

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1450

5 By: Representatives J. Moore, Achor, Beaty Jr., M. Brown, Joey Carr, A. Collins, Ennett, Eubanks,
6 Evans, D. Garner, Gazaway, Gonzales, Haak, Hawk, Hollowell, Hudson, L. Johnson, Long, Lynch,
7 McAlindon, McCollum, McCullough, B. McKenzie, Painter, Pearce, Perry, Puryear, Ray, R. Scott
8 Richardson, Rye, Underwood, Vaught
9 By: Senators Gilmore, J. Dotson

For An Act To Be Entitled

12 AN ACT TO AMEND THE ADDITIONAL PENALTIES PROVIDED FOR
13 FAILURE TO COMPLY WITH STATE TAX PROCEDURE; TO REPEAL
14 THE ADDITIONAL PENALTY FOR FAILING TO MAKE REQUIRED
15 QUARTERLY ESTIMATED INCOME TAX PAYMENTS; AND FOR
16 OTHER PURPOSES.

Subtitle

20 TO AMEND THE ADDITIONAL PENALTIES
21 PROVIDED FOR FAILURE TO COMPLY WITH STATE
22 TAX PROCEDURE; AND TO REPEAL THE
23 ADDITIONAL PENALTY FOR FAILING TO MAKE
24 REQUIRED QUARTERLY ESTIMATED INCOME TAX
25 PAYMENTS.

28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

30 SECTION 1. Arkansas Code § 26-18-208(6), concerning the additional
31 penalties and tax for failure to comply with state tax procedure, is
32 repealed.

33 ~~(6)(A)(i) If a taxpayer fails to make a declaration of estimated~~
34 ~~tax and pay on any quarterly due date the equivalent to at least ninety~~
35 ~~percent (90%) of the amount actually due, there shall be added a penalty of~~
36 ~~ten percent (10%) per annum to the amount of the underestimate.~~



1 ~~(ii) The ten percent (10%) per annum penalty shall be~~
 2 ~~applied on a quarterly basis.~~

3 ~~(iii) A taxpayer who has an uneven income may compute~~
 4 ~~the ten percent (10%) penalty on an annualized basis.~~

5 ~~(B) The penalty provided in this subdivision (6) for~~
 6 ~~failure to make correct payments of estimated income tax shall not be applied~~
 7 ~~to the following exceptions:~~

8 ~~(i) No penalty shall be imposed for a tax year if~~
 9 ~~the tax shown on the return for such tax year is one thousand dollars~~
 10 ~~(\$1,000) or less;~~

11 ~~(ii) A taxpayer whose income from farming for the~~
 12 ~~income year can reasonably be expected to amount to at least two-thirds (2/3)~~
 13 ~~of the total gross income from all sources for the income year, may file such~~
 14 ~~declaration and pay the estimated tax on or before the fifteenth day of the~~
 15 ~~second month after the close of the income year, or in lieu of filing any~~
 16 ~~declaration, may file an income tax return and pay the tax on or before the~~
 17 ~~fifteenth day of the third month after the close of the income year;~~

18 ~~(iii) The penalty provided in this subdivision (6)~~
 19 ~~shall not be applicable when the original amount of estimated tax is the same~~
 20 ~~amount shown to be due by the return of the taxpayer for the preceding income~~
 21 ~~year when such return showing a liability for tax was filed by the taxpayer~~
 22 ~~for the preceding income year of twelve (12) months;~~

23 ~~(iv) In lieu of filing the fourth quarter~~
 24 ~~installment, the taxpayer may file an income tax return and pay the tax on or~~
 25 ~~before January 31, or on the last day of the first month after the close of~~
 26 ~~the income year;~~

27 ~~(v) No penalty shall be imposed for a tax year if:~~

28 ~~(a) The preceding tax year was a tax year of~~
 29 ~~twelve (12) months;~~

30 ~~(b) The taxpayer did not have a tax liability~~
 31 ~~for the preceding tax year; and~~

32 ~~(c) The taxpayer was a resident of Arkansas~~
 33 ~~throughout the preceding tax year;~~

34 ~~(vi) No penalty shall be imposed with respect to any~~
 35 ~~underpayment to the extent that the secretary determines that by reasons of~~
 36 ~~casualty, disaster, or other unusual circumstances the imposition of such~~

1 ~~penalty would be against equity and good conscience; and~~

2 ~~(vii) No penalty shall be imposed with respect to any~~
 3 ~~underestimate or underpayment if the secretary determines that:~~

4 ~~(a) In the year for which such estimated~~
 5 ~~payment was required to be made or in the tax year preceding such tax year,~~
 6 ~~the taxpayer:~~

7 ~~(1) Retired after having attained sixty-~~
 8 ~~two (62) years of age; or~~

9 ~~(2) Became disabled; and~~

10 ~~(b) Such underpayment was due to reasonable~~
 11 ~~cause and not to willful neglect;~~

12
 13 SECTION 2. Arkansas Code § 26-65-107(d), concerning the required
 14 annual payment of income tax, is amended to read as follows:

15 ~~(d)(1) Except as otherwise provided in this section, if an affected~~
 16 ~~business entity makes an underpayment of estimated tax under this section,~~
 17 ~~the penalties and interest provided for under § 26-18-208 shall be added to~~
 18 ~~the tax imposed under this chapter.~~

19 ~~(2) The amount of an underpayment under this subsection is the~~
 20 ~~amount by which the required installment exceeds the amount, if any, of the~~
 21 ~~installment paid on or before the due date of the installment.~~

22 ~~(3) A payment of estimated tax under this section shall be~~
 23 ~~credited against unpaid or underpaid required installments in the order in~~
 24 ~~which the installments are required to be paid.~~

25
 26 SECTION 2. EFFECTIVE DATE. Sections 1 and 2 of this act are effective
 27 for tax years beginning on or after January 1, 2023.