



## Instruction for AR1100REC (Status 1/Arkansas Only)

### Part A: INTEREST INCOME

**Line 1:** Enter interest income from Federal Forms: 1120, Line 5; or 1065, Line 15.

**Line 2:** Add Non-Arkansas Municipal Interest Income.

**Line 3:** Less U.S. Obligation interest income (Attach appropriate schedule)

**Line 4:** Arkansas taxable interest income: Enter taxable interest income here and on Line 5, form AR1100CT; P4, Line 4, Form AR1050.

### Part B: TAXES DEDUCTION

**Line 1:** Enter taxes and license deduction from Federal forms: 1120, Line 17; or 1065, Line 14.

**Line 2:** Add foreign taxes not included on Federal forms.

**Line 3:** Less Arkansas income tax: See A.C.A 26-51-416.

**Line 4:** Enter Arkansas deduction for taxes here, and on Line 17, AR1100CT; or Line 16, AR1050.

### Part C: DEPRECIATION DEDUCTION

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

**Line 2:** Add the amount of depreciation claimed elsewhere on Federal forms. This includes: 1125-A, 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 01/01/2023 \$1,220,000.00
- Arkansas Section 179 Phase Out Limitations  
Tax year beginning before 01/01/2022 \$200,000.00. Tax year beginning on or after 01/01/2023 \$3,050,000.00

**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 or subtract any depreciation adjustment that relates to basis differences due to prior or current year Line 9 or Line 20 adjustments on Form AR1100CT; Line 9 or Line 19 on form AR1050, or Line 11 from Form AR1100REC.

**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 20. This amount should be included on Form AR1100CT, Line 2; or AR1050, Line 5.

**Line 11:** Subtract Line 10 from Line 9. Net Arkansas depreciation shown here and on Arkansas form AR1100CT, page 1, Line 20; Line 19, Form AR1050 or Line 20 on Form AR1100S.

**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.