

# 2023



# ARKANSAS **PARTNERSHIP** Income Tax Instructions AR1050

## ATAP

Please visit our secure website ATAP (Arkansas Taxpayer Access Point) at [www.atap.arkansas.gov](http://www.atap.arkansas.gov). ATAP allows taxpayers or their representatives to log on, make payments and manage their account online.

ATAP features include:

- View account letters

**ATAP is available 24 hours a day.**

(Registration is not required to make payments or to check refund status.)

## Simple Reasons to e-file!

- ◆ Filing Confirmation Provided
- ◆ Makes Complex Returns Easy
- ◆ File Federal & State Forms Together
- ◆ Secure



## For your questions/comments:

Manager, Individual Income Tax  
P. O. Box 3628  
Little Rock, AR 72203-3628

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# TAX HELP AND FORMS



## Internet

You can access the Department of Finance and Administration's website at **[www.dfa.arkansas.gov](http://www.dfa.arkansas.gov)**.

- Get current and prior year forms and instructions
- Access latest income tax info and archived news
- Get e-file information

You can e-mail questions to:

**[individual.income@dfa.arkansas.gov](mailto:individual.income@dfa.arkansas.gov)**



## Phone

Individual Income Tax Hotline..... (501) 682-1100  
**or** (800) 882-9275

Representatives are available to assist callers at the numbers above during normal business hours (Monday through Friday from 8:00 a.m. to 4:30 p.m.) with:

- Taxpayer Assistance
- Notices Received
- Forms
- Amended Returns
- Audit and Examination
- Payment Information

For hearing impaired access, call (800) 285-1131 using a Text Telephone Device (for Spanish, call (866) 656-1842).

Other useful phone numbers:

Business Incentive Credits ..... (501) 682-7106  
Withholding Tax ..... (501) 682-7290  
Collections ..... (501) 682-5000  
Revenue Legal Counsel ..... (501) 682-7030  
Corporate Income Tax ..... (501) 682-4775  
Sales and Use Tax..... (501) 682-7104  
Problem Resolution and ..... (501) 682-7751  
Tax Information Office (Offers In Compromise)

Internal Revenue Service ..... (800) 829-1040  
Social Security Administration ..... (800) 772-1213



## Forms

**To obtain forms and instructions you may:**

1. Access our website at:  
**[www.dfa.arkansas.gov/income-tax](http://www.dfa.arkansas.gov/income-tax)**
2. Call the Individual Income Tax Hotline  
(501) 682-1100 **or** (800) 882-9275

## ATAP

Arkansas Taxpayer Access Point (ATAP) allows taxpayers or their representatives to log on to a secure website and manage their account online.

Access ATAP at **[www.atap.arkansas.gov](http://www.atap.arkansas.gov)** to:

- Make name and address changes
- View account letters



## Address

Choose the appropriate address below to mail your return:

### Physical:

Arkansas State Income Tax  
1816 W 7th Street, Room 2300  
Little Rock, AR 72201

### Mailing:

Arkansas State Income Tax  
P.O. Box 8056  
Little Rock, AR 72203-8056

Be sure to apply sufficient postage or your return will not be delivered by the U.S. Postal Service.

# GENERAL INFORMATION

**NOTE:** The following is a brief description of each Act and is not intended to replace a careful reading of the Act in its entirety. The Arkansas Legislature enacted numerous changes to the Arkansas Tax Code in 2021 and 2022. However, many of those changes are not effective until future tax years.

**Act 658 of 2023** amended **Arkansas Code Annotated 26-51-204** to allow railroads to elect to apportion income to Arkansas using the three-factor apportionment for railroads formerly contained in Regulation 1.26-51-204 which is now codified in **ACA 26-51-204(b)** or may elect to apportion income to Arkansas using a single sales factor as modified in **ACA 26-51-204(b)**. at [https://www.dfa.arkansas.gov/images/uploads/IncomeTaxOffice/ARPA\\_ActSummaryMemo10112022.pdf](https://www.dfa.arkansas.gov/images/uploads/IncomeTaxOffice/ARPA_ActSummaryMemo10112022.pdf).

