

Instruction for Part C: Depreciation Deduction for the AR1100REC Form

- Line 1:** Amount of depreciation shown on Federal form 4562, line 22, and claimed on Federal form 1120, page 1, line 20.
- Line 2:** Amount of depreciation shown on Federal form 4562, line 22, and claimed elsewhere on Federal form 1120 **OTHER** than on Federal form 1120, line 20 (Cost of Goods Sold, Other Deductions, etc.)
- Line 3:** Total of Lines 1 and 2.
- Line 4:** Section 179 depreciation shown on Federal form 4562, line 12.
- Line 5:** Amount shown on federal form 4562, line 14, "Special depreciation allowance for qualified (***Other than listed property***) placed in service during the tax year."
- Line 6:** Amount shown 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:** 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 01/01/2010-12/31/2010 \$134,000.00
 - Tax year beginning 01/01/2011-12/31/2011 \$ 25,000.00
 - **Arkansas Section 179 Phase Out Limitations**
 - Tax year beginning 01/01/2010 \$530,000.00
 - Tax year beginning 01/01/2011 \$200,000.00
- 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:** This is any depreciation adjustment that relates to basis differences due to prior year Line 14, Line 25, or Line 12 adjustments. (***Attach Schedule***)
- Line 9:** This gain or loss adjustment relates to depreciable property included on Federal form 4797 or Federal Schedule D with basis difference in Arkansas due to prior year Line 14, Line 25 or Line 12 depreciation adjustments. (***Attach Schedule***)
- Line 10:** Total depreciation allowed by the State of Arkansas. Sum of Lines 3-9.
- Line 11:** Amount of Arkansas depreciation **NOT** included on Arkansas form AR1100CT, page 1, line 23.
- Line 12:** Net Arkansas depreciation shown on Arkansas form AR1100CT, page 1, line 23. Subtract Line 11 from line 10.