


EY Payroll NewsFlash Workforce Tax Services

Tax. Benefits. Human Resources. Working together with you.

EY
Building a better
working world

✉ Contact us for more information

 Join us on LinkedIn

Vol.23, 049
June 15, 2023

Arkansas issues revised 2023 withholding formula and tables; W-2 electronic filing threshold reduced

The Arkansas Department of Finance and Administration (Department) has issued revised income tax withholding instructions reflecting the reduction in the top marginal tax rate enacted under [SB 549](#) earlier this year.

The supplemental withholding rate, which is the highest marginal tax rate, is changed from 4.9% to 4.7%.

The following updated withholding formula and tax tables are effective June 1, 2023:

- [Withholding Tax Formula](#)
- [Withholding Tax Tables for Employers](#)
- [Withholding Tax Tables for Low Income](#)

As previously reported ([Tax Alert 2023-0779](#)), on April 10, 2023, Arkansas Governor Sarah Huckabee Sanders signed into law SB 549, which, retroactive to January 1, 2023, lowers the top marginal personal income tax rate from 4.9% to 4.7%.

This is the second consecutive year that Arkansas has retroactively lowered the top marginal income tax rate.

Law lowers Form W-2 electronic filing threshold

On April 11, 2023, Governor Sanders signed into law [SB 434](#), which, effective January 1, 2024, lowers the threshold for the requirement to file Arkansas Forms W-2 electronically from 250 employees to 125. The Department will waive the requirement to file electronically if the employer can show undue hardship.

Contact us for more information

Workforce Tax Services - Employment Tax Advisory Services

Kristie Lowery

kristie.lowery@ey.com

Ken Hausser

Kenneth.hausser@ey.com

Debera Salam

debera.salam@ey.com

The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting or tax advice or opinion provided by Ernst & Young LLP to the reader. The reader is also cautioned that this material may not be applicable to, or suitable for, the reader's specific circumstances or needs, and may require consideration of non-tax and other tax factors if any action is to be contemplated. The reader should contact his or her Ernst and Young LLP or other tax professional prior to taking any action based upon this information. Ernst & Young LLP assumes no obligation to inform the reader of any changes in tax laws or other factors that could affect the information contained herein. Copyright 2023. Ernst & Young LLP. All rights reserved. No part of this document may be reproduced, retransmitted, or otherwise redistributed in any form or by any means, electronic or mechanical, including by photocopying, facsimile transmission, recording, rekeying, or using any information storage and retrieval system, without written permission from Ernst & Young LLP.