

INCOME TAX PROPOSAL #16
for consideration by the
ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE

TOPIC: Standard Deduction

Summary of Proposal for Consideration

It is proposed that the Arkansas standard deduction be equal to one hundred eighty-three thousandths percent (0.183%) of the federal standard deduction as provided by the Tax Cuts and Jobs Act (TJCA), P.L. 115-97, effective for tax years beginning January 1, 2019. The TJCA provides a standard deduction of twelve thousand dollars (\$12,000) for an individual, eighteen thousand dollars (\$18,000) for a head of household, and twenty-four thousand dollars (\$24,000) for a married couple filing jointly.

Fiscal Analysis

According to the Department of Finance and Administration, this proposal has no revenue impact. The proposal simply transfers the amount of the Arkansas Standard Deduction from Arkansas statutory amounts to a percentage of the Federal amount with the same result. This is based on the proposal being a time certain delegation of taxing authority to the Federal law.