

1 State of Arkansas  
2 93rd General Assembly  
3 Regular Session, 2021  
4  
5 By: Representative Jett

# A Bill

HOUSE BILL 1049

## For An Act To Be Entitled

8 AN ACT TO ALLOW THE WITHHOLDING OF STATE INCOME TAX  
9 FROM UNEMPLOYMENT COMPENSATION BENEFITS AND  
10 UNEMPLOYMENT INSURANCE BENEFITS; AND FOR OTHER  
11 PURPOSES.

## Subtitle

15 TO ALLOW THE WITHHOLDING OF STATE INCOME  
16 TAX FROM UNEMPLOYMENT COMPENSATION  
17 BENEFITS AND UNEMPLOYMENT INSURANCE  
18 BENEFITS.

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

23 SECTION 1. Arkansas Code § 26-51-904 is amended to read as follows:  
24 26-51-904. Rules – Forms.

25 (a) The Secretary of the Department of Finance and Administration  
26 shall make and prescribe such rules and forms as he or she ~~shall deem~~ deems  
27 necessary to carry out the purposes of this subchapter.

28 (b) The Secretary of the Department of Commerce, in consultation with  
29 the Secretary of the Department of Finance and Administration, shall  
30 promulgate forms for requests to withhold income tax from unemployment  
31 compensation benefits or unemployment insurance benefits under § 26-51-  
32 905(c).

34 SECTION 2. Arkansas Code § 26-51-905, concerning the withholding of  
35 tax under the Arkansas Income Tax Withholding Act of 1965, is amended to add  
36 an additional subsection to read as follows:



1           (c)(1)(A) For purposes of this subchapter, the payment of unemployment  
 2 compensation benefits or unemployment insurance benefits shall be treated as  
 3 the payment of wages by an employer to an employee if:

4                           (i) The payment is of the type included in “gross  
 5 income” under § 26-51-404(a)(1)(G) or (a)(1)(H); and

6                           (ii) The recipient of the payment has requested that  
 7 the payment be subject to withholding under this subchapter on the forms  
 8 promulgated under § 26-51-904.

9                           (B) The amount to be deducted and withheld from a payment  
 10 under subdivision (c)(1)(A) of this section is four and five-tenths percent  
 11 (4.5%) of the payment of unemployment compensation benefits or unemployment  
 12 insurance benefits.

13                           (2) The agency receiving an application for unemployment  
 14 compensation benefits or unemployment insurance benefits shall inform the  
 15 applicant of the option to request withholding under this subchapter.

16                           (3) An agency required to deduct and withhold income tax under  
 17 this subsection is not liable under § 26-51-916 for the amounts required to  
 18 be deducted and withheld.

19  
 20           SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective  
 21 for tax years beginning on or after January 1, 2022.