**Act 822 of 2019** amends **Arkansas Code Annotated 26-51-101, Article IV** and **26-51-709** through **26-51-718** to provide for a single sales factor to apportion income from within and without Arkansas for tax years beginning on or after January 1, 2021. For tax years beginning on or after January 1, 2021, all taxpayers with income from sources within and without Arkansas must use a single sales factor to apportion income from Arkansas unless the taxpayer is subject to a special industry apportionment method authorized for;

1. Construction Contractors by Regulation 1.26-51-718(d),
2. Pipelines by Regulation 6.26-51-718(d)

Airlines are required to use sales factor apportionment only under Regulation 4.26-51-718(d) and Bus Lines and Trucking Companies are required to apportion using a mileage factor only under Regulation 5.26-51-718(d) and the mileage should be reported in the sales factor area of Part III of Form AR1050. Private Railcar Operators are required to apportion income to Arkansas using a sales factor only as modified by Regulation **2.26-51-204**. Television and Radio Broadcasters are required to apportion income to Arkansas using only a sales factor as modified in Regulation **2.26-51-718(d)**. Publishers are required to apportion income to Arkansas using a single sales factor as modified in Regulation **3.26-561-718(d)**.

Act 822 amends Arkansas Code Annotated 26-51-427 to allow net operating losses occurring in tax years beginning on or after January 1, 2020 to carry forward for eight (8) years and losses occurring in tax years beginning on or after January 1, 2021 to carry forward ten (10) years. Net operating losses that occur in tax years beginning before January 1, 2020 to carry forward five (5) years.

**Act 248 of 2021** amended Arkansas code Annotated 26-51-404(b) to add the following exclusions from gross income:

1. Title 15 U.S.C. S626A(i) as in effect on January 1, 2021 exempts sums received under the Paycheck Protection Program of loan forgiveness as included in §304(b), 276(a) of the Consolidated Incentive Act of 2021, Public Law 116-260.
2. Section 277 of the Consolidated Appropriations Act concerning the tax treatment of certain emergency financial aid grants to students.
3. Section 278 of the Consolidated Appropriations Act concerning the clarification of the tax treatment of certain loan forgiveness and other business financial assistance. Section 278 includes exemptions for Paycheck Protection Program loan forgiveness under Section 1109(d)(2)(d) of the CARES Act, Economic Injury Disaster Loan grants also known as EIDL Grants from the Small Business Administration under Section 1110(c) of the CARES Act and Section 331 of the Hard-Hit Small Businesses, Nonprofits and Venues Act. Subsidies for certain SBA loan payments described in Section 1112(c) of the CARES Act and Grants for Shuttered Venue Operators under Section 324 of the Hard-Hit Small Businesses, Nonprofits and Venues Act.
4. Payments received under the Coronavirus Food Assistance Program described in 7 C.F.R. Part 9 as it existed on January 19, 2021. Expenses related to the exclusion of income under Act 248 of 2021 are deductible. Income exempted under Act 240 of 2021 and Act 95 of 2020 must be added back in the calculation of net operating loss as required by Arkansas Code Annotated 26-51-427(2).

There are a number of federal and state financial assistance programs that are not exempt from Arkansas Income taxes. Among the assistance programs that are not exempt are any government assistance programs included in the American Rescue Plan Act (ARPA) such as;

1. The Restaurant Revitalization Fund Grants,
2. Rural Health Care and Development Grants, USDA loan subsidies and grants,
3. EIDL Grants under ARPA,
4. PPP loan forgiveness under ARAP,
5. Emergency Rental Assistance under ARPA and the Consolidated Appropriations Act,
6. Arkansas Ready Business Grants and
7. Any other federal, state or local financial assistance program not specifically exempted by Arkansas law.

Employee Retention Credits have been determined to not be taxable under Arkansas law and the credits do not require salaries and benefits deductions to be reduced as they are for federal purposes. If a taxpayer has amended their federal income tax return strictly due to claiming the Employee Retention Credits, no Arkansas amended return is required. The DFA policy concerning ERC credits and other ARPA Act programs can be found at [https://www.dfa.arkansas.gov/images/uploads/IncomeTaxOffice/ARPA\\_ActSummaryMemo10112022.pdf](https://www.dfa.arkansas.gov/images/uploads/IncomeTaxOffice/ARPA_ActSummaryMemo10112022.pdf).

