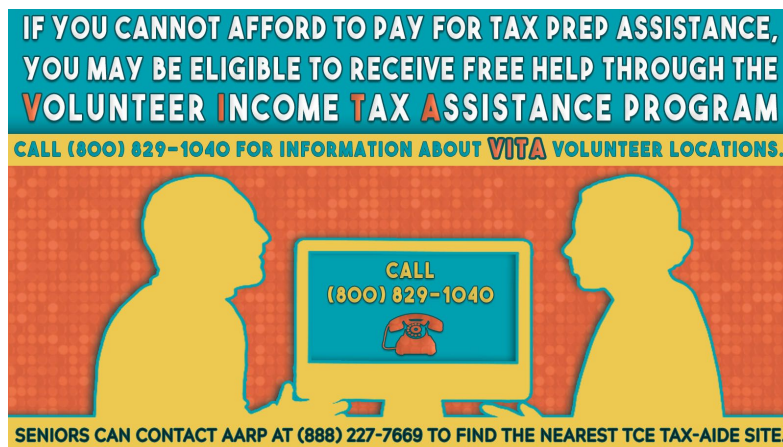




Arkansas House Newsletter

March 6, 2020

Tax Time in Arkansas



With spring just around the corner, it's important to remember that state and federal income tax forms are due soon. Both state and federal income tax forms must be postmarked no later than April 15, 2020, to avoid penalties and late fees.

The legislature prioritized and passed several changes to its tax laws during the 92nd General Assembly, which means that your income tax rate may have changed from last year.

The passage of ACT 182 during the 2019 legislative session, for example, reduces the top income tax rate in our state from 6.9% to 6.6%. The income tax rate will lower again in 2021 to 5.9%. This rate reduction took effect on January 1, 2020, for individuals and will be phased in for corporations by 2021. This is in addition to previous tax cuts passed in recent years impacting every income group.

Because of these reduced tax rates, the Arkansas Department of Finance and Administration announced to employers that the income tax withholding tables will change. As a result, you may see an increase in the amount of your paycheck starting this month.

This increase will be offset in the future by lower tax refunds. As tax refunds issued now relate to tax year 2019 they are not affected by the withholding changes. The upcoming withholding changes will not impact annual refunds until the calendar year 2021.

Many Arkansans can utilize the IRS's Free File program. This web-based program is a free federal tax preparation and electronic filing program for approximately 70% of taxpayers who earn less than \$60,000 in annual adjusted gross income. Eligible consumers can go to [IRS.gov](https://www.irs.gov) and choose from multiple private companies that will file federal returns at no charge.

If you cannot afford to pay for tax preparation assistance, you may also be eligible to receive free help through the Volunteer Income Tax Assistance Program (VITA). Consumers can call (800) 829-1040 for information about VITA volunteer locations near them. Additionally, seniors can contact AARP at (888) 227-7669 to find the nearest TCE Tax-Aide site.