, will be guilty of a misdemeanor and upon conviction thereof, will be fined not less than twenty-five dollars (\$25.00) nor more than \$250.00 or imprisoned not less than ten (10) days nor more than 90 days, or both.

Electronic Filing Specifications.

W-2 Forms. The Withholding Tax Section accepts two(2) types of electronic W-2 submissions. These two types are Electronic Media or the W-2 submission website. Accepted media for the transmission of electronic W-2 information are CD's and DVD's. The W-2 submission website is www.ark.org/w2ffv/app/newsubmission.html. ATAP users may go to www.atap.arkansas.gov and login to upload W-2 information electronically. Arkansas follows the data formats as outlined in Publication 42-007 (EFW2) W-2 information published by the Social Security Administration. The due date for filing by electronic media is February 28. Do not send duplicate paper information when filing

by electronic media. Electronic Media submitted will not be returned.

The State of Arkansas no longer accepts diskettes, tapes or cartridges.

Employers with 250 or more employees are required to file electronically.

Required Records

All federally required fields should be submitted along with the state portion of the record designated as the Code **RS** Record.

Required records are:

Code RA	Submitter Record
Code RE	Employer Record
Code RW	Employee Wage Record
Code RS	State Record
Code RT	Total Record
Code RF	Final Record
Code RCS	Corrected State Record

Not required/Optional records are:

Code RO	Employee Wage Record
Code RU	Total Record

Not allowed Record:

Code RV	State Total Record
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Data Format

Any file name can be used.

Data must be recorded in the ASCII-1 character set.

These are fixed length records. Records must be exactly 512 characters long with a delimiter of a carriage return/line feed (CR/LF) immediately following character position 512. Typically, this is accomplished by pressing the "Enter" key at the end of each record (i.e., after position 512).

The ASCII-1 hexadecimal value for the carriage return character is 0D (Zero and letter D); the ASCII-1 hexadecimal value for the line feed is 0A (Zero and letter A). The ASCII-1 decimal

values for the two characters are 13 and 10 respectively.

- Do not place a record delimiter before the first record of a file.
- Do not place a record delimiter after a field within a record.
- Records that are not in this format will be rejected.

For more information regarding specifications for filing electronically, visit our website at www.arkansas.gov.

Form 1099: The following are the specifications for filing Form 1099 series by Electronic Media. The State of Arkansas accepts CD's or DVD's. Since Arkansas participates in the combined Federal/State 1099 filing program, we use the same media specifications and layouts as required in Publication 1220 manual published by the Internal Revenue Service. State data should be reported in the following fields:

Description

Special Data Entries	663-722
State Income Tax Withheld.....	723-734
Combined Fed/State Code	747-748

Since the layout varies slightly depending on the 1099 type, please refer to Publication 1220 to verify if one or more of these fields is required. The amounts should be right justified with no dollar signs, decimal points or commas. The remaining portion of the field should be filled with blanks.

All 1099 types required to be filed with the Internal Revenue Service are required to be filed with the State of Arkansas. The dollar threshold for filing provided there is no Arkansas income tax withheld is \$100.00 for 1099DIV & 1099INT, and \$2500.00 for all other 1099 types. The State of Arkansas requires 1099's for all residents of Arkansas when applicable. If Arkansas taxes are withheld, filing is required regardless of the threshold amount or current residence.

The due date for filing Electronic Media or paper document reporting is February 28. Electronic Media submitted to the State of Arkansas will not be returned to the sender. The mailing address for filing electronic media is:

Withholding Tax Branch
P.O. Box 8055
Little Rock, AR 72203-8055

TERMINATION OF BUSINESS

The employer should notify the Commissioner, when possible, prior to discontinuing business, but will notify the Commissioner not later than fifteen (15) days after discontinuing business, or otherwise ceasing to pay wages.

If an employer discontinues the business or ceases to pay wages or other compensations to employees during the year, the following action will be taken:

- Prepare Form AR-20 (Sale or Closure of Business Form) and submit.
- Prepare Form W-2, Federal Wage and Tax Statement and give each employee three (3) copies.
- Monthly filers prepare and submit Form AR3MAR (Employer's Annual Reconciliation Report and Form ARW-3 (Transmittal of Wage and Tax Statements) with the State copies of Form W-2 attached.
- Prepare and file AR941M or AR941A Employer's Withholding payment voucher as applicable, and submit all tax withheld from employees.

RECORDKEEPING

Keep all records of state income tax withholding for at least 6 years. These records should be available for review by Revenue Division Auditors. Records should include:

- Your employer identification number.
- Amounts and dates of all wage, annuity, and pension payments.
- Amounts of tips reported.
- Names, addresses, social security numbers, and occupations of employees and recipients.
- Any employee copies of Form W-2 or W-2c that were returned to you as undeliverable.
- Dates of employment for each employee.
- Copies of employees' and recipients' Form AR4EC State Withholding Exemption Certificate
- Dates and amounts of tax deposits made and confirmation numbers.
- Copies of monthly payment vouchers filed and confirmation numbers.
- Copy of annual reconciliation filed and confirmation numbers.
- Any records that would assist the Commissioner in auditing employer's books and records.