**Act 362 of 2021** creates a voluntary tax that pass-through entities will pay if owner/members with more than 50% of the voting power of the entity elect to do so. If a partnership elects the pass-through entity tax (PET) in Arkansas, then the partnership is not required to file to file an Arkansas partnership return Form AR1050 and the income subject to PET tax is exempt from Arkansas income tax for the owner/members.

## REMINDERS

**Special Information for tax years beginning on or after January 1, 2018: Act 482 of 2017** provides that a partnership filing an Arkansas partnership return and has income from both within and without Arkansas shall apportion income to Arkansas under the Uniform Division of Income for Tax Purposes Act. If the apportionment of income does not fairly represent the partnership's business activity in this state, the partnership may petition the Department of Finance and Administration for an exception. Any such petition should be addressed to the following:

**Individual Income Tax Section  
Attn: Compliance Unit  
P.O. Box 3628  
Little Rock, AR 72203-3628**

# GENERAL INSTRUCTIONS

Form AR1050 is used to file the income of a partnership. Every domestic or foreign partnership doing business within the State of Arkansas or in receipt of income from Arkansas sources, regardless of amount, must file an AR1050. This form is also to be used by business organizations that are two or more member limited liability companies unless the LLC has “checked the box” to file as a corporation for federal tax purposes. **(Nonresident partners may choose to be included in an Arkansas composite filing. For details see instructions for AR1000CR.)**

## WHEN TO FILE

The due date is April 15th or first (1st) business day after for calendar year filers. Fiscal year filers must file on or before the fifteenth (15th) day of the fourth (4th) month following the close of the fiscal year.

## EXTENSION OF TIME TO FILE

If you request an extension of time to file your federal partnership tax return (with federal Form 7004) you can receive an additional one month extension on your state return. If you do not file a federal extension, you can file an extension with the State using AR1055-PE. Send form AR1055-PE to:

**Individual Income Tax Section  
ATTN: Extension  
P.O. Box 8149  
Little Rock, AR 72203-3628**

# Arkansas Partnership Income Tax Return Instructions (AR1050)

**CAUTION:** Report only trade or business activity income on page 1 of the AR1050. Do not report section 179 deductions, charitable contributions, net rental real estate income, other rental activities, royalties, capital gains (losses), interest, dividends, and other income on these lines. P1, Column B of the AR1050 should include trade or business activity on an Arkansas basis. All other separately stated (items such as interest, dividends, capital gains, etc.) should be reported on Schedule K, P4, which will be further reported on each partner's AR K-1.

## INCOME

- Line 4.** Enter gross receipts or sales from all business operations other than those listed on Lines 7 through 10.
- Line 5.** Complete Schedule B, Part I on P5 of AR1050. Enter on Line 5 the amount shown on Line 7 of Schedule B, Part I.
- Line 6.** Subtract cost of goods sold, Line 5, from gross receipts or sales, Line 4 and enter the difference.
- Line 7.** Enter the income from any other partnerships or fiduciaries of which is defined as business income for the filing partnership. Partnership income received from activities in this state is to be allocated to this state as opposed to apportionment per ACA 26-51-802(c)(2). Attach schedule/federal schedule.
- Line 8.** Enter the net profit/loss received from farming. Attach schedule/federal schedule.
- Line 9.** Enter the ordinary gains or losses from the sale, exchange, or involuntary conversion of assets used in a trade or business activity.
- Line 10.** Enter any other taxable income not included on Lines 6 through 9. Attach statement or schedule.
- Line 11.** Add Lines 6 through 10 and enter the total.

## DEDUCTIONS

Do not list deductions here if they have already been included on Lines 4 through 10.

- Line 12.** Enter the amount of salaries and wages paid.
- Line 13.** Enter the amount of payments or credits to a partner for services.
- Line 14.** Enter rent paid on business property.
- Line 15.** Enter the amount of interest paid on business indebtedness to others.
- Line 16.** Enter taxes paid or incurred on business property for carrying on a trade or business.

