



What's New for 2025

The column order has been switched to more align with various income tax forms. **The first column (a) now represents the total amounts reported to Arkansas resident members, while the second column (b) represents the apportioned/allocated amounts sourced to Arkansas.** For more information, see Part III.

Schedule AR K-1 uses two columns to distinguish between resident and nonresident reporting requirements.

- **Column (a) – Resident Total:** For Arkansas residents. Enter the full distributive share of each item, including amounts from other states.
- **Column (b) – Arkansas Source:** For non-residents and part-year residents. Enter only the portion allocated or apportioned to Arkansas.

Example: An entity with \$100,000 of income apportions 30% to Arkansas. Two equal owners (one resident, one nonresident) each hold 50%.

- Resident reports **\$50,000** in Column (a), Box 1a.
- Nonresident reports **\$15,000** in Column (b), Box 1b ($\$100,000 \times 50\% \times 30\%$).

Apply this column structure to all items in Part III. Residents report Arkansas-adjusted totals; nonresidents and part-year resident individuals, partnerships, and corporations report only Arkansas-source amounts.

Other Useful Information (Preparers and AR K-1 Recipients)

The AR K-1 reports each member's distributive share of income, loss, deductions, credits, and other items from a pass through entity with activity in Arkansas. It is the member's primary record for properly reporting Arkansas taxable amounts on the member's own return and for documenting adjustments required under Arkansas law. Keep the AR K-1 with your tax records and use it to complete the Arkansas return and any schedules that require item level detail.

Box 20b — Arkansas withholding or other payments. Your pass through entity may have remitted tax on your behalf. Box 20b reports your share of: (1) Arkansas withholding paid with a withholding pass through filing on Form AR941PT, (2) tax paid through an income composite return for eligible nonresident members (AR1000-CR), and/or (3) taxes the entity paid if it elected to file and pay under the pass through entity tax (AR1100PET). These amounts are reported for transparency, but they are not all treated the same on an individual return:

- **May be claimed as Arkansas withholding on an individual return:** Amounts withheld from a withholding pass through return filing and tax paid from an income composite tax filing (AR1000-CR), to the extent attributable to you.
- **May not be claimed as Arkansas withholding:** Any tax paid by an entity that elected to file and pay income tax on AR1100PET. Members of a PET electing entity may exclude the applicable pass through income on their individual Arkansas return, but they cannot claim their share of PET paid as Arkansas withholding.
- **AR1099PT:** The same rules apply to reported income tax withheld/paid on Form AR1099PT. While income tax paid on AR1100PET cannot be claimed for withholding, it is useful information for federal tax purposes and/or other state filing purposes.

Review the AR K-1 carefully and retain underlying statements that show how each amount was determined. Enter the items from the AR K-1 on your Arkansas return as instructed to ensure your return reflects the correct Arkansas income, deductions, credits, and payments.



GENERAL INSTRUCTIONS FOR AR K-1

Use this form to report the partner and shareholder's share of income, deductions, credits, etc. from a partnership, corporation, or LLC. Attach this form to your AR1050, AR1100S, or AR1100PET. Generally, you must report items shown on your Arkansas Schedule AR K-1 the same way that the corporation or partnership treated the items on its returns.

Return Type

Choose your return type from the three listed on this form: S-Corporation (AR1100S), Partnership/LLC (AR1050), or Pass-Through Entity Tax (AR1100PET). If you choose the Pass-Through Entity Tax, please back out your income and deductions on the AR-OI lines 7 & 15. Your capital gains will be backed out on the AR1000D. For more information, reference page 12 of the AR1000F and AR1000NR instructions.

PART I

Complete Arkansas Schedule AR K-1 for each Corporation, Partnership/LLC or Pass- Through Entity Tax .

ITEM A and B – Enter the federal identification number (FEIN) of the corporation, partnership, or other pass-through entity in Item A. Then, in Item B, enter the legal name and complete mailing address of the entity.

PART II

Complete Arkansas Schedule AR K-1 for each shareholder or partner.

Items C and D – Enter the shareholder/member or partner's identification number in Item C (SSN, FEIN, or other applicable tax ID), and their legal name and complete mailing address in Item D.

Item E – Indicate whether the individual or entity is an Arkansas resident by checking "Yes" or "No." If "No" is selected, enter the state of legal residence in the space provided. Do not leave blank.

Items F and G – In Item F, report the shareholder's percentage of stock ownership for the tax year. In Item G, enter the partner's share of profit, loss, and capital as percentages, both at the beginning and end of the year.

Item H – Provide the Arkansas apportionment percentage used to attribute income to Arkansas. The percentage reported should match the percentage as filed on the return.. If additional information is required to explain the calculation, attach a supporting statement.

