

# 2020



## **ARKANSAS** **FIDUCIARY** Income Tax **Instructions** **AR1002F and AR1002NR**

### **ATAP**

Please visit our secure site ATAP (Arkansas Taxpayer Access Point) at [www.atap.arkansas.gov](http://www.atap.arkansas.gov). ATAP allows taxpayers or their representatives to log on, make payments and manage their account online.

ATAP features are

- Make Tax Payments
- Make Estimated Tax Payments
- Make name and address changes
- View account letters

**ATAP is available 24 hours.**

(Registration is not required to make payments or to check refund status.)

### **Simple Reasons to e-file!**

- ◆ Direct Debit Payments
- ◆ Filing Confirmation Provided
- ◆ Makes Complex Returns Easy
- ◆ File Federal & State Forms Together
- ◆ Secure



### **For your questions/comments:**

Manager, Individual Income Tax  
P. O. Box 3628  
Little Rock, AR 72203-3628

# CONTENTS

<b>Tax Help and Forms</b> .....	1
Internet.....	1
Phone .....	1
Forms .....	1
ATAP .....	1
Address.....	1
<b>General Instructions</b> .....	2
Who Must File.....	2
When To File.....	2
Extension of Time to File .....	2
Underpayment of Estimated Tax (Form AR2210).....	2
<b>Arkansas Fiduciary Income Tax Return Instructions (AR1002F &amp; AR1002NR)</b> .....	3
Income .....	3
Deductions.....	3
Tax Apportionment (AR1002NR Only).....	4
Tax and Payments .....	4
<b>Payment Information</b> .....	5
Pay Online .....	5
Pay By Credit Card.....	5
Pay By Mail.....	5
<b>Schedule B Instructions</b> .....	5
Resident Beneficiaries .....	5
NonResident Beneficiaries .....	5

# TAX HELP AND FORMS



## Internet

You can access the Department of Finance and Administration's website at **[www.dfa.arkansas.gov](http://www.dfa.arkansas.gov)**.

- Get current and prior year forms and instructions
- Access latest income tax info and archived news
- Get e-file information

You can e-mail questions to:

**[individual.income@dfa.arkansas.gov](mailto:individual.income@dfa.arkansas.gov)**



## Phone

Individual Income Tax Hotline..... (501) 682-1100  
**or** (800) 882-9275

Representatives are available to assist callers at the numbers above during normal business hours (Monday through Friday from 8:00 a.m. to 4:30 p.m.) with:

- Taxpayer Assistance
- Notices Received
- Forms
- Amended Returns
- Audit and Examination
- Payment Information

For hearing impaired access, call (800) 285-1131 using a Text Telephone Device (for Spanish, call (866) 656-1842).

Other useful phone numbers:

Business Incentive Credits ..... (501) 682-7106  
Withholding Tax ..... (501) 682-7290  
Collections ..... (501) 682-5000  
Revenue Legal Counsel ..... (501) 682-7030  
Corporate Income Tax ..... (501) 682-4775  
Sales and Use Tax..... (501) 682-7104  
Problem Resolution and ..... (501) 682-7751  
Tax Information Office (Offers In Compromise)

Internal Revenue Service ..... (800) 829-1040  
Social Security Administration ..... (800) 772-1213



## Forms

**To obtain forms and instructions you may:**

1. Access our website at:  
**[www.dfa.arkansas.gov/income-tax](http://www.dfa.arkansas.gov/income-tax)**
2. Call the Individual Income Tax Hotline  
(501) 682-1100 **or** (800) 882-9275

## ATAP

Arkansas Taxpayer Access Point (ATAP) allows taxpayers or their representatives to log on to a secure site and manage their account online.

Access ATAP at **[www.atap.arkansas.gov](http://www.atap.arkansas.gov)** to:

- Make name and address changes
- View account letters
- Make payments

(Registration is not required to make payments or to check refund status.)



