

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB434**

**Bill Subtitle: TO REDUCE THE NUMBER OF EMPLOYEES REQUIRED TO MANDATE THE ELECTRONIC FILING OF ANNUAL WITHHOLDING STATEMENTS AND TO REDUCE THE METHODS BY WHICH AN EMPLOYER CAN FILE ANNUAL WITHHOLDING STATEMENTS.**

---

### **Basic Change :**

**Sponsors: Sen. J. Dismang and Rep. Eaves**

SB434 amends § 26-51-909 to reduce the number of employees required for electronic filing of annual withholding tax statements from 250 employees to 125 employees. SB434 allows the Department of Finance and Administration to waive the electronic filing requirement upon a showing of undue hardship by the employer.

SB434 will be effective for tax years beginning on or after January 1, 2024.

### **Revenue Impact :**

None.

### **Taxpayer Impact :**

An employer having 125 or more employees would be required to file its annual statement of withholding electronically. An employer would be eligible to request a waiver of the electronic filing requirement if an undue hardship were to exist.

### **Resources Required :**

The Arkansas Integrated Revenue System (AIRS) would require programming at an estimated cost of \$8,000.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

An update to the Withholding Tax forms and instructions will be required. Department employees and employers will need to be educated on the update to existing Arkansas tax law.

### **Other Comments :**

None.

### **Legal Analysis :**

None.