**Arkansas Payroll Taxes**

**AR State Income Tax Withholding**

Download the current Withholding Tax Instructions for Employers guide from the Arkansas Department of Finance and Administration (DFA) website: <https://www.dfa.arkansas.gov/income-tax/withholding-tax-branch/withholding-tax-forms-and-instructions/>.

**Who Must Withhold AR State Income Taxes**

An employer that pays wages or other compensation to employees for services performed within AR State is required to register with the DFA Withholding Tax Section by filing Form AR-1R, Combined Business Tax Registration. Employers may register electronically, submit withholding tax payments, and file reports via the Arkansas Taxpayer Access Point (ATAP) portal at <https://atap.arkansas.gov/_/>.

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.

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.

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) on or before February 28 or within 30 days after termination of the business. File the state copy of form W-2 along with the ARW3 (Transmittal of Tax and Wage Statements) on or before January 31 or within 30 days after termination of the business.

**AR W-4 Requirements**

Ask each AR employee to complete Form AR4EC, AR Employee’s Withholding Exemption Certificate. Current forms may be downloaded from the Arkansas Department of Finance and Administration (DFA) website: <https://www.dfa.arkansas.gov/income-tax/withholding-tax-branch/withholding-tax-forms-and-instructions/>.

**AR State Unemployment Insurance**

In general, workers are covered by the unemployment law of the state in which the work is performed. Arkansas Division of Workforce Services (ADWS) administers Arkansas’ unemployment insurance program. Employers may apply for a new ADWS Employer Account number, sign up for online services, file and pay Employer’s Quarterly Contribution and Wage Reports, and more using the Tax 21 online unemployment insurance employer services portal at: <https://www.workforce.arkansas.gov/Tax21/Home.aspx>.

A nonprofit organization, exempt from federal unemployment taxes under Section 501(a) of the Internal Revenue Code of 1954, as amended, and state and local governmental entities, including educational institutions, are offered an alternative method for paying state unemployment taxes --the reimbursable payment option--a form of “self-insurance.” If an employer opts for the reimbursable payment option, rather than pay quarterly taxes based on a tax rate, it pays its pro rata share of the actual cost of any benefits paid to its former workers.

The reimbursement payment option must be chosen within thirty days of the date the employer becomes liable under Arkansas’ unemployment tax law otherwise the account will be set up to be tax rated. The required written notice of election should be mailed to: Division of Workforce Services

Employer Accounts Services

PO Box 8007

Little Rock, AR 72203

AR employers are required by law to file wage reports on a quarterly basis whether or not wages have been paid in the quarter. Quarterly reports may be filed online through the Tax21 Employer Portal system at <https://www.employment.arkansas.gov/Tax21/Home.aspx>.

Quarterly wage reports are due quarterly on the following schedule:



AR has adopted the Interstate Reciprocal Coverage Arrangement for unemployment insurance. Under this arrangement, if an employee works in more than one state, an employer may elect to cover all the services of such a worker in any state in which: (1) any part of the worker's service is performed, (2) the worker has his or her residence, or (3) the employer maintains a place of business. The agreement should be initiated through the state where the employer wants to report the payroll. A Washington employer may request to

elect reciprocal coverage with another state by following the filing process outlined by Washington Administrative Code 192-300-150: <https://app.leg.wa.gov/wac/default.aspx?cite=192-300-150>.

**AR State Workers’ Compensation**

Most Arkansas businesses with three or more employees are required to carry workers’ compensation insurance coverage. As an employer, it is your responsibility to get workers’ compensation insurance and file claims.

Washington State Department of Enterprise Services (DES) administers a Workers' Compensation Insurance program for state workers. If your employee works outside of Washington in a single other state for more than 30 days (240 hours) per year, **your agency must work with DES** to insure your out-of-state employee. For more information, contact Kimberly Haggard [kimberly.haggard@des.wa.gov](mailto:kimberly.haggard@des.wa.gov) at DES Risk Management.

**AR State Paid Family / Medical Leave**

Arkansas does not have a paid family and medical leave program as of 04/18/2024.

**Helpful resources for Arkansas**

ATAP Frequently Asked Questions website: <https://www.dfa.arkansas.gov/office-of-information-services/atap-frequently-asked-questions/>

Arkansas Division of Workforce Services (UI) Employers website: <https://dws.arkansas.gov/workforce-services/employers/>

Download the Arkansas UI Employer Handbook from the Arkansas Division of Workforce Services forms website: <https://dws.arkansas.gov/workforce-services/employers/employer-forms/>.

Arkansas Workers Compensation Commission website: <https://www.labor.arkansas.gov/workers-comp/>