INCOME TAX SURCHARGE SCHEDULE FOR ARKANSAS TAXPAYERS CLAIMING THE TEXARKANA EXEMPTION

For tax years beginning in 2003, Act 38 of the First Extraordinary Session of 2003 imposes a 3% income tax surcharge on all Arkansas taxpayers. The 3% applies to the tax liability computed using existing rates. The surcharge also applies to taxpayers who claim the Texarkana exemption who may otherwise be exempt from Arkansas tax.

Taxpayers who claim the Texarkana exemption must complete this worksheet as if all their income is taxable. Complete the AR1000/ AR1000NR through Line 39, then complete this worksheet to determine the amount of the Income Tax Surcharge.

Instructions

1. Enter your Adjusted Gross Income (AGI) from Columns A and B, Line 34, AR1000/AR1000NR.
2. Enter the Border City Exemption amount(s) you claimed on Columns A and B, Line 31, AR1000/AR1000NR.
3. Add Lines 1 and 2. This is your AGI if you were not eligible for the Border City Exemption.
4. Enter zero (0) if you qualify for the Low Income Tax Table. If not, enter your standard deduction or itemized deductions.
5. Subtract Line 4 from Line 3.
6. Using the amount from Line 5, select the appropriate tax table and enter the amount of tax on this Line.
7. Combine the tax amount on Line 6 Columns A and B.
8. Multiply the amount on Line 7 by 3% (.03) and enter the amount on this Line and on Line 40 of the AR1000/AR1000NR and attach this schedule to your return.

PART A - All taxpayers claiming the Texarkana Exemption must complete this part.	(A) YOUR INCOME	(B) SPOUSE INCOME STATUS 4 ONLY
1. ADJUSTED GROSS INCOME: *(From Line 34, Columns A and B, AR1000/AR1000NR)* ... 1	00	1 00
2. Enter the Border City Exemption amount claimed on Line 31, AR1000/AR1000NR ... 2	00	2 00
3. Add Line 1 and Line 2 and enter here ... 3	00	3 00
4. Select tax table: *(Check the appropriate box)* ☐ **LOW INCOME** Table 1 ☐ **REGULAR** Table 2 If you qualify for the Low Income Tax Table, enter zero (0) on Line 4. If not, then: Enter the *larger* of your: } ☐ **Itemized Deductions** (*See Item. Ded. Sch. Instr.*) OR ☐ **Standard Deduction** (*See Standard Deduction Instr.*) ... 4	00	4 00
5. NET TAXABLE INCOME without regard to the Border City Exemption: *(Subtract Line 4 from Line 3)* .. 5	00	5 00
6. Tax: *(Enter Tax from tax table)* ... 6	00	6 00
7. Combined Tax (Add Line 6, Columns A and B and enter here) ... 7		00
8. Income Tax Surcharge *(Multiply the amount in Line 7 by 3% (.03), Enter here and on Line 40 of AR1000/AR1000NR)* ... 8		00

Full year residents stop here and enter the amount from part A, line 8 of this form on line 40 of AR1000, then complete the AR1000.

Part year residents and nonresidents that have amounts other than zero (0) on lines 34 A or B (If using filing status 4), and on C, stop here and enter the amount from part a, line 8 of this form on line 40 of AR1000NR, then complete the AR1000NR.

Part year residents and nonresidents that have zero (0) on lines 34 A, B (If using filing status 4) or C, continue on the second page of this form.

NOTE: If your income is totally exempt due to the Border City Exemption and your Surcharge calculated in Part A above is equal to or less than your total credits, then skip Parts B through D of this form and enter your Surcharge on line 40 of the AR1000NR, then complete the AR1000NR. If your income is totally exempt due to the Border City Exemption and your Surcharge calculated in Part A above is greater than your total credits, then skip Part B and complete Parts C and D of this form.

PART YEAR RESIDENTS AND NONRESIDENTS THAT HAVE ZERO (0) ON LINES 34 A, B (If using filing status 4) OR C, LEAVE LINES 40 THROUGH 52C OF THE AR1000NR BLANK AND COMPLETE PARTS B, C AND D OF THIS FORM. ENTER THE RESULT IN PART D ON LINE 52D OF YOUR AR1000NR, THEN COMPLETE THE AR1000NR.

COMPLETE EACH PART OF THIS FORM BEFORE CONTINUING TO THE NEXT PART.

SPECIAL INSTRUCTIONS FOR PART B, LINE 17C AND PART C, LINE 6: IF THE PERCENTAGE IS LESS THAN 1%, DO NOT ROUND, CARRY SIX ADDITIONAL PLACES TO RIGHT OF DECIMAL. IF THE PERCENTAGE EQUALS 100% OR MORE, ENTER 100.