## Address

Choose the appropriate address below to mail your return:

### Physical:

Arkansas State Income Tax  
1816 W 7th Street, Room 2300  
Little Rock, AR 72201

### Mailing:

#### TAX DUE RETURN:

Arkansas State Income Tax  
P.O. Box 2144  
Little Rock, AR 72203-2144

#### REFUND RETURN:

Arkansas State Income Tax  
P.O. Box 1000  
Little Rock, AR 72203-1000

#### NO TAX DUE/REFUND RETURN:

Arkansas State Income Tax  
P.O. Box 2144  
Little Rock, AR 72203-2144

Be sure to apply sufficient postage or your return will not be delivered by the U.S. Postal Service.

# GENERAL INSTRUCTIONS

## WHO MUST FILE

The fiduciary return is used to report the income of an estate or trust. Every fiduciary, or at least one of the joint fiduciaries, must file a return for the estate or trust for which they act, provided **any** of the following apply:

1. Any **income** is currently distributable;
2. The **tax** is payable by the beneficiaries or by the grantor;
3. The net income is **\$3,000** or over **and/or**
4. Any beneficiary is a **nonresident**.

## WHEN TO FILE

The due date is April 15th for calendar year filers. Fiscal year filers must file on or before the fifteenth (15th) day of the fourth (4th) month following the close of the fiscal year.

## EXTENSION OF TIME TO FILE

If you request an extension of time to file your federal fiduciary tax return (with federal Form 7004) you can receive the same extension on your state return. If you do not file a federal extension, you can request a 180 day Arkansas extension using Form AR1055-FE before the filing date of April 15th (for calendar year filers). Send Form AR1055-FE to:

**Individual Income Tax Section**  
**ATTN: Extension**  
**P.O. Box 8149**  
**Little Rock, AR 72203-8149**

**Note:** To receive credit for your federal or state extension, when you file your Arkansas return you must check the box on the face of the return indicating you filed an extension.

## INTEREST AND PENALTIES

Interest will be charged on taxes not paid by their due date even if an extension of time to file is granted. The law also provides a late filing penalty and a failure to pay penalty.

## UNDERPAYMENT OF ESTIMATED TAX (FORM AR2210)

You may have to pay a penalty if your net tax, Line 24B AR1002F/Line 24F AR1002NR, is more than \$1,000 and you did not file a Declaration of Estimated Tax required by Arkansas tax code **or** you did not pay adequate installments on your estimated tax. See instructions for Line 36A and B for more information.

**NOTE:** Act 870 of 2019 adopted IRC Section 179 as in effect on January 1, 2009, thus allowing greater dollar limits and phase out thresholds. The maximum deduction allowed for property placed in service during the tax year is \$25,000. The deduction is decreased "dollar for dollar" for property over \$200,000, and no deduction is allowed for property over \$225,000.

# Arkansas

## Fiduciary Income Tax Return Instructions (AR1002F & AR1002NR)

If you file a **fiscal year return**, fill in the fiscal year at the top of the form. The moment of death determines the end of the decedent's tax year and the beginning of the estate's tax year.

The **Federal Employer Identification Number** must be entered in the space provided on the top right side of the form. A separate Federal Employer Identification Number is required for each estate or trust.

**Note:** *Social Security Number can not be used.*

Fill in the exact **name** of the estate or trust, name and title of fiduciary or trustee, the **address**, and the **date the trust was created**. Check the appropriate box for "**Type of Entity**." Indicate whether you are filing an **Original Return**, an **Amended Return**, or a **Final Return**.

**Note:** *The name of the estate or trust must be used and not that of a person.*

### INCOME

**Note:** *Do not include income and deductions from the ESBT portion of a trust on lines 1 through 17 (if applicable). A separate schedule must be attached to show the ESBT tax computations. See instructions for lines 24A and 24E.*

**Line 1.** Enter total taxable interest income received or credited to the account of the estate or trust. Attach Form AR4-FID showing all interest income and identify any nontaxable interest.

