



Instruction for AR1100REC (Part C)

Line 1: Amount of Depreciation included in Federal forms: 1120, page 1, Line 20; 1120S, page 1, Line 14; or 1065, page 1, Line 16a or a6b.

Line 2: Add the amount of depreciation claimed elsewhere on Federal forms. This includes: Schedule C, Schedule F, Schedule K, Form 4562, Form 8825 or others.

Line 3: Add Lines 1 and Line 2 above.

Line 4: Subtract the amount of Section 179 depreciation shown on Federal form 4562, Line 12.

Line 5: Subtract the amount on Federal form 4562, Line 14, "Special depreciation allowance for qualified property (**Other than listed property**) placed in service during the tax year."

Line 6: Subtract the amount on Federal form 4562, Line 25, "Special depreciation allowance for qualified property placed in service during the tax year and used more than 50% in qualified business use", and any other "bonus" depreciation included on Federal form 4562.

Line 7: Add Section 179 Depreciation expense allowed by the State of Arkansas.

- **Arkansas Section 179 Depreciation Deduction is limited to Net Taxable Income Excluding Section 179 Depreciation Deduction.**

Tax year beginning before 01/01/2022 \$25,000.00. Tax year beginning on or after 01/01/2022 \$1,080,000.00

- **Arkansas Section 179 Phase Out Limitations**

Tax year beginning before 01/01/2022 \$200,000.00. Tax year beginning on or after 01/01/2022 \$2,700,000.00

This is a dollar-for-dollar phase out reduction to the total amount of Section 179 expense allowed for property placed in service after the specified tax year beginning date referenced exceeding the threshold amount.

Line 8: Add any depreciation adjustment that relates to basis differences due to prior or current year Line 13 or Line 23 adjustments on Form AR1100CT or Line 11 from Form AR1100REC. For Pass-Through Entity Filers, this instruction pertains to Form AR1100PET P3 Line 7 or Line 18. (Attach Schedule)

Line 9: Total depreciation allowed by the State of Arkansas. Combine Lines 3 through 8.

Line 10: Amount of Arkansas depreciation **NOT** to be included on Arkansas Form AR1100CT, Page 1, Line 23 or on Form AR1100PET P3 Line 18. This amount should be included on Form AR1100CT, Line 8 or AR1100PET P3 Line 2: COGS or other than Line 23/P3 Line 18 AR1100PET for status 1 Filers. Status 2 filers enter \$0.

Line 11: Subtract Line 10 from Line 9. Net Arkansas depreciation shown here and on Arkansas form AR1100CT, page 1, Line 23 or P3 Line 18 on Form AR1100PET. **Status 2 filers:** The difference in Line 3 to Line 11 is the Arkansas Depreciation adjustment to be entered Line A.2 if positive or A.3 if negative of form AR1100CT, page 2, Schedule A, Section A. For Pass-Through Entity status 2 filers, the difference in Line 3 to Line 11 will be entered on P4 Line A.2 if positive or A.3 if negative on Form AR1100PET.

Note: There may be a gain or loss adjustment, that relates to depreciable property included on Federal form 4797 or Federal Schedule D with basis difference in Arkansas due to prior year Line 13 and Line 23 on Form AR1100CT or Line 11 of Form AR1100REC depreciation adjustments.

(Attach Schedule - Status 1 includes the adjustment on AR1100CT, page 1, Line 13, Multistate enter adjustment on Schedule A, Section A)