**Line 17.** Enter the amount of bad debts. You may deduct bad debts when they become worthless or make a reasonable addition to a reserve for bad debts. Attach schedule.

**Line 18.** Enter the cost of incidental repairs that do not add to the value of the property or appreciably prolong its life.

**Line 19.** Enter the allowable amount for depreciation of business property. Schedule A, Part I: Depreciation Reconciliation is required for any entity reporting depreciation regardless of the amount.

**NOTE:** Arkansas has adopted IRC 179 in its entirety as in effect on January 1, 2022.

**Line 20.** Depletion: Enter the amount of depletion. Attach schedule.

**Line 21.** Retirement plan, etc.: Enter the contributions made by the partnership for its common-law employees under a qualified retirement plan. Attach schedule.

**Line 22.** Enter any other trade or business deductions not included in Lines 12 through 21. Attach schedule.

**Line 23.** Add Lines 12 through 22 and enter the total.

**Line 24.** Subtract Line 23 from Line 11 or Schedule A Part III, Line 9.

## PARTNERS' SHARES OF INCOME

**NOTE:** A completed Schedule K is required to calculate each partner's distributive share items. An AR K-1 for each member of the partnership is also required to be attached to this return.

Enter each partner's name, address, tax id number, and share of the business net income, whether distributed or not. If the distributed income is determined on a basis other than a percentage basis, attach an explanatory statement.



## SCHEDULE A - INSTRUCTIONS

### Part I: Depreciation Reconciliation

Depreciation reconciliation is required to be completed if the partnership has a depreciation deduction of any amount.

**Line 1:** Enter the total amount of federal depreciation claimed on line 22 of Form 4562 and other depreciation included elsewhere. Note: Section 179 depreciation should not be included. Instead, the deduction is to be reported on Schedule K, Line 13, which flows to each partner's AR K-1.

**NOTE:** Arkansas has adopted IRC 179 in its entirety as in effect on January 1, 2022.

**Line 2:** Subtract bonus depreciation (if applicable) reported on federal Form 4562, Line 25 and Line 14 from Line 1.

**Line 3:** Add or subtract the Arkansas depreciation adjustment (attach schedule). Use Line 3 to make an adjustment that reconciles the Arkansas depreciation deduction. Attach schedule.

**Line 4:** Subtract Line 2 from Line 1, add or subtract Line 3 and Line 4 to enter the Arkansas total depreciation deduction.

**Line 5:** Subtract Arkansas depreciation in cost of goods sold or elsewhere from Line 4.

**Line 6:** Subtract Line 6 from Line 5. Enter the Arkansas depreciation deduction on Column A, Line 19, Form AR1050.

### APPORTIONMENT INSTRUCTIONS

#### For Taxpayers with Income from Sources Within and Without the State

Multistate partnerships should complete Part II and Part III of Schedule A. The total income taxable to Arkansas from Part III, Line 9 should be reported on Line 24 Column B of AR1050. Column A of the AR1050 should be completed by multistate partnerships. However, Column B, Lines 4-23 will not be completed for multistate partnerships.

Business Income is defined in ACA 26-51-701(a) as income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management and disposition of the property constitute integral parts of the taxpayer's trade or business operations. In essence, all income which arises from the conduct of trade or business operations of a taxpayer is business income. Income of any type or class and from any source is business income if it arises from transactions and activity occurring in the regular course of a trade or business. In general, all transactions and activities of the taxpayer's economic enterprise as a whole constitute the taxpayer's trade or business and will be considered "Business Income" unless otherwise excluded by Arkansas law. ACA

26-51-701(e) defines nonbusiness income as all income other than business income.

Unitary Determination of Intangible Income: Interest, dividends (less than 80% directly owned), rents, royalties and gains and losses from multistate partnerships are apportionable to Arkansas if a unitary business relationship exists between the intangible income and the State of Arkansas. Generally, a unitary business relationship will exist when an activity conducted in one state benefits and is benefited by an activity conducted in another state.