**Line 2.** Enter total of all taxable dividends. Attach Form AR4-FID.

**Line 3.** Enter net profit (or loss) from a trade or business. Attach federal schedule.

**Line 4.** If you have gains or losses from the sale of real estate, stocks, bonds, or gains or losses from capital assets from partnerships, S corporations or fiduciaries, complete worksheet on back of Form AR1002F/AR1002NR and enter total here.

Complete this worksheet if you have a NET CAPITAL GAIN OR LOSS reported on federal Schedule D, federal Form 1041. **The amount of capital loss that can be deducted after offsetting capital gains is limited to \$3,000.**

Arkansas did not adopt the federal "bonus depreciation" provision from previous years. Therefore, there may be a difference in federal and Arkansas amounts of depreciation allowed. Adjust your gains and losses for differences in depreciation, **if any**, in the federal and Arkansas amounts using Lines 2, 5 and 10 from schedule A.

**Line 5.** Enter net rent and royalty income, the estate's or trust's share of profits from a partnership, and income from another estate or trust (whether received or not). **Attach schedule.**

**Line 6.** Enter net profit (or loss) from farming. **Attach federal schedule.**

**Line 7.** Enter taxable income not reported elsewhere. **Attach statement** identifying the source.

**Line 8.** Add Lines 1 through 7 and enter total.

### DEDUCTIONS

**Line 9.** Enter any taxes paid during the tax year that are not deducted elsewhere. DO NOT include assessments for local benefit of a kind tending to increase the value of the property assessed. DO NOT include federal or Arkansas taxes, nor taxes imposed upon the estate or trust on its corporation which are paid by the estate or trust. **Attach schedule** detailing all taxes.

**Line 10.** Enter any interest paid that is not deducted elsewhere. DO NOT include interest on capital invested in or advanced to the business by the estate or trust.

**Line 11.** Enter amount paid or permanently set aside during year for charitable organizations.

**Line 12.** Enter deductible attorney, accountant, return preparer, or fiduciary fees paid or incurred by the fiduciary for administering the estate or trust during the year.

**Line 13.** Enter any other authorized deductions allowed by Arkansas law. Include on this line: bad debts, casualty losses, and involuntary conversion of property not used in a trade or business. **Attach schedule** listing and explaining all deductions.

**Line 14.** Add Lines 9 through 13 and enter total.

**Line 15.** Subtract Line 14 from Line 8 and enter difference.

**Line 16.** Enter total amount of income or loss to be distributed to all beneficiaries during the year.

**Line 17.** Subtract Line 16 from Line 15 and enter difference.

**Line 18.** Do not adjust this amount.

**Line 19.** Subtract Line 18 from Line 17 (column B for AR1002F, column A for AR1002NR) and enter the difference.

**Line 20.** Compute tax on the amount on Line 19B if you are using Form AR1002F. Compute tax on the amount on Line 19A if you are using Form AR1002NR. Use the enclosed "Regular Tax Table" and enter amount here.

**Line 21.** Do not adjust this amount.

**Line 22.** Enter the total allowable credits from line 3 of the AR-1002TC. **Attach AR1002-TC and supporting documents.**

**Line 23.** Add lines 21 and 22. Enter the total.

**Line 24.** Subtract line 23 from line 20 and enter difference.

**Line 24A. (AR1002F ONLY)** Enter the net tax from the S portion of the ESBT (if applicable). A schedule must be attached to the return showing the ESBT tax computations that includes the following:

- Income (interest, dividends, gains or losses, trade or business income, etc.)
- Deductions (taxes, contributions, fees, etc.)
- Taxable Income
- Net Tax

**Line 24B. (AR1002F ONLY)** Add lines 24 and 24A. Enter the total.

**If using Form AR1002F, skip this section and go to the instructions for Line 25.**

### **TAX APPORTIONMENT (AR1002NR ONLY)**

The instructions for Lines 24A through 24D are for use with Form AR1002NR only.

