



STATE OF ARKANSAS
**Department of Finance
and Administration**

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April 11, 2016



RE: Individual Income Tax
Opinion 20160110

Dear [REDACTED]:

This letter is in response to your request of January 25, 2016, for a legal opinion from the Department. Your request relates to the preparation and filing of 2015 Arkansas Individual Income Tax returns by Canadian citizens.

Question 1: Does Arkansas recognize and accept the federal treaty exemption in regard to Arkansas income tax liability?

Response: No. Arkansas is not required to follow United States government income tax treaties and therefore does not generally recognize any federal treaty exemptions.

Question 2: Does Arkansas accept the federal filing extension?

Response: Yes. Arkansas does accept the federal IRS filing extension. Ark. Code Ann. §26-51-807(a); Individual Income Tax Rule 1997-4(1.26-51-807).

Question 3: Does Arkansas require a copy of the federal Form 1040 to be attached to the Arkansas income tax return when filing?

Response: If the taxpayer is a part-year or non-resident of Arkansas, the taxpayer must attach the federal Form 1040 to the taxpayer's Arkansas tax return when filing the Arkansas return.

Question 4: Is the Arkansas income tax return eligible for e-filing if the taxpayer is a non-resident of the United States and files a federal Form 1040NR?

Response: No. The Department does not allow the Arkansas return to be electronically filed if the federal return is a 1040NR.

Question 5: Is the Arkansas income tax return eligible for e-filing if the taxpayer is a non-resident of the United States and has a spouse that is a non-resident alien of the United States and the spouse does not have a Social Security Number (“SSN”) issued by the United States Government?

Response: No. The Department requires both the primary filer and spouse to have either a SSN or ITIN.

Question 6: Does Arkansas allow a credit for income tax paid to other States, the Canadian federal government, or the Canadian Provinces?

Response: Arkansas allows a credit for income tax paid to other States. However, foreign income tax paid (including to the Canadian government or Canadian Provinces) is allowed as a deduction from gross income, but is not allowed as a tax credit.

Question 7: If Arkansas allows a credit for income tax paid to other States, the Canadian federal government, or the Canadian Provinces, is the credit limited to the amount not used on the federal Foreign Tax Credit Form 1116?

Response: No. The deduction allowed for foreign income tax paid is not dependent upon or limited by amounts claimed or unclaimed on federal Form 1116.

Question 8: Does Arkansas have any reciprocal agreements with any other federal or state income tax authorities?

Response: Yes. At the federal level, Arkansas has a reciprocal tax information sharing agreement with the Internal Revenue Service (IRS). At the state level, Arkansas is a full member of the Multistate Tax Commission (MTC) and shares tax information with that entity.

Question 9: Can the Department provide an Arkansas income tax return transcript or statement of account?

Response: Yes. The Department can provide an Arkansas income tax return transcript as well as a statement of account.

Question 10: What is the procedure to request a copy of an Arkansas income tax return transcript or statement of account?

Response: Taxpayers may contact the Individual Income Tax Section’s “Assistance Hotline” at (501) 682-1100 to request a transcript or statement of account. Statement of account letters are also mailed to taxpayers who have outstanding balances on an annual basis.

The Income Tax Rule cited in this opinion may be viewed on the Department’s website at www.dfa.arkansas.gov/revenue rules/income tax/1997-4.

Should you have any further questions regarding this matter, you may contact the Individual Income Tax Section's Compliance Unit at 501-682-1100.

This opinion is based on my understanding of the facts as set out in your inquiry, and the application of Arkansas laws, rules, and regulations to those facts. Any change in the facts or law could result in a different opinion.

Sincerely,

Michael Wehrle
Office of Revenue Legal Counsel