#### Apportionment Formula:

In general, taxpayers with income derived from activities both within and without the state are required to apportion business income with the single sales factor apportionment formula and allocate nonbusiness income. Taxpayers using the single sales factor apportionment formula do not complete Lines 1, 2, or 4 of part III. Calculate sales factor percentage on Lines 3a through 3f. Input percentage calculated on Line 3f on Line 5 of part III.

All multistate partnerships apportion business income to this state by multiplying the income by a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax period and the denominator of which is the total sales of the taxpayer everywhere during the tax period.

Construction companies and pipelines must utilize the double weighted sales factor, apportionment method with factor modifications. Publishing companies, private railcar operators, and TV and radio broadcasters must apportion income to Arkansas using a single sales factor as modified by the special industry regulations. Requirements for apportionment formulas of the businesses listed in this paragraph are contained in the Arkansas Corporation Income Tax Regulations which may be obtained from [www.dfa.arkansas.gov](http://www.dfa.arkansas.gov). The red is just to indicate the changes, not to be put in the booklet that way.

#### Change of Method

##### Prior approval Required Before Deviation From the Allocation and Apportionment Method

If the allocation and apportionment provisions as set out above do not fairly represent the extent of the taxpayer's business activity in this State, the taxpayer may petition for, or the Commissioner of Revenue, Department of Finance and Administration may require in respect to all or any part of the taxpayer's business activity, if reasonable:

A) Separate accounting

B) The inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in this State, or

C) The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

A petition must be a formal written request submitted to and approved by the Department of Finance and Administration



prior to the filing of a return using the proposed method. The approval letter should be attached to all returns filed using the approved alternative apportionment method.

## **SCHEDULE A - APPORTIONMENT OF INCOME FOR MULTISTATE PARTNERSHIP**

### **Part II: Income to Apportion**

**Line 1:** Enter income from P1, Line 24, Column A.

**Line 2:** Enter any added adjustments and attach schedule. Additions should be any other income not listed on Lines 4-10 of the AR1050 that constitute business income that should be apportioned. Note: federal/Arkansas depreciation differences are not to be reported on this line. Schedule A, Part I should be completed and the Arkansas depreciation should be already reported on Line 19 of AR1050, P1.

**Line 3:** Enter any deducted adjustments and attach schedule. Subtractions should be any other deductions not listed on Lines 12-22 of the AR1050 that constitute business deductions that should be apportioned. Deduction adjustments should also include income that is to be allocated to Arkansas (e.g. income from other partnerships) and will be added back after apportionment on Schedule A Line 7. Note: federal/Arkansas depreciation differences are not to be reported on this line. Schedule A, Part I should be completed and the Arkansas depreciation should be already reported on Line 19 of AR1050, P1.

**Line 4:** Line 1 plus Line 2 less Line 3 = Line 4, Total Apportionable Income. Continue to Part III.

### **Part III: Apportionment Factor**

Column A is for Amounts in Arkansas; Column B is the Total Everywhere; Column C is the Percentage of Column (A)÷(B). Calculate all percentages to six (6) places beyond whole percentages. Example 26.123456%. Only construction companies must use 3 factors.

**Property Factor:** The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this State during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the tax period. (ACA 26-51-710)

**Line 1.** Enter Property Used in Business

**Line a.** Tangible Assets Used in Business and Inventories.

(a1) Enter the amount at the beginning of the year in both Column A and Column B.

(a2) Enter the amount at the end of the year in both Column A and Column B.

(a3) Enter total amounts: (Add Lines a1 and a2) in both Columns.

(a4) Enter Average of Tangible Assets: (Line 3 ÷2) in both Columns.

**Line b.** Enter Rental Property: (8 times annual rent Column A and B).

**Line c.** Enter Total Property in both Columns: (Add Lines a4 and b).

In Column C, calculate the Arkansas percent by dividing the amount on Line c, Column A by the amount on Line c, Column B.

**Payroll Factor:** The payroll factor is a fraction, the numerator of which is the total amount paid in this State during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period. The payroll factor shall include only that compensation which is included in the computation of the apportionable income tax base for the taxable year. (ACA 26-51-713 and ACA 26-51-1405)

Column A is total compensation paid within Arkansas; Column B is total compensation paid everywhere during the tax year; Column C is the percentage of Column (A) divided by (B).