PART B - CALCULATE YOUR REGULAR TAX

		(A) YOUR INCOME	(B) SPOUSE INCOME STATUS 4 ONLY
1.	ADJUSTED GROSS INCOME: *(From Line 34, Columns A and B, AR1000NR)* 1	00	1 00
2.	Select tax table: *(Check the appropriate box)* ☐ **LOW INCOME** Table 1 ☐ **REGULAR** Table 2 If you qualify for the Low Income Tax Table, enter zero (0) on Line 2A. If not, then: *Enter the larger of your:* ☐ **Itemized Deductions** *(See Item. Ded. Sch. Instr.)* OR ☐ **Standard Deduction** *(See Standard Deduction Instr.)* 2	00	2 00
3.	NET TAXABLE INCOME: *(Subtract Line 2 from Line 1)* 3	00	3 00
4.	Tax: *(Enter tax from tax table)* 4	00	4 00
5.	Combined tax: *(Add amounts from Lines 4A and 4B and enter here)* 5		00
6.	Enter tax from Lump Sum Distribution Averaging Schedule: *(Attach AR1000TD)* 6		00
7.	IRA and qualified plan withdrawal and overpayment penalties: *(Attach Federal Form 5329, if required)* 7		00
8.	**TOTAL TAX:** (Add Lines 5 through 7) 8		00
9.	Personal Tax credit: *(Enter total from Line 7D, AR1000NR)* 9	00	
10.	State Political Contributions credit: *(Attach schedule)* 10	00	
11.	Other State Tax credit: *[Attach a copy of other state tax return(s)]* 11	00	
12.	Child care credit: *(Attach Fed. Form 2441 or 1040A, Sch. 2, 20% of Federal credit allowed)* 12	00	
13.	Credit for adoption expenses: *(Attach Federal Form 8839)* 13	00	
14.	Phenylketonuria Disorder credit: *(See Instructions. Attach AR1113)* 14	00	
15.	Business and Incentive Tax credit: *(Attach schedule and certificate)* 15	00	
16.	**TOTAL CREDITS:** *(Add Lines 9 through 15)* 16		00
17.	**NET TAX:** *(Subtract Line 16 from Line 8. If Line 16 is greater than Line 8, enter 0)* 17		00
17A.	Enter the amount from **Line 34, Column C, AR1000NR**: 17A	00	
17B.	Enter the total amount from **Line 34, Columns A and B, AR1000NR**: 17B	00	
17C.	Divide Line 17A by 17B: *(If less than 1% do not round, carry six additional places to right of decimal)*. 17C		%
17D.	APPORTIONED TAX LIABILITY: *(Multiply Line 17 by Line 17C)* 17D		00

PART C - PRORATE YOUR TAX SURCHARGE

1.	Tax Surcharge *(Enter amount from PART A, Line 8)* 1		00
2.	Enter the unused credits from Part B *(Subtract Line 8, Part B from Line 16, Part B. If Line 8 is greater than Line 16, enter 0)* 2		00
3.	Total Surcharge subject to proration *(Subtract Line 2 from Line 1; If Line 2 is greater than Line 1, enter 0)* 3		00
4A.	Enter the amount from **Line 31, Col. C, AR1000NR**: 4A	00	
4B.	Enter the amount from **Line 34, Col. C, AR1000NR**: 4B	00	
4C.	Add Lines 4A and 4B and enter here. 4C	00	
5A.	Enter the amount from **Line 31, Col. A, AR1000NR**: 5A	00	
5B.	Enter the amount from **Line 34, Col. A, AR1000NR**: 5B	00	
5C.	Enter the amount from **Line 31, Col. B, AR1000NR**: 5C	00	
5D.	Enter the amount from **Line 34, Col. B, AR1000NR**: 5D	00	
5E.	Add Lines 5A through 5D and enter here. 5E	00	
6.	Divide Line 4C by Line 5E: *(If less than 1% do not round, carry six additional places to right of decimal)*. 6		%
7.	APPORTIONED TAX Surcharge: *(Multiply Line 3 by Line 6)* 7		00

PART D - CALCULATE YOUR TOTAL TAX LIABILITY

1.	APPORTIONED TAX LIABILITY: *(Enter amount from PART B, Line 17D)* 1		00
2.	APPORTIONED TAX Surcharge: *(Enter amount from PART C Line 7)* 2		00
3.	YOUR TAX LIABILITY: *(Add Lines 1 and 2, enter here and on Line 52D, AR1000NR)*: 3		00