**Line 24A.** Enter amount from Line 17 Column B.

**Line 24B.** Enter amount from Line 17 Column A.

**Line 24C.** Divide amount on Line 24A by amount on Line 24B to arrive at the Arkansas percentage. **Round to six decimal places and do not exceed 100%.**

**Line 24D.** Multiply amount on Line 24 by percentage on Line 24C and enter total.

**Line 24E.** Enter the apportioned net tax from the S portion of the ESBT (if applicable). A schedule must be attached to the return showing the ESBT tax computations (see instructions for line 24A). Include apportionment calculations to show the Arkansas apportioned tax from the ESBT.

**Line 24F.** Add lines 24D and 24E. Enter the total.

### **TAX AND PAYMENTS**

**Line 25.** Enter Arkansas tax withheld. **Attach Form(s) AR1099PT and/or 1099R.**

**Line 26.** Enter estimated tax paid.

**Line 27.** Enter amount paid with extension.

**Line 28.** Enter payments made with or after the filing of original return.

**Line 29.** Add Lines 25 through 28 and enter total.

**Line 30.** Enter total of all overpayments/refunds received from previously filed returns.

**Line 31.** Subtract Line 30 from Line 29 and enter difference.

**Line 32.** If Line 31 is larger than Line 24B of AR1002F or Line 24F of AR1002NR, enter difference.

**Line 33.** Enter amount of your refund you want carried forward. The overpayment from your 2019 AR1002F or AR1002NR will be applied to your 2020 estimated account.

**Line 34.** Subtract Line 33 from Line 32. This is the amount to be refunded to you.

**Line 35.** If Line 24B of AR1002F or Line 24F of AR1002NR is larger than Line 31, enter difference. This is the amount of tax due.

**Line 36A and 36B.** Enter the exception number from Part 1 of Form AR2210, or the computed penalty from Line 18 of AR2210 in the appropriate box. If you completed Form AR2210A, enter "6" in box 36A. Enter amount from Line 46 of AR2210A in box 36B. Attach Form AR2210 or AR2210A.

**Line 36C.** Add Lines 35 and 36B. Enter total on this line.

## PAYMENT INFORMATION

### PAY ONLINE:

Paying online is convenient, secure, and helps make sure we get your payments on time. Please visit our secure site ATAP (Arkansas Taxpayer Access Point) at [www.atap.arkansas.gov](http://www.atap.arkansas.gov). ATAP allows taxpayers or their representatives to log on, make payments and manage their account online.

Additional ATAP features are:

- Make name and address change
- View account letters
- ATAP is available 24 hours

### PAY BY CREDIT CARD:

Credit card payments may be made by one of the following methods:

- Call 1-800-2PAY-TAX (1-800-272-9829)
- Go to [www.officialpayments.com](http://www.officialpayments.com) and click on "Payment Center" link

Credit card payments will be processed by Official Payments Corporation, a private credit card payment services provider. A convenience fee will be charged to your credit card for the use of this service. **The State of Arkansas does not receive this fee.** You will be informed of the exact amount of the fee before you complete your transaction. After you complete your transaction you will be given a confirmation number to keep with your records.

### PAY BY MAIL:

Attach check or money order with completed Form AR1002V and mail with return. Write your Federal Identification Number on the check or money order, and make your check payable in U.S. Dollars to the Department of Finance and Administration. Mail on or before the return due date. If the payment is for an amended return, mark the box yes on Form AR1002V for "Is payment for an Amended Return."

## SCHEDULE B INSTRUCTIONS

### INCOME DISTRIBUTION

Beneficiaries' share of income must be listed in this section. Include all information requested. If additional space is needed attach a separate schedule. Any income properly paid, credited, and/or distributable to a beneficiary is taxable to the beneficiary.

**Resident beneficiaries** must include distributions from any estate or trust in their total Arkansas income to determine if an AR1000F should be filed.

**Nonresident beneficiaries** who have distributions from an Arkansas estate or trust must file an Arkansas Individual Income Tax Return (AR1000NR) that reports total income received from Arkansas sources regardless of the amount of distribution.

**NOTE:** A completed AR K-1FE for each beneficiary of the estate or trust is required to be attached to this return.