**Line 2.** Enter Salaries, Wages, Commissions and Other Compensation Related to the Production of Business.

**Sales/Receipts Factor:** The receipts factor is a fraction, the numerator of which is the total sales of the taxpayer in this State during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period. The method of calculating receipts for purposes of the denominator is the same as the method used in determining receipts for purposes of the numerator. The receipts factor shall include only those receipts which constitute business income and are included in the computation of the apportionable income base for the taxable year. Arkansas requires receipts to be gross receipts instead of net receipts. Financial institutions cannot double weight the sales/receipts factor. (ACA 26-51-715 and ACA 26-51-1403)

### **Line 3. Sales/Receipt**

(a) Enter Destination Shipped from Within Arkansas. Sale of property that is delivered or shipped by a seller located in Arkansas to a purchaser located in Arkansas.

(b) Enter Destination Shipped from Without Arkansas. Sale of property that is delivered or shipped to a purchaser located in Arkansas regardless of the f.o.b. point or other conditions of the sale.

(c) Enter Origin Shipped from Within Arkansas to U.S. Govt. Gross receipts from sales of tangible personal property to the U.S. Govt. are in this state if the property is shipped from an office, store, warehouse, factory, or other place of storage in this state and the purchaser is the U.S. Govt.

(d) Enter Origin Shipped from Within Arkansas to Other Non-Taxable Jurisdictions: sales of property that is shipped from an office, store, warehouse, factory or other place of storage in Arkansas to a taxpayer that is not taxable in the state of the purchaser.

(e) Enter Other Gross Receipts: Includes items such as interest income, other income, proceeds from sales of assets, rental income. Attach schedule.

Gross receipts from all transactions other than sales of tangible personal property are attributed to Arkansas if the income producing activity is performed entirely within Arkansas. If the income producing activity is performed both inside and outside Arkansas, the amount of income reportable to Arkansas shall be determined by utilizing the formula for apportioning income during the year of the sale by including the income producing activity inside the state of Arkansas as the numerator and the taxpayer's total sales factor as the denominator.

(f) Enter Total Sales/Receipts: Divide Line 3f in Column A by Line 3f in Column B to arrive at the percentage for Line 3f in Column C.

(g) Enter Double Weighted: Column C, Line 3f multiplied by 2).

**Line 4:** Enter Sum of Percentages: Add Column C, Lines 1d, 2a, and 3g).

**Line 5:** Enter Percentage Attributable to Arkansas: Line 4 divided by the Double Weighted Factor. For Part III, Line 5, divide Line 4 by number of entries other than zero which you make on Part III, Column B, Lines (1d), (2a) and (3f). Also, an entry other than zero in Part III, Column B, Line (3f), counts as two (2) entries if sales factor only Line 5 equals Line 3f.

**Line 6:** Income apportioned to Arkansas

Multiply Part II, Line 4 by Part III, Line 5. Enter the result here and continue to line 7. Note: Line 6 is intended for the use of reporting income derived in the ordinary course of a trade or business that does **NOT** include portfolio income. Portfolio income is considered all gross income, other than income derived in the ordinary course of a trade or business, that is attributable to interest, dividends, royalties, etc. **Report portfolio income and related deductions on Schedule K.**

**Line 7:** Add adjustments: Enter any added adjustments such as allocable business income. Attach schedule.

**Line 8:** Deduct adjustments: Enter any deducted adjustments applicable to post-apportioned income. Attach schedule.

**Line 9:** Income: Enter the total business income allocated and apportioned to Arkansas after adjustments. Report the amount on P1, Line 24, Arkansas column.

## SCHEDULE K - PARTNERS' DISTRIBUTIVE SHARE ITEMS

Schedule K summarizes all the partners' shares of the partnership's income, credits, deductions, etc. Rental activity income (loss) and portfolio income aren't reported on P1 of the AR1050. These amounts aren't combined with trade or business activity income (loss). Schedule K is used to report the totals of these and other amounts. The Schedule K is required for all partnerships.

