How Do I Update My Arkansas Tax Tables?

The Arkansas state tax table formats have changed slightly for the 2020 tax year. There is now a configurable Net Taxable Income limit that has changed from prior years. This change takes effect March 1, 2020.

Where do I find the tax tables?

For AR tax tables, you will need the current "Withholding Formula" document from the AR Department of Revenue.

Which tables do I use?

Use the "Formula Method." Figure 1 shows an excerpt from that document.

Note that the figures shown in this document are for demonstration purposes only, and may not be current. Please consult the current publication for the most up-to-date information. Though the figures change periodically, the method of calculation should remain the same. If the calculation method has changed for this state please notify the webmaster.

FORMULA METHOD

Employers having electronic systems are authorized to use the following formula to compute the amount of withholding rather than use the withholding tables.

1. Multiply the Period Gross Pay by the number of pay periods per year to arrive at the annual gross pay.

    Monthly Gross Pay   **X 12 = Annual Gross Pay**
    Semi-Monthly Gross Pay X 24 = Annual Gross Pay
    Bi-Weekly Gross Pay   **X 26 = Annual Gross Pay**
    Weekly Gross Pay   **X 52 = Annual Gross Pay**
    Daily Gross Pay   **X 260 = Annual Gross Pay**
    (Daily is based on a 5 day work week)

2. Subtract the Standard Deduction of $ 2,200 to arrive at Net Taxable Income. If Net Taxable Income is below $87,001 look up the income at the $50 range (midrange of $100). For $87,001 and over, use the exact dollar figure.

3. Compute the Annual Gross Tax on the Net Taxable Income using the bracket below and round that result.

2020 Indexed Tax Brackets				
Over	**But Not Over**		**Percentage**	**Minus Adjustment**
$0	$4,599		0.0%	$0.00
$4,600	$9,099		2.00%	$91.98
$9,100	$13,699		3.00%	$182.97
$13,700	$22,599		3.40%	$237.77
$22,600	$37,899		5.00%	$421.46
$37,900	$80,800		5.90%	$762.55
$80,801	$81,800		6.60%	$1,243.40
$81,801	$82,800		6.60%	$1,143.40
$82,801	$84,100		6.60%	$1,043.40
$84,101	$85,200		6.60%	$943.40
$85,201	$86,200		6.60%	$843.40
$86,201	and above		6.60%	$803.40

4. Multiply the total number of Withholding Exemptions claimed on Form AR4EC by $26.00 to arrive at the total amount of Annual Personal Tax Credits allowed.

5. Subtract the Annual Personal Credits from the Annual Gross Tax computed to arrive at the Annual Net Tax that will be owed.

6. Divide the Annual Net Tax by the number of Pay Periods in the year to arrive at the proper state withholding amount.

Figure 1 - 2020 Formula Method

How to setup/update the tables in PowerChurch Plus

To setup/update PowerChurch Plus with the state tax table shown in Figure 1 above, select the Accounting menu, Payroll, Setup, then Maintain Tax Tables. Only one table will need to be created.

Click Add to enter a new table, or use the Find/Locate buttons to select an existing AR tax table to update. When adding a new table, you will be prompted for the type of tax table you're adding. Select State: Arkansas. For each table, enter the following

information:

- **Description**: Enter a unique name to identify the tax table (for example, "AR State Tax").
- **Tax type:** The type of tax in which this table applies. In this instance, select State Tax.
- **Standard deduction:** Enter the amount for the standard deduction. This is from step 2 of the "Formula Method" (see Figure 1).
- **Personal tax credit:** Enter the amount for one personal tax credit. This figure is found in step 4 of the "Formula Method" (see Figure 1).
- **Round tax to the nearest whole dollar:** If required, check this box to round the calculated tax amount to the nearest whole dollar.
- **Midrange Net Taxable Income limit:** Complete the statement from the Withholding Formula document - "If Net Taxable Income is below X, look up the income at the $50 range (midrange of $100)."
- **Annual Rate Table:** Click the Annual Rate Table tab. From the rate table shown in step 3 (Figure 1), enter the figures under the "But not over" column, followed by the tax rate percentage and minus adjustment for each bracket.

When you are done, the screen should look like this:

Figure 2a - AR State Tax Table (Deduction and Exemption Information)

Maintain Tax Tables

Add Delete Locate Next Previous Close

Description: AR State

Tax type: AR State   How is this used?

Deduction and Exemption Information | Annual Rate Table

Over:	But not over:	Percentage:	Minus Adjustment:
0	4,599	0.000 %	0.00
4,600	9,099	2.000 %	91.98
9,100	13,699	3.000 %	182.97
13,700	22,599	3.400 %	237.77
22,600	37,899	5.000 %	421.46
37,900	80,800	5.900 %	762.55
80,801	81,800	6.600 %	1,243.40
81,801	82,800	6.600 %	1,143.40
82,801	84,100	6.600 %	1,043.40
84,101	85,200	6.600 %	943.40
85,201	86,200	6.600 %	843.40
86,201	9,999,999	6.600 %	803.40

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Figure 2b - AR State Tax Table (Annual Rate Table)

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