

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1932

Bill Subtitle: TO REQUIRE THE ELECTRONIC FILING OF INCOME TAX RETURNS BY CERTAIN TAX PRACTITIONERS; AND TO REQUIRE CERTAIN EMPLOYERS TO FILE ANNUAL STATEMENTS OF WITHHOLDING AND CERTAIN TAX FORMS IN A MACHINE-READABLE FORM.

Basic Change :

Sponsor: Rep. M. Gray

HB1932 requires tax practitioners who prepared at least eleven Arkansas individual income tax returns in the previous year to file all Arkansas individual income tax returns prepared in the next two years electronically. The bill also requires employers to file withholding statements electronically if they have at least 25 employees, down from the current 250. Employers who fail to file electronically will have a \$50 penalty imposed. The bill is effective for tax years beginning on or after January 1, 2019.

Revenue Impact :

None.

Taxpayer Impact :

Taxpayers who have 25 employees or more must file withholding statements electronically and taxpayers who use a tax preparer may be required to file Arkansas individual income tax returns electronically if the preparer prepares eleven or more returns.

Resources Required :

None.

Time Required :

None.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

This bill creates a new code section at § 26-51-817 that requires any tax practitioner who prepares at least eleven Arkansas individual income tax returns in a tax year to electronically file all Arkansas individual income tax returns prepared by the practitioner for the following two tax years.

This bill also amends § 26-51-909 to require an employer with 25 or more employees to electronically

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file the Arkansas annual statement of withholding as well as all IRS W-2 Forms, 1096 Forms, 1099 Forms and Arkansas ARW-3 Forms with DFA.

Additionally, a penalty in the amount of \$50.00 will be assessed against an employer for each annual statement of withholding or form that the employer fails to electronically file with DFA. DFA will retain discretion to waive this penalty under § 26-18-705(b) of the Arkansas Tax Procedure Act.

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