**NOTE:** A completed AR K-1 for each member of the partnership is required to be attached to this return.

Enter each partner's name, address, Tax Id Number, and share of the net income, whether distributed or not. If the distributed income is determined on a basis other than a percentage basis, attach an explanatory statement.

### Part I: Income (Loss)

#### 1. Ordinary business income (loss)

Enter the amount from P1, Line 24 of the AR1050. Do not include rental activity income (loss) or portfolio income (loss).

#### 2. Net rental real estate income (loss)

Enter the net income (loss) from rental real estate activities. Attach federal Form 8825.

#### 3a-c. Other gross rental income (loss)

Enter gross income from rental activities other than those reported on federal Form 8825. Enter the expenses attributable to the other rental activities to arrive at the other net rental income (loss) on 3c.

#### 4. Interest income

Enter taxable portfolio interest. Tax-exempt interest income is not to be reported on this line. Report tax-exempt interest income on Line 17a or b of Part III.

#### 5. Dividends

Enter taxable dividends including any qualified dividends.

#### 6. Royalties

Enter royalties received by the partnership.

#### 7. Net short-term capital gain (loss)

Enter the short-term gain (loss) and attach federal Schedule D (Form 1065).

#### 8a-b. Net long-term capital gain (loss)

Enter the portfolio capital gain or loss. Attach federal Schedule D (Form 1065). Note: Capital gains from collectibles are taxed at the ordinary income rates in Arkansas.

## 9. Unrecaptured section 1250 gain

Enter any unrecaptured section 1250 gain and attach statement.

## 10. Net section 1231 gain (loss)

Enter any net section 1231 gain (loss) and attach federal Form 4797.

## 11. Other income (loss)

Enter any other item of income or loss that is not included on Lines 1-10. Identify the type of income in the space provided. If there is more than one type of income, attach a statement that identifies each type and amount.

## 12. Guaranteed payments

Enter any guaranteed payments to partners.

## Part II: Deductions

### 13. Section 179 deduction

Figure the partnership's section 179 expense deduction. Report the allowable amount on the Arkansas column. Attach Form 4562. Note: The partnership does not take the deduction itself but instead passes it through to the partners on AR K-1.

### 14a. Cash charitable contributions

Enter any cash charitable contributions made by the partnership.

### 14b. Non-cash charitable contributions

Enter any non-cash charitable contributions made by the partnership.

### 14c. Other deductions

Enter any allowable deductions. Identify the type of deduction in the space provided. If there is more than one type of deduction, attach a detailed schedule that identifies each by type and amount.

## Part III: Other Information

### 15. Credits

If the partnership has any applicable Arkansas-sourced credits allocated to partners, enter them here.

**NOTE:** *Recent legislation may have amended, increased, or extended some of the provisions for Tax Credits. Use of any credit is subject to the limitations and carryover provisions provided by the respective Arkansas statute. A summary of the Tax Credit Programs can be found at: [www.dfa.arkansas.gov](http://www.dfa.arkansas.gov) If you have any questions, please contact the Tax Credits/Special Refunds Section at (501) 682-7106.*

### 16. Items affecting partners basis

Enter any relevant items of information affecting the partner(s) basis as a result of activities from the partnership in the taxable year.

### 17a-c. Tax-exempt interest income

Enter any interest income that is tax exempt on 17a, as well as other tax-exempt income on 17b. Nondeductible expenses are to be entered on 17c.

### 18a-b. Distributions of cash and marketable securities

Enter the amount of partnerships distributions of cash, marketable securities on 18a, and other property on 18b.

### 19a-c. Investment income

Enter the investment income, expenses, and other items and amounts.

## Analysis of Net Income (Loss)

### 1. Net income (loss)

Combine Schedule K, Lines 1 through 12. From the result, subtract the sum of Schedule K, Lines 13 through 16.

## SCHEDULE B - ADDITIONAL PARTNERSHIP INFORMATION

### Part I: Cost of Goods Sold

To compute the cost of goods sold, answer all questions and enter the amount listed on Line 7 of Schedule B on Line 5, P1, of AR1050.

### Part II: Balance Sheet

The balance sheet is to report the assets and liabilities at the beginning and end of the tax year. The amounts should agree with the partnership's books and records. Attach a statement explaining any differences.