PART III

Box 1. Ordinary Income (Loss)

Enter the owner's share of net income or loss from regular trade or business activities, excluding separately stated items like capital gains, rental income, or portfolio income (Schedule K, line 1, for Form AR1050).

Box 2. Net Rental Real Estate Income (Loss)

Enter the owner's distributive share of net rental real estate income or loss as adjusted by Arkansas law. This includes income from properties held for rent as part of real estate activities (Schedule K, line 2, for Form AR1050).

Box 3. Other Net Rental Income (Loss)

Enter the owner's net income (loss) from rental activities other than those reported on Form 8825 (Schedule K, Line 3, for Form AR1050).

Box 4. Interest Income

Enter the owner's share of interest income allocated or apportioned to Arkansas. Interest from U.S. government obligations and bonds issued by the State of Arkansas or its political subdivisions are exempt under Ark. Code Ann. § 26-51-404. Interest from other sources, such as out-of-state municipal bonds, corporate bonds, and investment interest is not exempt and should be included in taxable income. (Schedule K, line 4, for Form AR1050).

Box 5. Dividends

Enter the owner's distributive share of dividend income. Dividends are generally taxable in Arkansas unless they are derived from exempt U.S. obligations or other sources excluded under Arkansas law, such as dividends received by a corporation doing business within this state from a subsidiary if at least 80% owned by the corporation (Schedule K, line 5, for Form AR1050).

Box 6. Royalties

Enter the owner's share of royalties apportioned/ allocated to Arkansas. Royalties from tangible personal property, patents, and copyrights are allocated to Arkansas based on the extent utilized in Arkansas (Schedule K, line 6, for Form AR1050).

Box 7. Net Short-Term Capital Gain (Loss)

Enter the owner's share of net short-term capital gain (loss) apportioned to Arkansas (Schedule K, line 7, for Form AR1050).

Box 8. Net Long-Term Capital Gain (Loss)

Enter the owner's share of net long-term capital gain (loss) apportioned to Arkansas (Schedule K, line 8 for Form AR1050).

Box 9. Unrecaptured Section 1250 Gain

Enter the pass-through entity owner's pro rata share of unrecaptured 1250 gain apportioned to Arkansas. There are three types of unrecaptured section 1250 gain. Report your share of this unrecaptured gain on the Unrecaptured Section 1250 Gain Worksheet, line 18b in the instructions for federal Schedule D.

The unrecaptured Section 1250 gain is included in the net Section 1231 gain on Schedule K of forms AR1050 and AR1100PET. However, it is separately stated on Schedule AR K-1 for informational purposes.

Box 10. Net Section 1231 Gain (Loss)

Enter the owner's share of net section 1231 gain (loss) apportioned to Arkansas (Schedule K, line 9, for Form AR1050).

Box 11. Other Income (Loss)

Enter the owner's share of other income (loss) apportioned to Arkansas (Schedule K, line 10, for Form AR1050). If the partner or shareholder had other income (loss) not included in boxes 1 through 9, enter the total and attach a statement to specify other income (loss).

Box 12. Guaranteed Payments

Enter the owner's share of guaranteed payments allocated to Arkansas (Schedule K, line 13, for Form AR1050).

Box 13. Section 179 Deduction

Enter the owner's share of the section 179 expense apportioned to Arkansas (Schedule K, line 11, for Form AR1050).

NOTE: Arkansas has adopted IRC Section 179 in its entirety as in effect on January 1, 2022.

Box 14. Contributions and Other Deductions

Enter the owner's share of cash/non-cash charitable contributions and other deductions apportioned to Arkansas (Schedule K, lines 12a-12c, for Form AR1050). Attach Schedule.

Box 15. Credits

Enter the owner's share of credits apportioned to Arkansas.

Box 16. Items Affecting Shareholder Basis

Specify items and enter amounts that affected shareholder basis. Attach schedule.

Box 17. Tax-Exempt Income and Nondeductible Expenses

Enter the owner's share of tax-exempt income and nondeductible expenses apportioned to Arkansas (Schedule K, lines 17a-c, for Form AR1050).

Box 18. Distributions

Enter the owner's share of distributions apportioned to Arkansas (Schedule K, lines 17a-b, for Form AR1050).

Box 19. Investments and Other Items

Enter the owner's share of investments, expenses and other items apportioned to Arkansas. Specify the investments, expenses and other items and enter the amounts.

Box 20. Arkansas Withholding or Other Payments

If tax was withheld or other payments made on behalf of the pass-through entity's owner, enter the amount here. Attach 1099-PT to verify withholding.